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Bridgend County Borough Council



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**Cyfarwyddiaeth y Prif Weithredwr / Chief
Executive's Directorate**

Deialu uniongyrchol / Direct line /: 01656 643147

Gofynnwch am / Ask for: Andrew Rees

Ein cyf / Our ref:

Eich cyf / Your ref:

Dyddiad/Date: Monday, 13 January 2020

Dear Councillor,

CARDIFF CAPITAL REGION CITY DEAL JOINT SCRUTINY COMMITTEE

A meeting of the Cardiff Capital Region City Deal Joint Scrutiny Committee will be held in the Sirhowy Room, Penallta House, Caerphilly County Borough Council, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG on **Monday, 20 January 2020 at 10:00.**

AGENDA

1. Apologies for Absence
To receive apologies for absence from Members/Officers.
2. Declarations of Interest
To receive Declarations of personal and prejudicial interest (if any) from Members/ Officers.
3. Approval of Minutes 3 - 8
To receive for approval the Minutes of 23/09/19
4. Cardiff Capital Region Regional Economic Growth Partnership - Initial
Industrial and Economic Growth Plan 9 - 38
5. 2019-20 Annual Business Plan - Quarter 2 Performance 39 - 120
6. Information Reports for Noting 121 - 134
7. Forward Work Programme, Training and Schedule of Meetings 135 - 144

Yours faithfully

K Watson

Chief Officer, Legal, HR & Regulatory Services

Councillors:

JPD Blundell

B Brooks

L Parsons

Councillors

R Patel

P Pavia

J Ridgewell

Councillors

D Roberts

G Thomas

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MINUTES OF A MEETING OF THE CARDIFF CAPITAL REGION CITY DEAL JOINT SCRUTINY COMMITTEE HELD IN RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL, THE PAVILIONS, CAMBRIAN PARK, CLYDACH VALE, TONYPANDY, CF40 2XX ON MONDAY, 23 SEPTEMBER 2019 AT 14:00

Present

Councillor JPD Blundell – Chairperson

B Brooks

J Gauden

L Parsons

P Pavia

Apologies for Absence

D Roberts, R Patel and M Rahman Kellie Beirne

Officers:

Sarah Daniel

Democratic Services Officer – Scrutiny

31. DECLARATIONS OF INTEREST

None.

32. APPROVAL OF MINUTES

RESOLVED:

That the Minutes of a meeting of the Cardiff Capital Region City Deal Joint Scrutiny Committee dated 24 June 2019, be approved as a true and accurate record.

A Member reminded Officers to put together a picture profile of all Members of the Joint Scrutiny Committee and supporting Officers in time for the next meeting in January 2020. The Scrutiny Officer, BCBC, confirmed that this would be followed-up imminently.

33. REGIONAL TRANSPORT AUTHORITY TRANSPORT UPDATE - METRO PLUS

The Project Development Officer – Transport presented a report, in order to provide Members with an update on the Cardiff Capital Region City Deal’s transport initiatives.

She confirmed that in February this year, the Regional Joint Cabinet agreed in principle, to support a Phase 1 Metro Plus Programme. This included 10 schemes (1 in each local authority), which included transport hubs, Park and Ride sites & bus priority corridors. The package is valued at around £50m with £15m from Welsh Government (WG), £15m from the City Deal Investment and Intervention Framework, and £20m from local authorities /Private Sector. A bid for Local Transport Fund was submitted for the first tranche of the WG funding last February and £3.5m from a £4.2m bid was awarded to Merthyr Tydfil County Borough Council in May. The Project Development Officer – Transport added that Merthyr Tydfil County Borough Council is acting as the lead authority for the Local Transport Fund.

On 12 September 2019, the Regional Joint Cabinet agreed further delegations to the Regional Transport Authority to make decisions in respect of the £15m City Deal contribution. It also agreed to delegations to the Programme Manager of City Deal in consultation with the Chairperson of the Regional Transport Authority, the local authority Transport Member and S151 Officer, to authorise spend on the individual approved

projects. Of the 10 projects proposed, each were at different stages of delivery. Four were at design stage and will be ready for delivery within the next year, and the remainder were going through WelTAG Stages 1 & 3 (feasibility & outline design).

The Project Development Officer, added that the Programme offered opportunities to enhance resilience in town centres & high streets; better access to employment, health, education & leisure, links with the Wellbeing and Future Generation goals of prosperity & resilience, as well as further offering equality of access & community cohesion.

These schemes further gave scope to include latest technology advances in Low Emission Vehicle charging, energy generation & storage opportunities, to improve air quality & support clean growth. They also allowed for flexibility of delivering Electric Vehicle charging in response to predicted demand up to 2025, and passive provision up to 2030. Schemes are also considering ducting for digital.

To enable schemes to consider 'additionality', a Common Assessment Framework is being prepared to assess schemes against, to ensure that they include further opportunities around Active Travel, Skills development & training, Income Generation & Return on Investment, Digital Infrastructure and Electric Vehicle Infrastructure.

We have also been working with WG & Transport for Wales to prepare a Metro Enhancement Framework, which will be corridor based and potentially form the basis for a future Metro Phase, with such schemes being evidence based. The 'additionality' included in the Common Assessment Framework has also been incorporated into the Metro Enhancement Framework. A further report will be presented to the Regional Transport Authority in November 2019 with an update on this work, along with an update on all of the Low Emission Vehicle studies currently being carried out.

These included the following:-

- Local Emission Vehicle Strategy for the Region which is due to be completed end October/early November coming:
- Taxi Strategy (received in draft)
- Income Modelling Strategy for Low Emission Vehicle (received in draft).
- The current Phase 1 Metro Programme, which includes interchanges at Abertillery / Caerphilly / Porth / Barry Docks, Park and Ride at Pentrebach / Pyle / Severn Tunnel Junction / Pontypool & New Inn, bus priority around East Cardiff & Newport – the Cardiff corridor.

She concluded her submission by confirming, that the reports aims were for Members to note the information contained therein, and for them to in turn, to provide any comments on the initiatives.

In terms of the Phase 1 Metro Plus programme interchanges at Ebbw Vale/Abertillery Spur and Porth, a Member noted that these were RED on the RAG status and he asked why this was the case.

The Project Development Officer – Transport, confirmed that this was an ongoing issue which had revealed as a result of a Welsh Government commissioned study, that there were land use/ownership issues at these locations which though at present remained unresolved, were being investigated. She added that the Ebbw Vale/Abertillery Spur project had been due to be completed in July, though this had now been put back to October due to the above reason.

In paragraph 7 of the report, the Common Assessment Framework, reference was made to the promotion of active travel and developing proposals in line with a standard to

encourage and support walking and cycling. Particular reference was also made to explore an opportunity to roll-out the 'Next Bike project' provision at scale. A Member asked for an update on progress regarding this initiative.

The Project Development Officer – Transport confirmed that the scheme was already in operation in Cardiff and to date was proving quite successful. If this success continued longer term, then it was hoped that this could roll-out to other regions of the City Deal.

A Member suggested that regular updates should be given to Members of the Joint Scrutiny Committee, in respect of progress regarding the transport initiatives outlined in the report.

RECOMMENDATIONS: That Members of the Joint Overview and Scrutiny Committee noted the report; that this item remain on the Forward Work Programme and that they receive an annual update. Members further noted the progress made to date and that the project was still in its early stages.

34. **DEVELOPING A SKILLED WORKFORCE AND TACKLING UNEMPLOYMENT**

The Chief Operating Officer – Cardiff Capital Region City Deal submitted a report, which provided Members with an update on the Cardiff Capital Region City Deal's skills initiatives, as requested in Appendix A to the report.

He advised that on 17 December 2018, Regional Cabinet agreed to allocate £175k from the Wider Investment Fund, to deliver a one-year pilot of the Cardiff Capital Region Graduate Scheme, in partnership with the 4 universities in the Cardiff Capital Region.

He explained that the Industrial and Economic Growth Plan was approved by regional Cabinet on the 18th of February 2019. In conjunction with additional stakeholder engagement and strategic advisory services provided by the National Endowment for Science Technology and the Arts (Nesta), it set out means of optimising the impact of the other facets of the Skills for the Future programme, to achieve two mutually supportive objectives of boosting competitiveness and tackling inequalities to deliver sustainable and inclusive growth.

Core sets of recommendations from Nesta included:

- Seizing near-term opportunities to target specific areas of demand for skills.
- Investing in a more intelligent labour market in the longer-term.

Since launching in April 2019, the Cardiff Capital Region Graduate Scheme has engaged over 140 businesses, sifted over 300 applicants on behalf of employers and hosted numerous assessment centres. The scheme has also been supported by cohort events, he added.

Engagement is being undertaken with employers from the compound semi-conductor sector and its wider supply chain in addition to other priority sectors from the Industrial and Economic Growth Plan. The aim of this, was to explore potential for the creation of high-value jobs, training solutions that meet the needs of industry and pathways to identify how young people across the region can access any emerging opportunities.

The Chief Operating Officer continued, by stating that there was

a proposal for a Youth Regional Cabinet to be developed in partnership with youth forums and school engagement teams in the region, to allow young people to influence and shape City Deal investments. This was work in progress.

Training and work opportunities were also being explored, through the CCRCD Metro Plus scheme, which would assist in turn, to contributing towards well-being targets, digital and transport goals.

The City Deal was also supporting pupils from the region to attend a STEM event at the Royal Military Academy at Sandhurst on 27 September 2019, in order to inspire Years 7, 8 and 9 to consider the broad range of careers available in STEM employment.

The Chief Operating Officer concluded his submission, by advising that as outlined in the Resource and Restructure Report that Regional Cabinet approved on the 18th of February 2019, the City Deal office is developing capacity to convert such labour market information into labour market intelligence through PhD Data Scientists that will be sourced and match-funded from the KES studentship scheme. To this end, work was ongoing with Data Cymru to install data common and compatible to all Authorities that comprised the Cardiff Capital Region City Deal.

A Member felt that 19 students having taken-up the Cardiff Capital Region Graduate Scheme, was too low in number and that more work was required to increase interest in this to engage more graduates

The Chief Operating Officer replied by confirming that 25 businesses had shown an interest in engaging in the Scheme and that a recruitment initiative would shortly commence, that would take projects forward through the employment of highly qualified young people by various businesses.

A Member noted from paragraph 12. of the report, that the City Deal partnership was looking to convert labour market information into labour market intelligence. He asked what the timescales were for the delivery of this.

The Chief Operating Officer advised that the timescales here were approximately 6 – 9 months from the present date.

A Member noted that the Scheme and companies who were going to become part of this were looking to employ graduates. He asked if any employment opportunities were open to newly qualified graduates or individuals who had obtained a University degree possibly some time ago.

The Chief Operating Officer advised that the Scheme was looking to attract individuals who had graduated in the recent past, ie within the last few years.

RECOMMENDATIONS: (1) Members noted the report and stated that in order for the Committee to effectively challenge they asked that they are provided with the relevant data within the report to allow them opportunity to provide effective scrutiny.

(2) Members recommended greater engagement with schools and parents on the STEM to ensure all are aware of the potential opportunities available to them.

35. **INFORMATION REPORTS FOR NOTING**

The Scrutiny Officer BCBC, presented a report, the purpose of which was to inform the Cardiff Capital City Region Deal Joint Overview and Scrutiny Committee (CCRCD JOSC) of the Information Reports for noting which have been published since its last scheduled meeting.

Paragraph 3.1 of the report gave the titles of such Information Reports published since the last JOSC, which were namely the Minutes of the Cardiff Capital Region City Deal Regional Cabinet meeting dated 15 July 2019, and the report that went to the same meeting entitled 2019-20 Annual Business Plan – Quarter 1 Performance Report.

RECOMMENDATIONS: That the JOSC acknowledged the publication of the documents listed in the report.

36. FORWARD WORK PROGRAMME, TRAINING AND SCHEDULE OF MEETINGS

The Scrutiny Officer presented a report, the purpose of which, was to:

- Develop a Forward Work Programme (FWP) of items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee (JOSC);
- Ask the JOSC to identify any invitees to attend future meetings to contribute to discussions and deliberations;
- Identify any training requirements required by the JOSC, and
- Agree a schedule of meetings of the JOSC

Attached at Appendix A to the report, was the JOSC Forward Work Programme which the Joint Committee were asked to consider and determine an item(s) for the next scheduled meeting in January 2020.

Appendix B to the report included a Scrutiny Criteria form, which Members could use to propose further items for the FWP. The Joint Committee could then consider any such suggestions in order of priority, at a future meeting(s).

The report also included information with regards to training requirements, the location of future meetings (including their timings), financial implications (costs aligned with the future development of the Joint Scrutiny Committee) and certain legal implications.

Arising from discussions that ensued on this report, it was

RECOMMENDATIONS: Members agreed that at the next meeting in January they receive the following items for discussion:

- Economic Growth Partnership – Industrial and Economic Growth Plan
- Q2 Performance Report

JOSC Workshop

- Members agreed to hold a workshop to discuss the future support requirements for the JOSC and how the JOSC can deliver an effective scrutiny function focussed on an outcome based approach
- Following the workshop a detailed request for resources would be made to the CCRCD Cabinet

Members were concerned that the meetings of the CCRCD were too few and the resources did not allow for sufficient member development sessions, informal meetings and networking opportunities.

The meeting closed at 15:30

10 January 2020

CARDIFF CAPITAL REGION REGIONAL ECONOMIC GROWTH PARTNERSHIP – INITIAL INDUSTRIAL AND ECONOMIC GROWTH PLAN

REPORT OF CCR DIRECTOR

AGENDA ITEM: 4

Reason for this Report

1. To set out the scope and substance of CCR's initial Industrial and Economic Plan - as developed by the Regional Economic Growth Partnership in conjunction with the City Deal Office – and endorsed by Regional Cabinet in February 2019.

Background

2. The Regional Economic Growth Partnership was established, amongst other things, to advise the Regional Cabinet on its funding decisions from the Wider Investment Fund. To this end the Regional Economic Growth Partnership, in conjunction with the City Deal Office, has developed an Industrial and Economic Plan that takes the principles and themes within the JWA Five Year Business Plan, the Welsh Government Economic Action Plan, and the UK government Industrial Strategy, and articulates a strategic industrial and economic framework for the region. This will guide and influence future investment recommendations made by the Regional Economic Growth Partnership to Regional Cabinet and provides a proactive means of engaging with both governments and its economic investment programmes, in line with documented competitive strengths.
3. The development of the Industrial and Economic Plan has been led by the Economic Growth Partnership and builds upon the Growth and Competitiveness Commission Report (2016), and more recently, input from a comprehensive 'Analysis of Priority Sectors' (2018) led by Professor Max Munday at Cardiff University. It has involved consultation and input from stakeholders across the region from Business, Academia and the Public Sector, including CBI, FSB, Chambers of Commerce and the IoD. The Plan was approved by Regional Cabinet in February 2019 and was launched at the Wales in London week event in February 2019 and re-presented to a wider global audience at MIPIM 2019, Cannes in March 2019.

4. The Industrial and Economic Plan (contained in Appendix 1) is consistent with the JWA Five Year Business Plan, Assurance Framework and contextualises recent developments around the Investment and Intervention Framework. The Plan sets out a bold and ambitious approach to driving economic and inclusive growth in the region and provides a framework in which the City Deal programme can advance and deliver. It provides the foundations for the development and operation of the Intervention and Investment Framework, in order that programme and investment decisions are made in line with identified 'sweet-spots'. Whilst local leadership has been a central feature of its development, the Plan is industry led, evidence-based and grounded in furthering the competitive strengths of the region
5. The document is an initial one in that it provides a framework for further engagement and work with UK and Wales Governments to align with the Industrial Strategy (and Industrial Strategy Challenge Fund) and Economic Action Plan, respectively. This sends clear signals of intent about the approach to leveraging in wider investment, positioning for co-investment and additional value, opportunities and networks, demonstrating the role of City Deal as a catalyst and pump-primer. There is potential for a further iteration of the Plan in order to fit with Wales Government's emerging Regional Economic Frameworks – the first planning seminar for which takes place on 24 January 2020.

Legal Implications (as reported to Cabinet 18/02/19)

6. The Cardiff Capital Region Industrial and Economic Plan ('the Plan') refers to proposals to establish an investment and intervention framework that will contain three designated and interconnected investment priorities (Innovation, Infrastructure, and Challenge). Detailed legal advice will be required on the proposed framework as it is developed to ensure that it accords with the provisions of the Joint working agreement in relation to the delivery of the Cardiff Capital Region City Deal. It is understood that further reports on the proposed investment and intervention framework will be submitted to Regional Cabinet for approval.

Wellbeing of Future Generations Act (Wales)

7. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
 - (a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
 - (b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief and (c) the Well Being of Future Generations (Wales) Act 2015 –

The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals.

The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them.

Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at appendix 2 (Well –being of future generations assessment) for member's consideration.

Financial Implications (as reported to Cabinet 18/02/19)

8. There are no direct financial implications arising from this report. Any future report brought forward in respect of funding decisions relating to the Cardiff Capital Region Wider Investment Fund will need to give due regard and consideration to matters set-out in the Joint Working Agreement and its associated Schedules, as well as Welsh Government's funding terms and conditions in respect of the HM Treasury Contribution.

Recommendations

It is recommended that the Cardiff Capital Region Scrutiny Committee:

- i.) Note the scope and content of the publication and the work now ongoing to co-develop approaches around Welsh Government's new regional economic arrangements and frameworks.

Kellie Beirne

Cardiff Capital Region Director

Appendices:

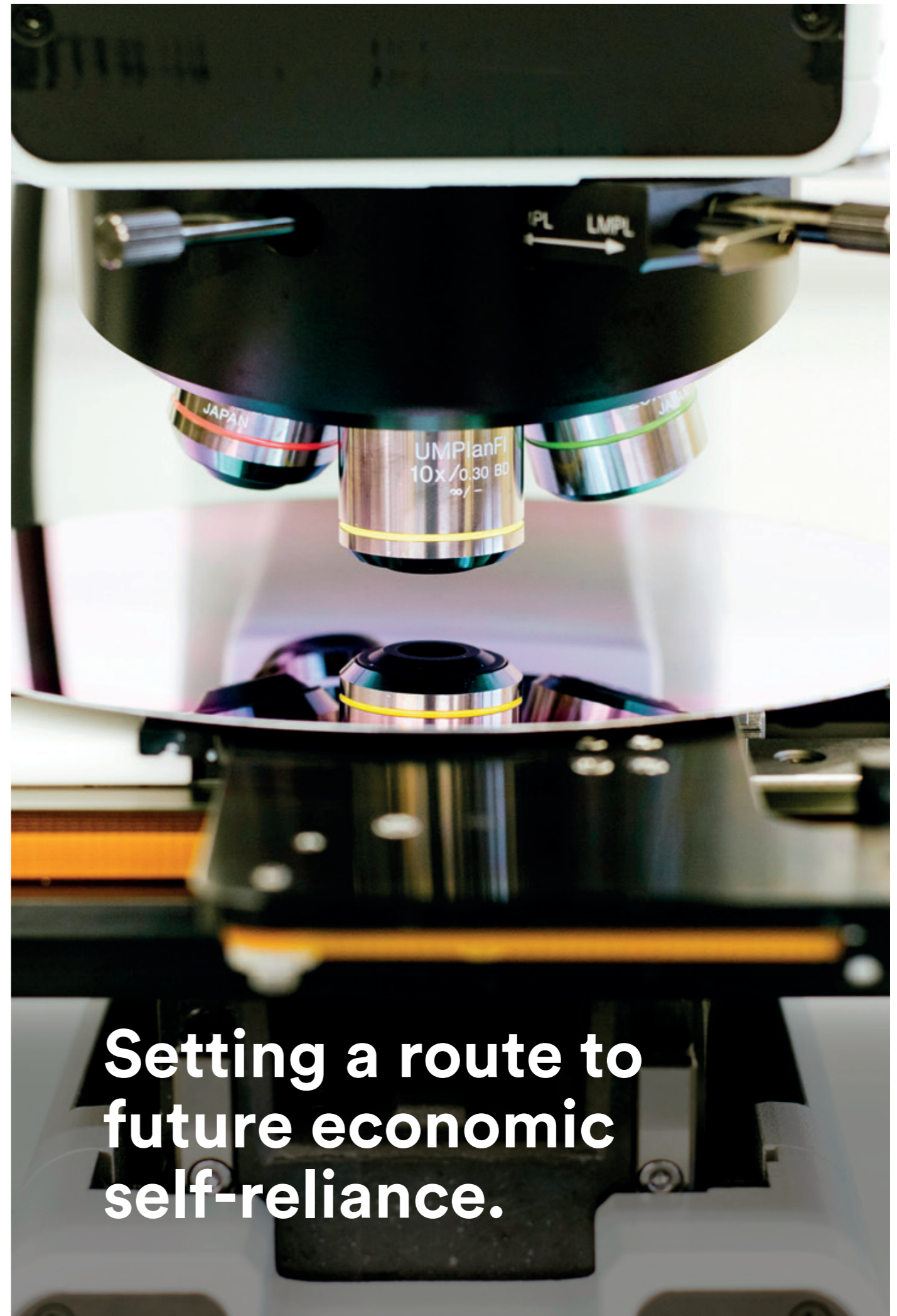
Appendix 1 – CCR Industrial and Economic Growth Plan

Appendix 2 – CCR Investment and Intervention Framework



Cardiff Capital Region Industrial and Economic Plan

| | |
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The Regional Economic Growth Partnership was established to advise on the implementation of the Cardiff Capital Region City Deal's Wider Investment funds. This Industrial and Economic Plan sets out an ambitious and long-term plan to boost productivity and accelerate economic and inclusive growth in the region by making the Cardiff Capital Region (CCR) a highly investable proposition, backing businesses to create good and sustainable jobs through targeted investments in skills, priority industries, infrastructure and innovation. This is a complete departure from siloed infrastructure and sectoral programmes of the past, and is a 20-year plan which will need to be flexible and adapt over time – it will be refreshed and updated periodically.

We are currently in an extremely dynamic and turbulent time with no more European Structural Funds, no more City Deals – the end of the allocation of public funds – and a move towards competing for funds and investments based on competitive advantage. This is a significant shift, moving away from a dependency culture to a competitive culture, where influence and excellence are core commodities. We will also need to embrace co-investment approaches, be more challenge focussed in our approach and explore what fiscal levers and incentives can be maximised to ensure the future productivity and prosperity of the region.

The purpose of the plan is to guide the deployment of funding, policy decisions, and targeted effort to ensure the future productivity and prosperity of the region. It sets out a route to future economic self-reliance.

In delivering sustainable and inclusive growth, we will address two mutually supportive objectives of boosting competitiveness and tackling inequalities. The introduction of inclusive and regenerative growth as central threads of the plan set out the case for delivering an economic agenda that drives sustainable economic growth and productivity across all of the region.

The CCR Industrial Plan is promoting a new way of working within the region, with UK Government, Welsh Government and local government working together and in partnership with the private sector, Higher Education and Further Education

institutions, third sector and other public sector bodies on boosting productivity and accelerating economic and inclusive growth. This will build on the foundations established in the CCR City Deal. Where appropriate, we will work with partners beyond the CCR in both the Swansea Bay Region, the South West of England and beyond where the critical mass across the partnerships will allow a greater strategic focus to improve productivity.

The role of government is to be a shaper of our region; to convene, facilitate and catalyse strategic interventions and investments that will deliver on our combine goals and objectives. Delivery of the plan will be a partnership between the private, public, education and third sectors.

The development of the CCR Industrial Plan has been led by the Economic Growth Partnership and has

involved partnership with the wider business community and government at all levels. It builds on the Growth and Competitiveness Commission Report (2016); is informed by the UK Industrial Strategy (2017), Welsh Government Economic Action Plan (2017) and two recent Science and Innovation Audits that cover the region – the South West England and South East Wales S&I Audit (2016) and the South Wales Crucible Audit (2018).

The Economic Growth Partnership is investing in data analysis capability to provide robust and reliable data on a series of economic and social indicators to better understand the performance of the region. This will ensure well informed decisions are taken in the delivery of the regional industrial and economic growth plan.

Our approach will be based on:



Cohesion

Policy collaboration and delivery partnerships ensuring that there is cumulative impact to the range of investments and interventions delivered by the City Deal.



Scale

Limited number of significant interventions, rather than a disparate range of loosely connected small-scale activities.



Leverage

Maximise the City Deal investments by attracting co-investors with complementary funding and resources.



Return on Investment

Demonstrable impact and benefit will be expected from all investments and interventions.

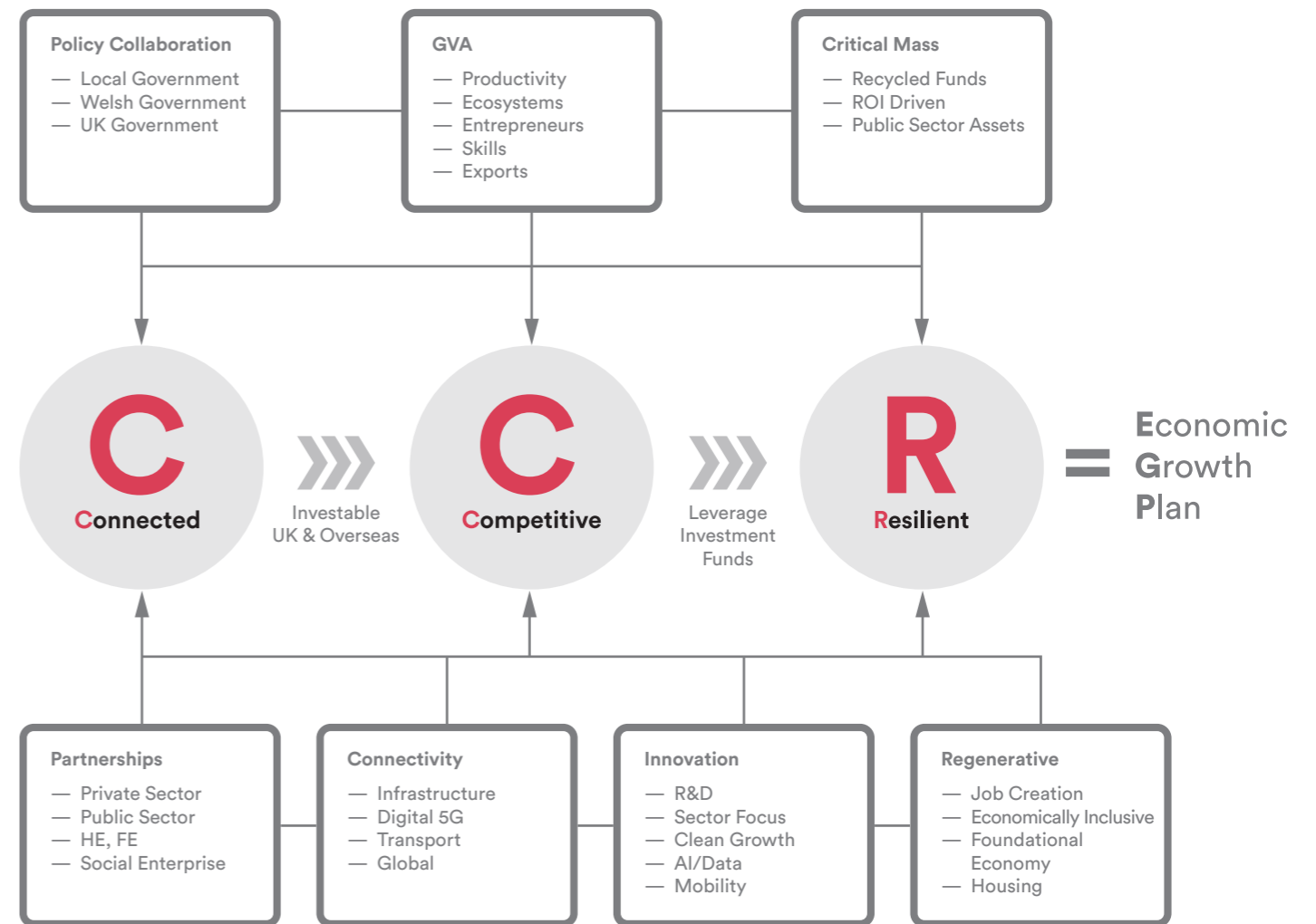


Ecosystem Development

Supporting the development of a strong economic and innovation ecosystem to deliver the plan and develop clusters of excellence within our region.

“We will address two mutually supportive objectives of boosting competitiveness and tackling inequalities.”

Title for diagram?



02. Overview of the Regional Economy

The CCR City Deal was agreed in 2016, and the Growth and Competitiveness Commission report set out a broad framework for an enabling approach that addresses the key issues of growth, inclusivity and sustainability. The Metro has been tendered, and a significant investment has been made in the Compound Semiconductor Foundry providing further stimulus to the development of the CS Cluster in the region. These investments sit alongside and are complementary to other investments made by the UK Government, Welsh Government, Welsh European Funding Office, and the Development Bank of Wales within the region.

The region is well skilled with a high proportion of the population with qualifications of degree level or equivalent, has a Capital City at its heart that has cultural and sporting facilities the envy of many other cities in the UK and further afield. The quality of life is second to none with great coastline, forests, parks and rivers, with the Brecon Beacons National Park nestling to the north of the region.

Whilst tentative progress has been made recently with a reduction in unemployment, and value added has risen, we have not seen the required

upturn in economic productivity. GVA per capita remains low, over reliance on the high proportion of public sector work, low levels of R&D, poor connectivity (transport and digital) within the region, Wales, UK and globally, lack of ambition and support for growth for our SMEs to progress into medium sized businesses, a prevailing grant culture and dependency, and proportionality high levels of economic inactivity in comparison to other City Regions and Local Enterprise Partnerships across the UK remain.

Work is ongoing to develop an analytical framework to provide evidence to identify the key inclusive growth challenges of the region, which will assist in establishing appropriate interventions to address the twin objectives of boosting competitiveness and tackling inequality.



“The region is well skilled with a high proportion of the population with qualifications of degree level or equivalent...”

03. Investment and Intervention Framework

We are establishing an investment and intervention framework that will contain three designated and interconnected investment priorities linked by common focus on securing a coherent, competitive, sustainable and fair regional economy. The region is open for business and the investment and intervention framework will outline clearly how we are conducting our business. The three designated investment priorities (Innovation, Infrastructure, and Challenge) will support the delivery of the plan and will be established in partnership with the investor community to drive forwards our economic ambitions and priorities within the region. We will have a focus on an evergreen approach to our investment funds with a strong co-investment principle.

The Innovation investments will focus on opportunities where there is demonstrable competitive strength, leveraging significant other investments which will provide direct returns to the fund. The rate of return in this category will be high and ensure an evergreen investment fund for the region whilst providing a significant contribution towards jobs growth, investment leverage and GVA uplift. The Infrastructure investments will focus mainly on infrastructure projects where the public sector creates the

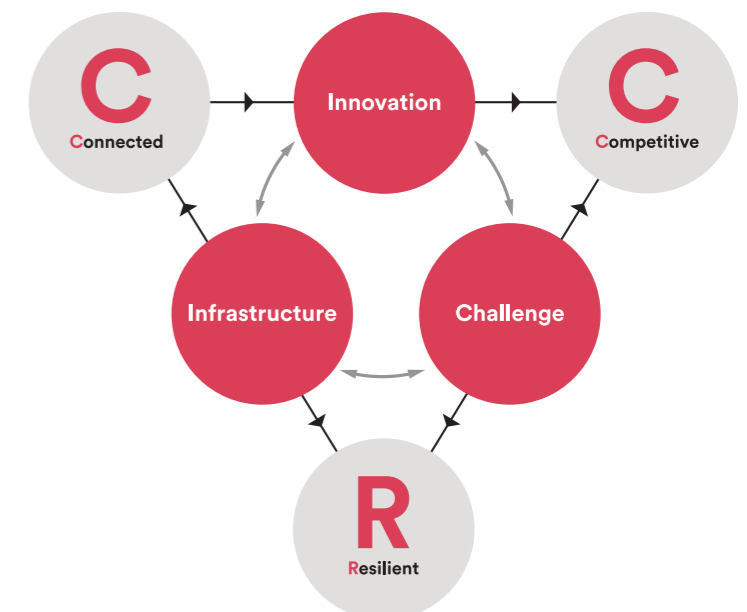
conditions for private sector success and civic benefits. The return on investment here will typically be indirect due to its enabling nature. Finally, the Challenge investments will be more competitive in process and will aim to identify the best solutions to challenges faced by the region. It is expected that there will be both direct and indirect returns on investment.

The ultimate aim of the investments will be improving the business environment within the CCR, creating rich ecosystems that stretch and support the development of key sectors in the economy, improving comparative performance against other cities and regions in the UK and internationally. We aim to make the CCR one of the most investable regions within the UK.

The Investment and Intervention Framework will build a delivery pipeline with our partners within, and beyond, the region focussed on the priorities identified within this plan. It will be a key facilitator to support an interconnected set of proposals over the next five years to deliver on the ambition and priorities outlined in this plan.

“We aim to make the CCR one of the most investable regions in the UK.”

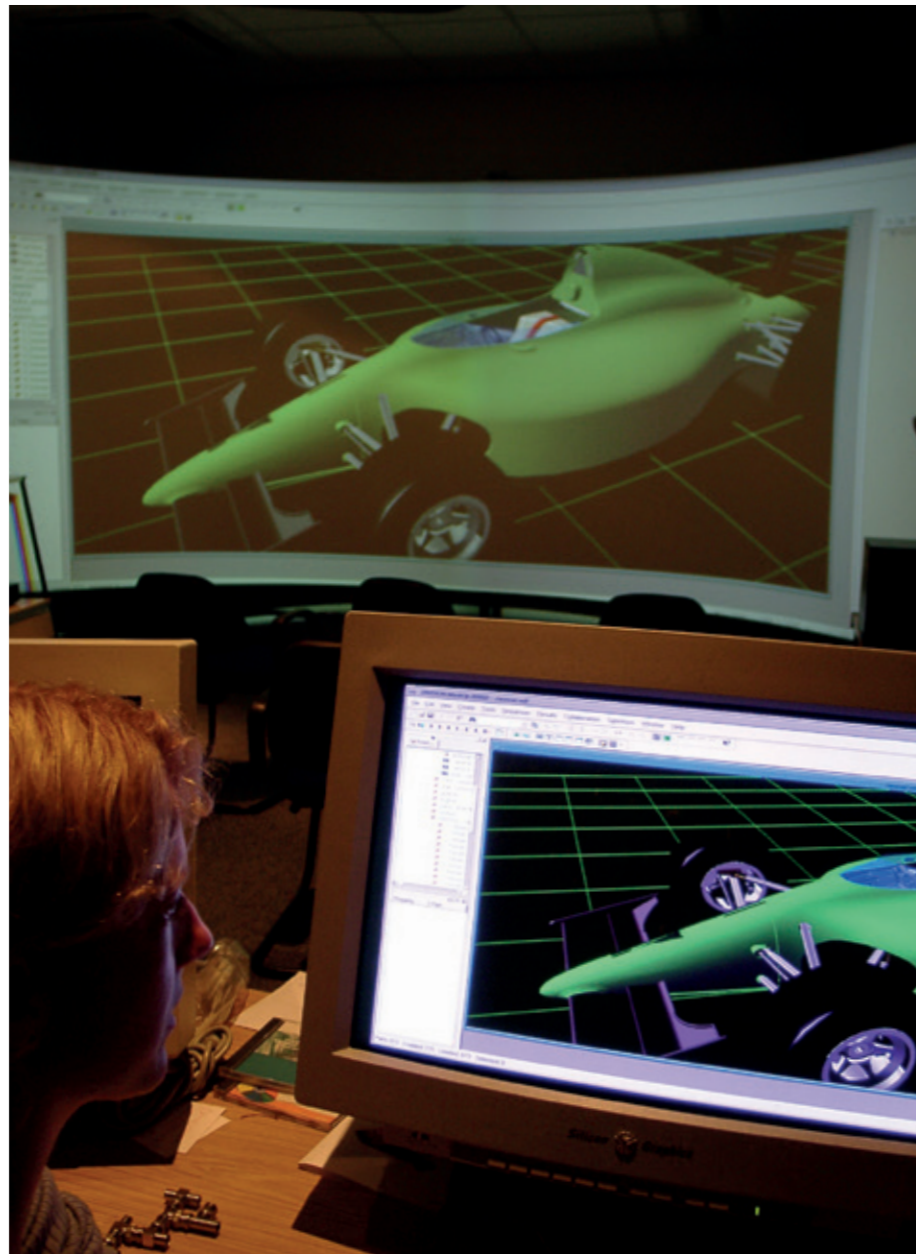
CCR Investment Fund Structure



04. Regional Priorities to Boost Productivity and Accelerate Economic and Inclusive Growth

Regional priorities to boost productivity and accelerate economic and inclusive growth have been identified to specifically build on our strengths and address our weaknesses.

We believe that this two-pronged approach will boost local productivity and overcome our local barriers within the region. The remaining sections of the plan outline our priorities.



05. Businesses that Succeed

The CCR wishes to perform economically on a par with any region in the UK and internationally. It currently sits bottom of most of the economic productivity and competitiveness tables in the UK. In order to move the needle and improve the economic prosperity of the region, we must:

- Identify areas of comparative strength in the CCR that can compete at a UK level and internationally, and invest in them;
- Create rich ecosystems that stretch and support the development of key sectors within the economy – take a challenge led approach that drives up ambition and cohesiveness;
- Encourage and support entrepreneurship so that our population not only seeks employment but creates employment within the region;
- Support and nurture the Foundational Economy;
- Target our most deprived and isolated communities and support regenerative growth;
- Turn the large public sector base within the region into an asset that adds prosperity to the region.

Building on our competitive advantage and opportunity within the economy we will strategically target the following sectors for support to grow and flourish. These are:

- Compound Semiconductors, its supply chain and applications
- FinTech
- Cyber Security Analytics
- Artificial Intelligence and Data Science
- Creative Economy
- Life sciences and more specifically the medical devices and diagnostics sub-sectors
- Transport Engineering – automotive, trains and aircraft

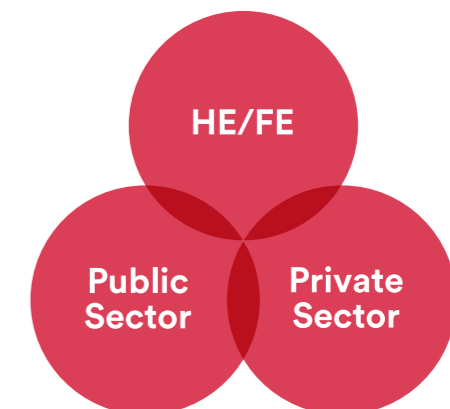
The list of strategic sectors is not exclusive, and we will support investments in other sectors such as energy and environment if a compelling case is made. Sectoral analysis work is ongoing to ensure that our focus is evidence based.

We will also promote the CCR as an attractive place for business and encourage close collaborations and partnership working across the private sector and with the public sector, Higher Education and Further Education sectors. Cross-sectoral collaboration and cohesion will be a central feature of our approach. CCR is open for business.

Sectors to strategically target:



Cross sectoral collaboration and stakeholder cohesion is a central feature:



06. Skills of the Future

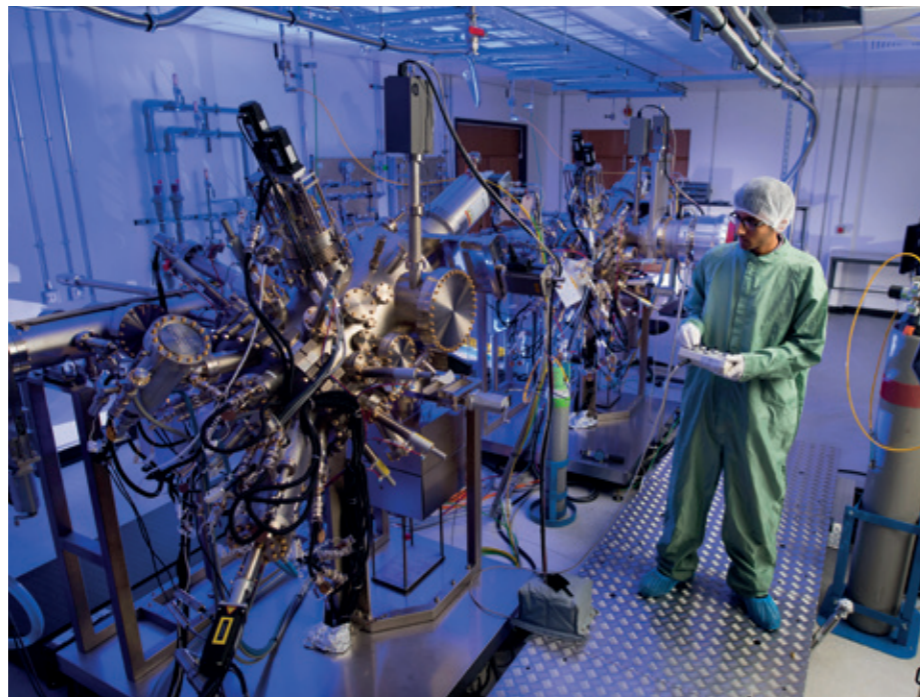
We have a skilled workforce in the region, with our Colleges and Universities playing a critical role, but there is more to be done. We need to continue to work on joining up the education, employment and skills system to meet the region's business and public sector needs of today and in the future. We must ensure that the region has a highly-skilled, motivated and forward-thinking workforce with a significant supply of critical skills to enable businesses to flourish over the next decades from entry level to masters and doctorate level qualifications.

We will look to enhance existing and develop new provisions where required to drive the priorities of our businesses in the region. Working in partnership with our education and training providers, we will:

- Develop proposals for data, cyber, digital and software scientists to exploit the potential of the new industries of the future and derive added value from existing and more traditional industries;

- Develop proposals to service the needs of our priority sectors within the region e.g. Compound Semiconductor Cluster;
- Develop proposals for a high-quality executive leadership training for business leaders across the region (targeted specifically at SME's with growth potential);
- Develop a programme of entrepreneurship across the region (targeted at 14 to 21-year olds) to inspire the next generation of entrepreneurs within the region;
- Support existing initiatives to increase apprenticeships in growth sectors across the region at all levels;
- Upskill the public sector with data literacy, research and development, procurement, and innovative leadership capacity;
- Working with current schools, colleges, universities, and private providers to ensure that sufficient local home grown talent is nurtured and trained to service the needs of our foundational economy.

“We must ensure that the region has a highly-skilled, motivated and forward-thinking workforce...”



07. Infrastructure Fit for the Future

Connectivity is critical – both digital and physical. We need a reliable infrastructure that connects the region, both within and wider afield, to boost productivity and prosperity. The current Metro plans are a significant step in this direction and we will bring forward further proposals to maximise and unlock future potential offered by its development. We will ensure that we have a road, rail, air and digital infrastructure (fixed and mobile) to connect us to the world. Working with our partners we will:

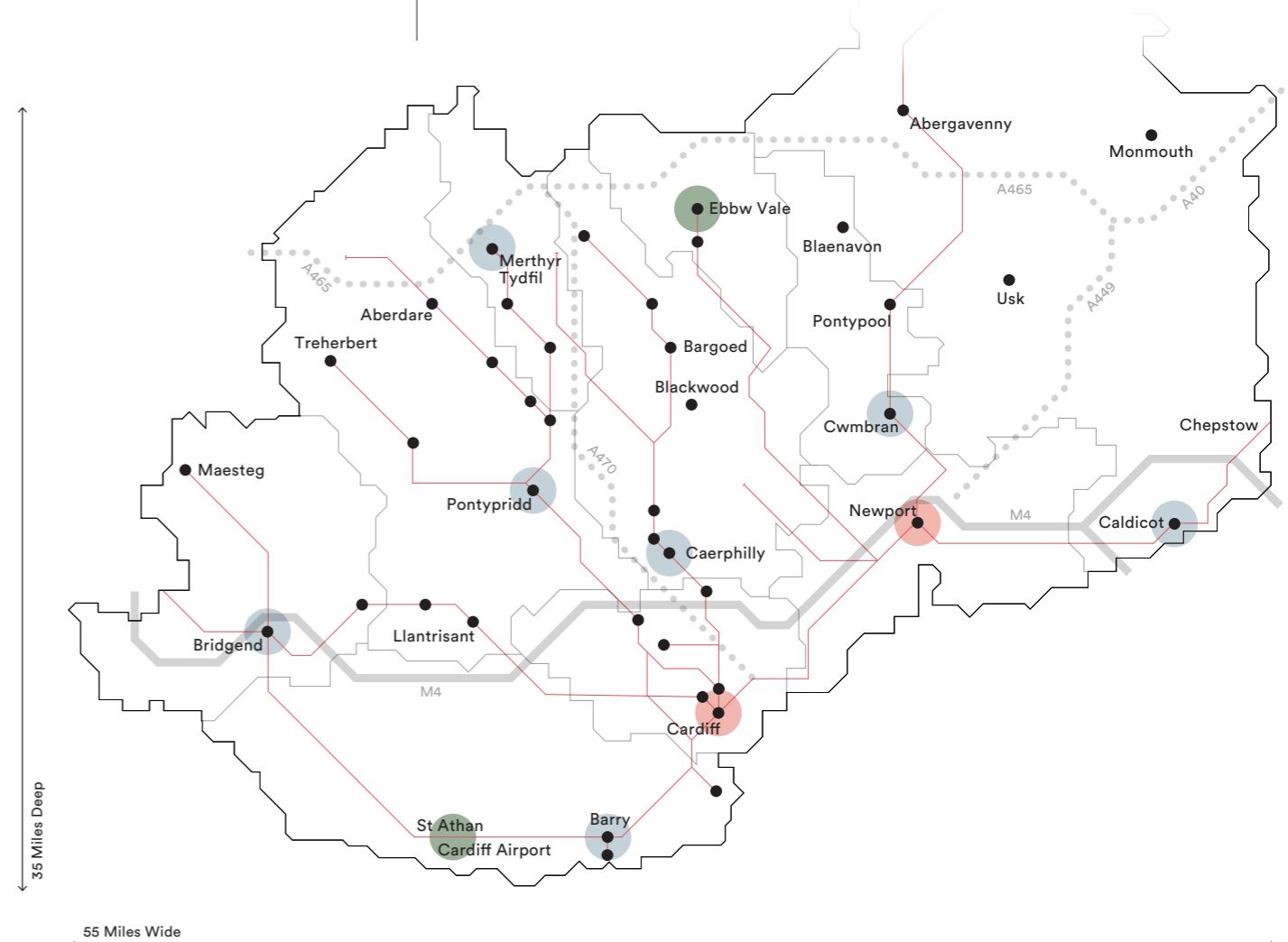
- Develop a Digital Connectivity Plan to make the region one of the most digitally advanced regions in the UK;
- Continue to work closely with the UK and Welsh Governments to further develop, enhance and implement the transport network to improve links within the region, reduce congestion and connect people;

- Embrace the Metro as a backbone to connecting CCR and shaping places on its networks;
- Develop a series of strategic employment spaces across the region to meet the needs of businesses;
- Develop proposals for energy efficient and accessible housing;
- Utilities networks – ensure, for example, we are ready for the future of electric and/or hydrogen vehicles;
- Develop the organisational and data infrastructure and capacity within the public sector to embrace the challenge led approach through a Public Services Testbed.

A region wide strategic focus will enable key towns across the region to be connected ensuring that the growth of the economy is balanced and inclusive

Strategic Hubs and Opportunity Areas

- Cities**
Cardiff, Newport
- Enterprise Zones**
Ebbw Vale, Cardiff Airport & St Athan
- Strategic Hubs**
Barry, Bridgend, Caerphilly, Caldicot, Cwmbran, Merthyr Tydfil, Pontypridd



08. Enabling Innovation-Led Growth

The UK Government Industrial Strategy identifies four Grand Challenges signalling a shift towards a challenge led approach to driving future productivity and prosperity. The Grand Challenges are future-facing

and will shape our economic future. They are underpinned by expected developments in technology that will transform industries and societies around the world in which the UK could play a leading role.

Expected developments in technology:



AI and Data Economy
Putting the UK at the forefront of the artificial intelligence and data revolution.



Clean Growth
Maximising the advantages for UK industry from the global shift to clean growth.

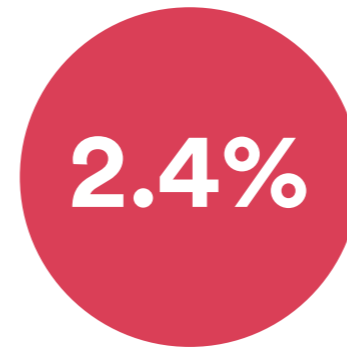


Ageing Society
Harnessing the power of innovation to meet the needs of an ageing society.



Future of Mobility
Becoming a world leader in the way people, goods and services move.

In time, other unidentified challenges will present themselves and we as a region must be able to react and address them.



Target UK GDP to be spent on R&D by 2027

We will take a broad view of innovation, focussed on innovation that increases productivity from the foundational economy, embracing innovation in public services, through to innovation in unique Intellectual Property where market leadership is evident. Successful innovation and commercialisation within this context will be critical to our success, and we will use novel instruments such as Challenge Funds to spearhead invention and promote competition for financial awards to best in class participants.

With historically low levels of competitiveness and productivity, coupled with low levels of R&D investment and intensity, we will encourage a greater focus on R&D and innovation within our region. The focus on the grand challenges within the Industrial Strategy and the target for 2.4% of UK GDP to be spent on R&D by 2027 we must support our economy to adapt and adjust to the wider economic context. Therefore, our focus on innovation-led growth will be central to our plan and we will identify our areas of competitive strength and support the establishment of clusters that can compete internationally.

Recognising that approximately two-thirds of the regional GVA is tied-up in the public sector we will establish a Public Services Testbed with a mission-driven approach to generate new collaborations and public services improvements and enable the delivery of public sector innovation and economic value. This approach involves the identification of a major 'grand challenges' and the development of 'missions' with clear and ambitious targets for improvement that form a basis upon which a number of related and complementary multi-sector (private, public, third sectors) projects may be identified in order to deliver business growth opportunities. The combination of public services innovation with new thinking in public sector procurement has the potential to generate new market opportunities, and commercial value that benefits the region.



“...we will encourage a greater focus on R&D and innovation within our region.”

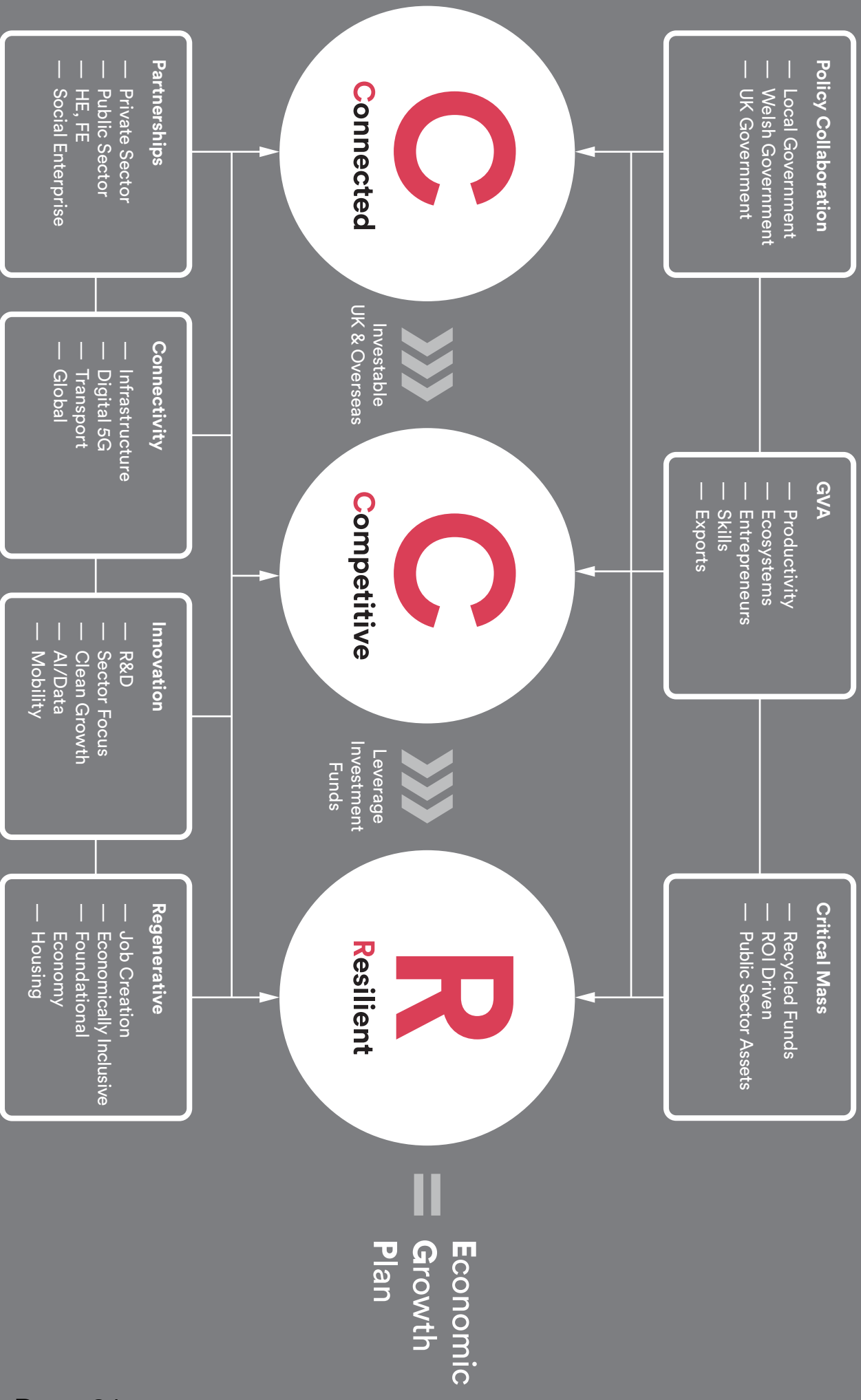




Useful Information & Contacts

Cardiff Capital Region

Web: www.cardiffcapitalregion.wales
Email: info@cardiffcapitalregion.wales



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The Cardiff Capital Region Investment Framework

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Foreword

The CCR-City Deal is a 20-year economic programme, a catalyst for long term growth, which will make the region competitive and investable on a global stage. It will do this by improving the business environment, by sponsoring innovation and by enabling infrastructure for private sector success and civic benefit.

A detailed Industrial and Economic Plan (“Plan”) was published in February 2019 which addresses the priorities and anticipated challenges facing the CCR, as well as the mutually supportive objectives of boosting competitiveness and tackling inequalities.

In conjunction with, the South Wales Metro, which is the “back bone” for the Plan, targets have been set to create 25,000 new jobs, achieve 5% uplift in GVA and leverage £4 billion additional investment capital.

Our approach will be based on: private and public sector cohesion; scalable interventions; maximising financial leverage, with a clear return on investment. It will drive economic inclusion, support and stretch local clusters, and boost ecosystem development.

The Investment Framework set out herein has been developed by the CCR Regional Economic Growth Partnership in conjunction with the CCR Regional Cabinet. It is focussed on the deployment of the £495 million Wider Investment Fund, available to the CCR, and defines the criteria for qualifying projects whilst accepting the Plan target of attracting £4 billion of additional private finance.

The Investment Framework sets out a bespoke approach to addressing three investment priorities of Innovation, Infrastructure and Challenge, which are directly linked to the Plan’s aforementioned targets and embrace its fundamental pillars of Connectivity, Competitiveness and Resilience.

Andrew Morgan
Leader, Rhondda Cynon Taf
County Borough Council
Chair, Cardiff Capital Region

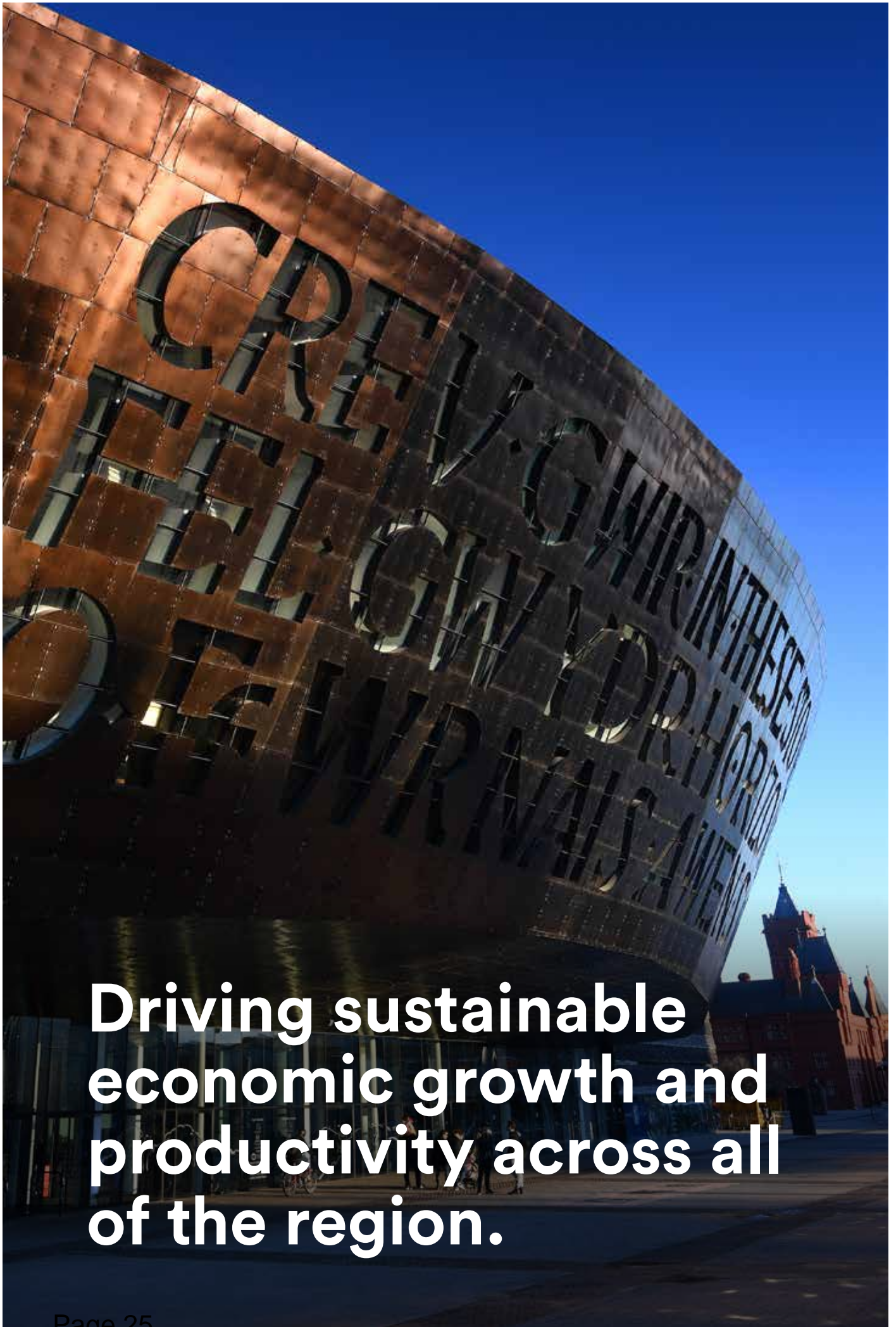
This funding priorities aim to build a delivery pipeline with project stakeholders within and beyond CCR. We will apply rigorous due diligence and careful project portfolio management, adhering to public and private sector governance directives.

Each of the three investment priorities will be assessed according to specified financial metrics. We also recognise however that project applications may transcend one or more of these priorities and so, as envisaged in the Plan, flexibility and collaboration will be needed as part of the framework. A clear example of this is the £38.5million investment in the Compound Semiconductor Foundry which addresses innovation and infrastructure. We are also open to see a project start life in one priority, for example challenge, and grow into another, for example innovation, emphasising the integrated and cohesive approach that we advocate and further that we are determined to support success.

The Investment Framework as designed, and tested, will simplify project assessment for both the applicants and the Investment Panel. It will also communicate clear guidelines on initial qualification or rejection through an initial screening process, before - if appropriate - moving through due diligence, investment appraisal and final approval or dismissal.

The key objective is to identify and support best-in-class projects which meet the CCR targets and display acceptable “evergreen” returns, meanwhile recognising that risks must and will be taken to drive the CCR objectives. The aim is to capture global recognition that this region is ambitious, skilled, open for business, prepared to create and exploit innovation, resilient to known and unknown challenges, and a great place to invest and live in.

J. Frank Holmes
Chair, Cardiff Capital Region
Economic Growth Partnership



Driving sustainable economic growth and productivity across all of the region.

01. Overview

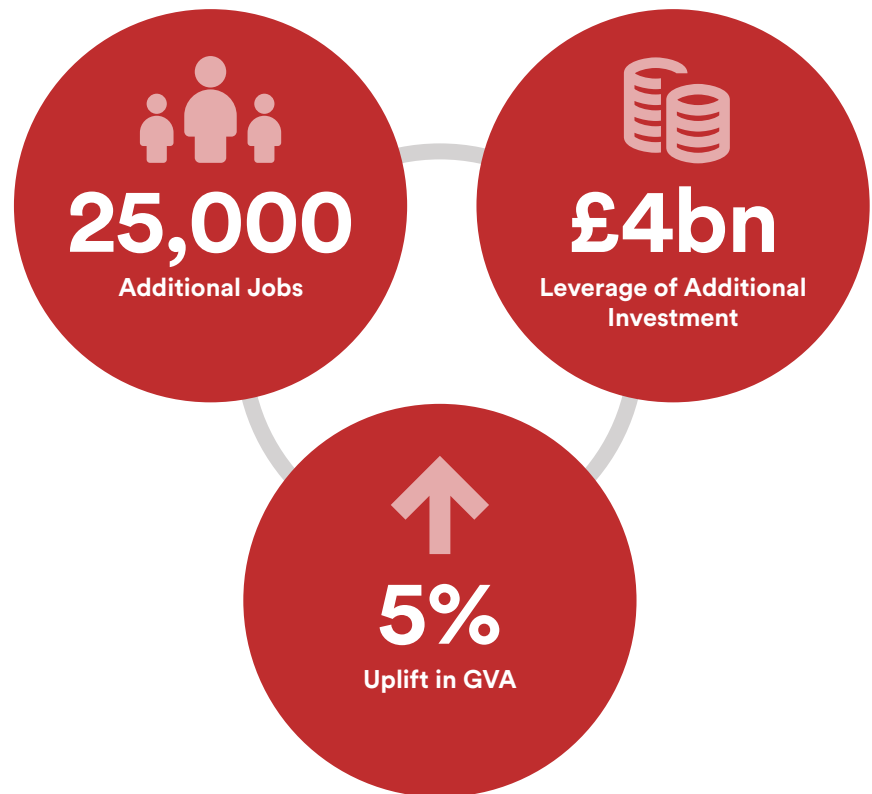
The CCR Industrial and Economic Plan sets out an ambitious and long-term plan to boost productivity and accelerate economic and inclusive growth in the region by making the CCR a highly investable proposition, backing businesses to create good and sustainable jobs through targeted investments in skills, priority industries, infrastructure and innovation.

The plan highlights some of the region's productivity challenges and endorses innovation-led, scalable projects that the Regional Cabinet and the Regional Economic Growth Partnership believes are necessary to generate sustainable growth and inclusive prosperity.

In delivering sustainable and inclusive growth, we will address two mutually supportive objectives of boosting competitiveness and tackling inequalities.

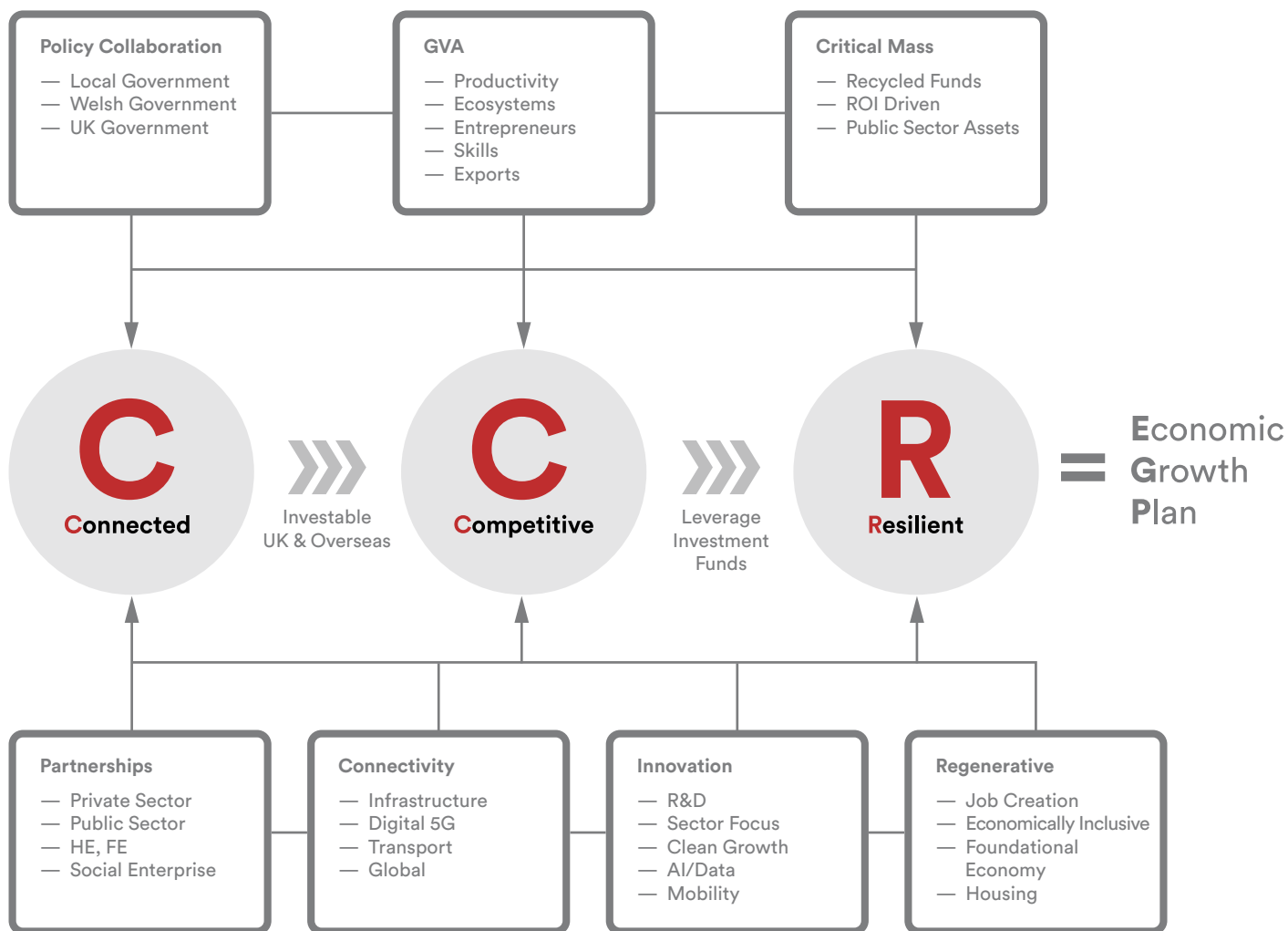
The introduction of inclusive and regenerative growth as central threads of the plan emphasise the need for an economic agenda that drives sustainable economic growth and productivity across all of the region.

Core Objectives of the Cardiff Capital Region City Deal



A ReNeuron, Bridgend

“The plan highlights some of the region’s productivity challenges and endorses innovation-led, scalable projects...”



02. Our Approach

Our approach will be based on:



Cohesion

Policy collaboration and delivery partnerships ensuring that there is cumulative impact to the range of investments and interventions delivered by the City Deal.



Scale

Limited number of significant interventions, rather than a disparate range of loosely connected small-scale activities.



Leverage

Maximise the City Deal investments by attracting co-investors with complementary funding and resources.



Return on Investment

Demonstrable impact and benefit will be expected from all investments and interventions.



Ecosystem Development

Supporting the development of a strong economic and innovation ecosystem to deliver the plan and develop clusters of excellence within our region.

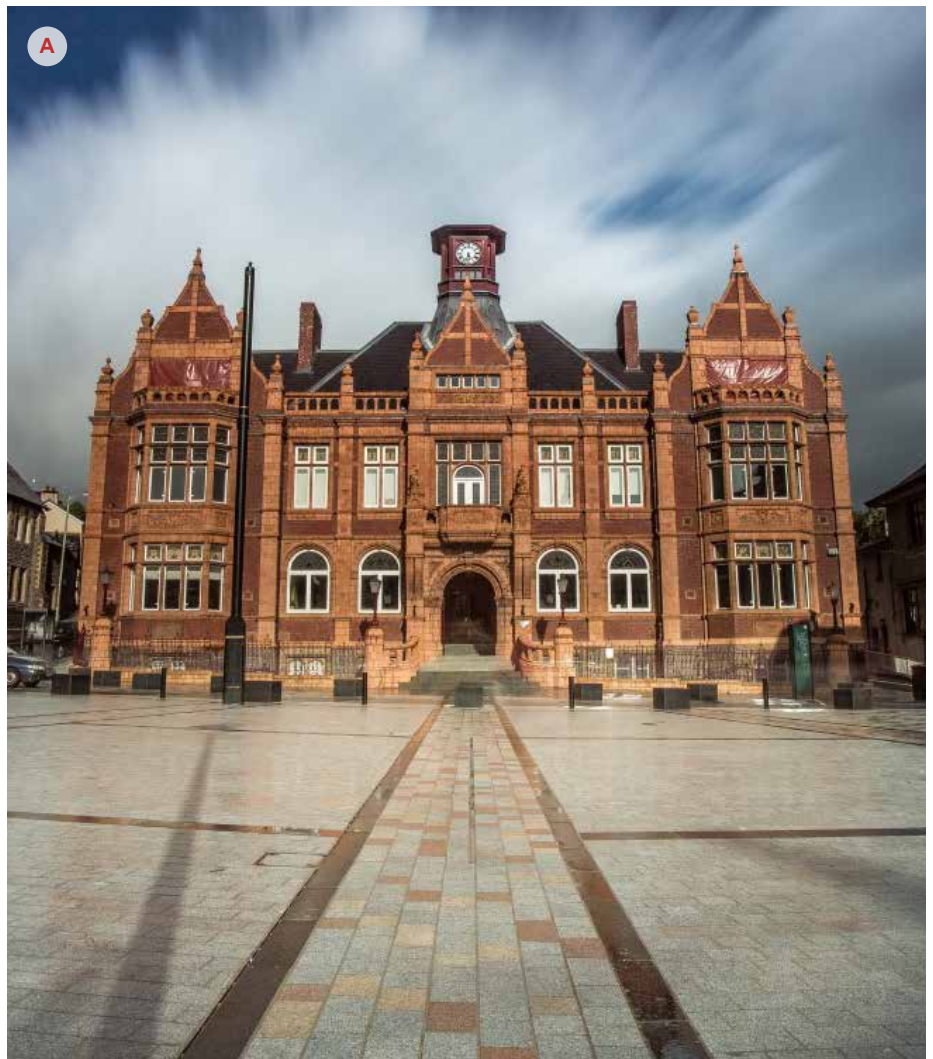


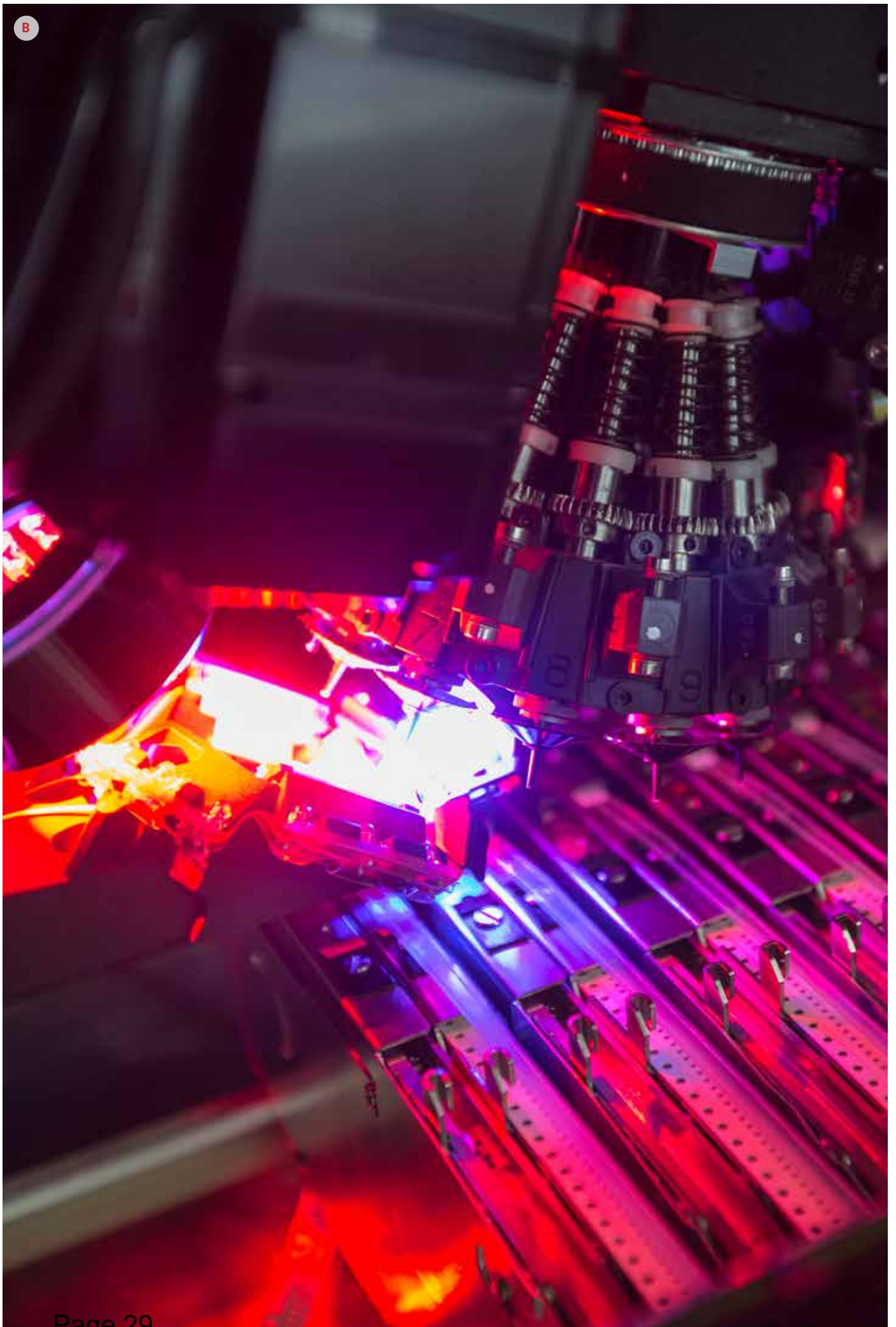
Economic Inclusion

Creating opportunity for all to distribute the dividends of increased prosperity fairly, to encourage and enable participation in the economic life of the region.



- A Red House, Merthyr Tydfil
- B Sony UK Technology Centre, Bridgend





03. Investment Framework

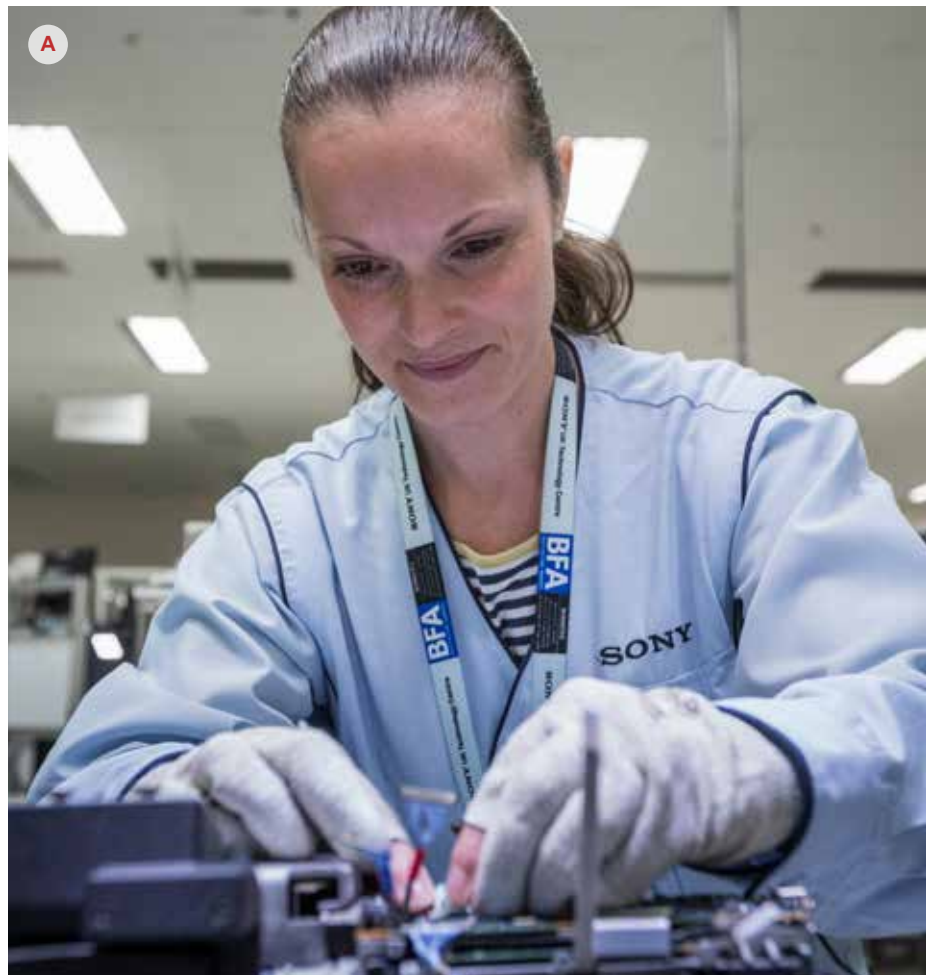
The Cardiff Capital Region is open for business and the CCR Investment Framework outlines how the CCR City Deal will support sustainable and inclusive business growth within the region. We aim to make the CCR one of the most investable regions in the UK.

Our Investment Fund has three designated and interconnected investment priorities, linked by a common focus on securing a coherent, competitive, sustainable and fair regional economy.

The Investment Priorities – Infrastructure, Innovation and Challenge – will be based on evergreen and co-investment principles.

The ultimate aim of the investments will be to improve the business environment within the CCR, creating rich ecosystems that stretch and support the development of key sectors in the economy, improving comparative performance against other cities and regions in the UK and internationally.

Key Sectors of Interest



A Sony UK Technology Centre, Bridgend

Our Investment Priorities

Infrastructure Priorities

Public sector led and public-private infrastructure projects that create conditions for private sector success and civic benefits such as transport, digital infrastructure, skills, and land assembly;

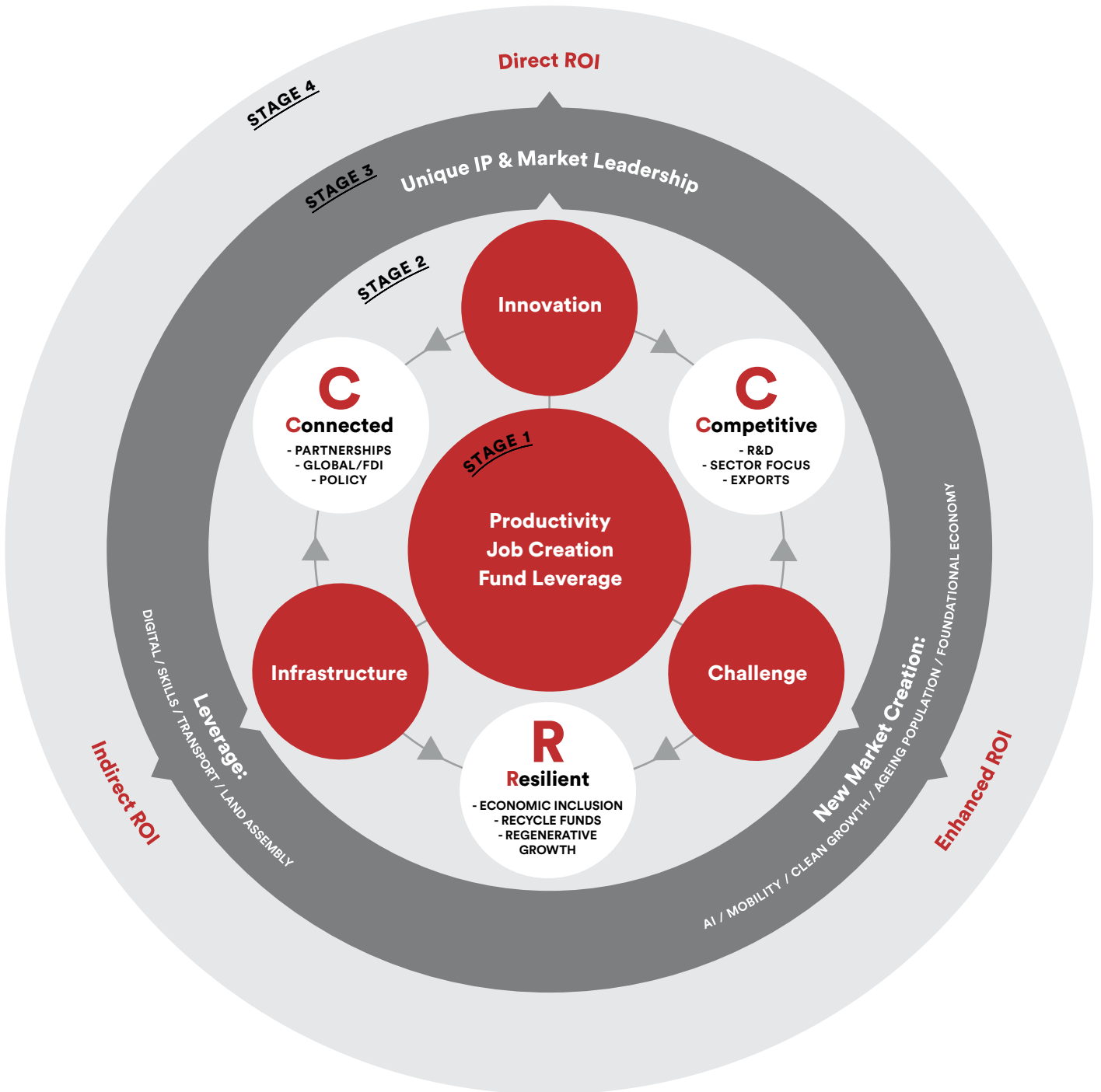
Innovation Priorities

Projects that focus on innovation that enhances productivity from the foundational economy through to propositions that demonstrate unique IP, market leadership and competitive strengths;

Challenge Priorities

Competitive interventions aligned to CCR priorities as outlined in the Industrial and Economic Plan, and challenges highlighted in the UK Industrial Strategy.

The Plan and Investment Framework



STAGE 1 City Deal core objectives and targets

STAGE 2 Alignment of the core objectives and targets with the Industrial and Economic Plan

STAGE 3 Compatibility of core objectives and targets with investment priorities

STAGE 4 Anticipated return on investment impact

04. Investment Framework: The Process

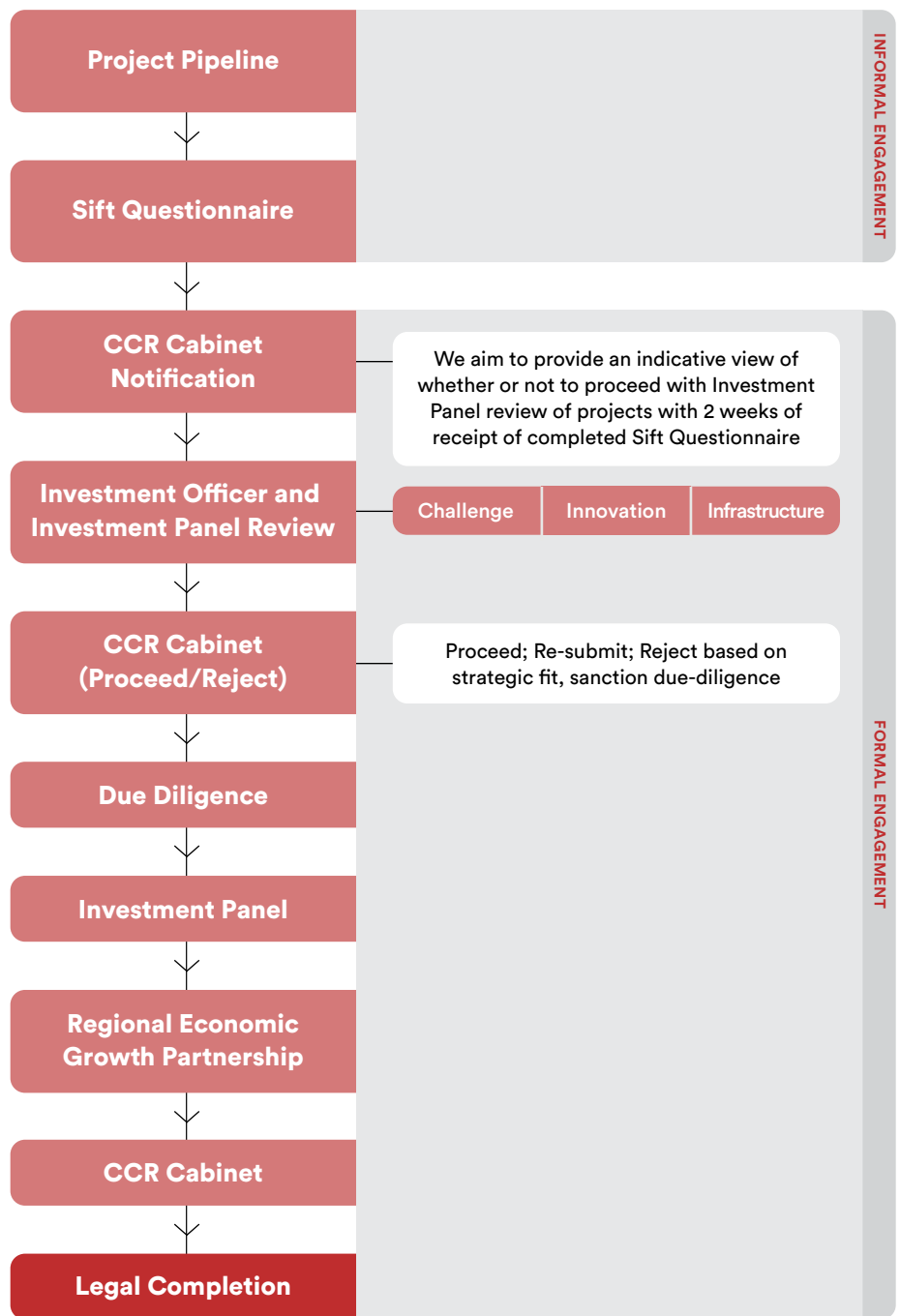
The Office of the CCR City Deal will work with partners within and beyond the region to build a delivery pipeline of projects eligible for CCR City Deal investment funds.

government representatives, who will advise Regional Cabinet on its suitability for further development and potential investment from the CCR City Deal.

The first step of the process is to engage with the Office of the CCR City Deal to discuss in outline your investment proposition, followed by the completion of the Funding Support Sift Questionnaire (available from the Office of the CCR City Deal). This will then be considered by our Investment Panel comprised of business and local

Post this detailed review, if accepted, a due diligence process will be undertaken to the satisfaction of the investment panel and other co-funders prior to a formal recommendation being made to Regional Cabinet to invest in the proposal.

Process Breakdown



- A The Royal Mint, Pontyclun
- B Springboard Innovation Centre, Cwmbran
- C SPTS Technologies, Newport




Key Criteria

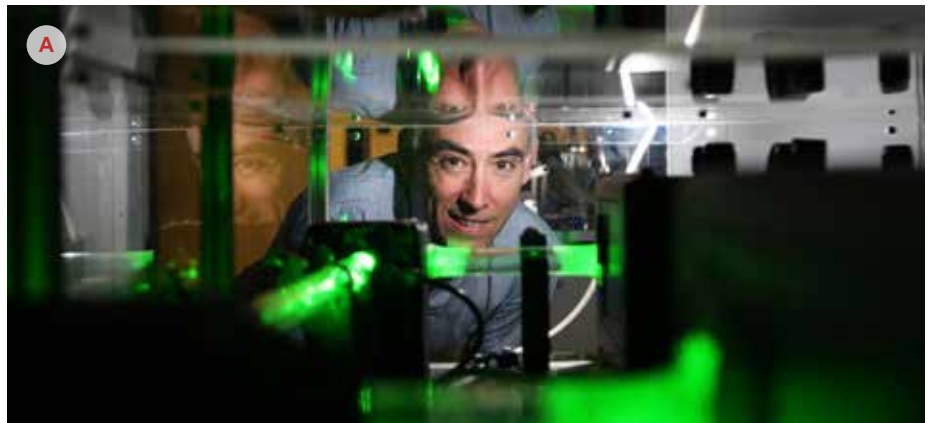
- 1 Non-Compliant with Key Investment Criteria and Objectives
- 2 Grant Application
- 3 Programme Application
- 4 Fund Restrictions / Timing of Availability
- 5 Wholesale Funds
- 6 No Measurable Return on Investment

- 1 Promoter Credentials
- 2 Repayable
- 3 Loan to Value / Covenants Compliant
- 4 Co-Investment / Drawdown
- 5 Risk Profile / Payback Period / Security
- 6 Demonstrable Return on Investment



05. Investment Guidelines

| Investment Priority | CCR Targets | ROI |
|---|---|----------|
|  <p>Innovation Unique IP/Market Leadership</p> | Jobs, growth and investment leverage | Direct |
|  <p>Infrastructure Foundations to enable private sector success and Civic Benefit</p> | Leverage, jobs and indirect growth, address economic disparities | Indirect |
|  <p>Challenge Competitive, aligned to CCR Priorities</p> | New market creation, shaping places, IP Commercialisation, Addressing identified regional challenges and priorities | Enhanced |



A Life Sciences, Cardiff University
B Ebbw Vale Enterprise Zone

“Seeking proposals with scale and ambition that have the potential to radically address the challenges facing the region...”

| Audience | % Investment (Indicative) | Indicative Range | Investment | Leverage |
|---|---------------------------|------------------|--|---|
| <ul style="list-style-type: none"> Private sector led R&D Organisations HE FDI | 10-30% | £15-£50m | Repayable Instruments | <p>Enhance Productivity and Economic Inclusion</p> <p>Reduce Economic Growth Inhibitors</p> <p>Address Industrial Challenges and Place Based Disparities</p> |
| <ul style="list-style-type: none"> Public Sector led Public-private schemes FE & HE (skills) | 10-50% | £10-£50m | Repayable through fiscal levers, income streams, gain share, other socio-economic benefits | |
| <ul style="list-style-type: none"> Innovation intensive businesses HE/FE Social Enterprise Foundational Economy | 10-50% | £2-£10m | Repayable and/or risk investment returns | |



06. The Plan and Investment Framework

STAGE 1

City Deal core objectives and targets

STAGE 2

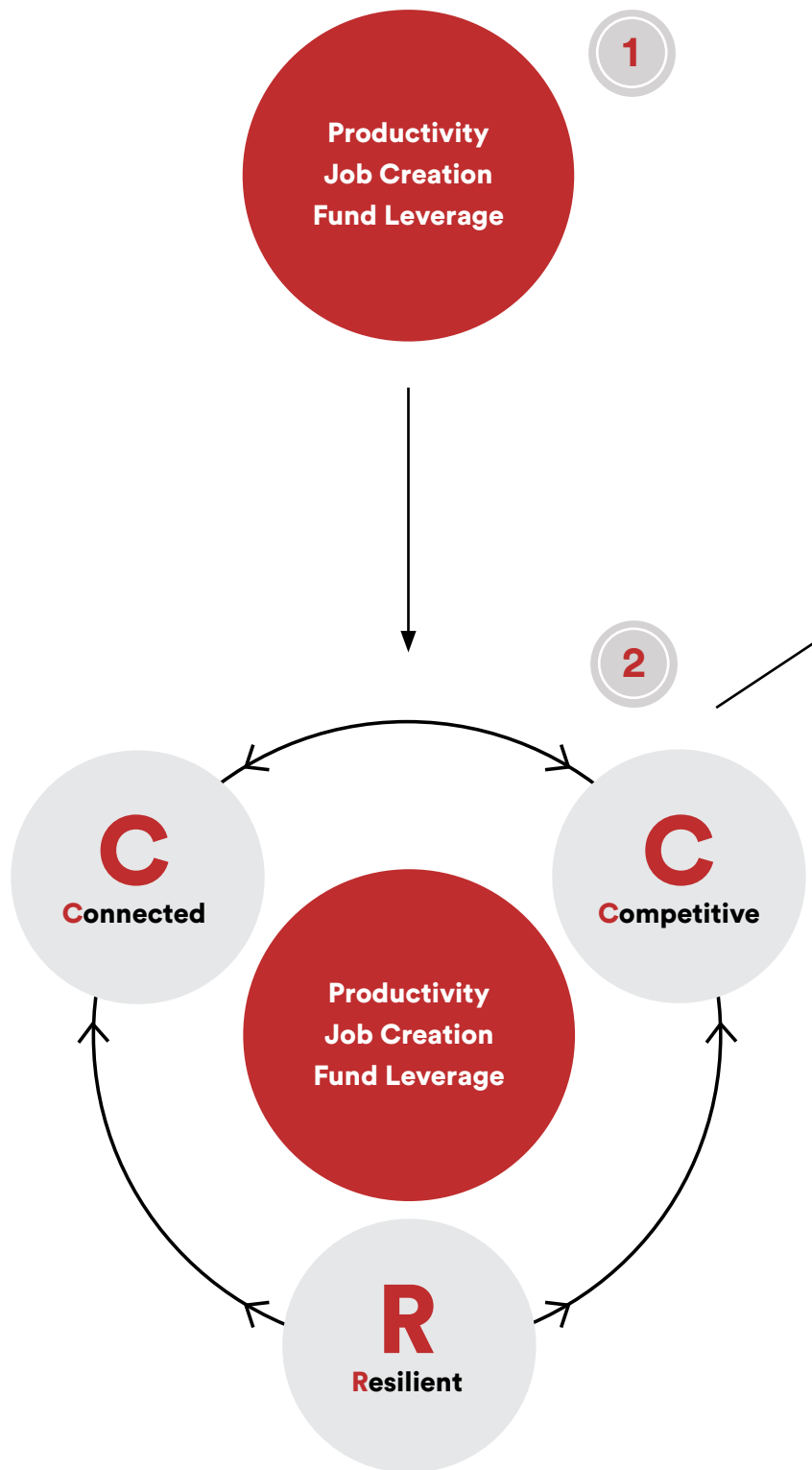
Alignment of the core objectives and targets with the Industrial and Economic Plan

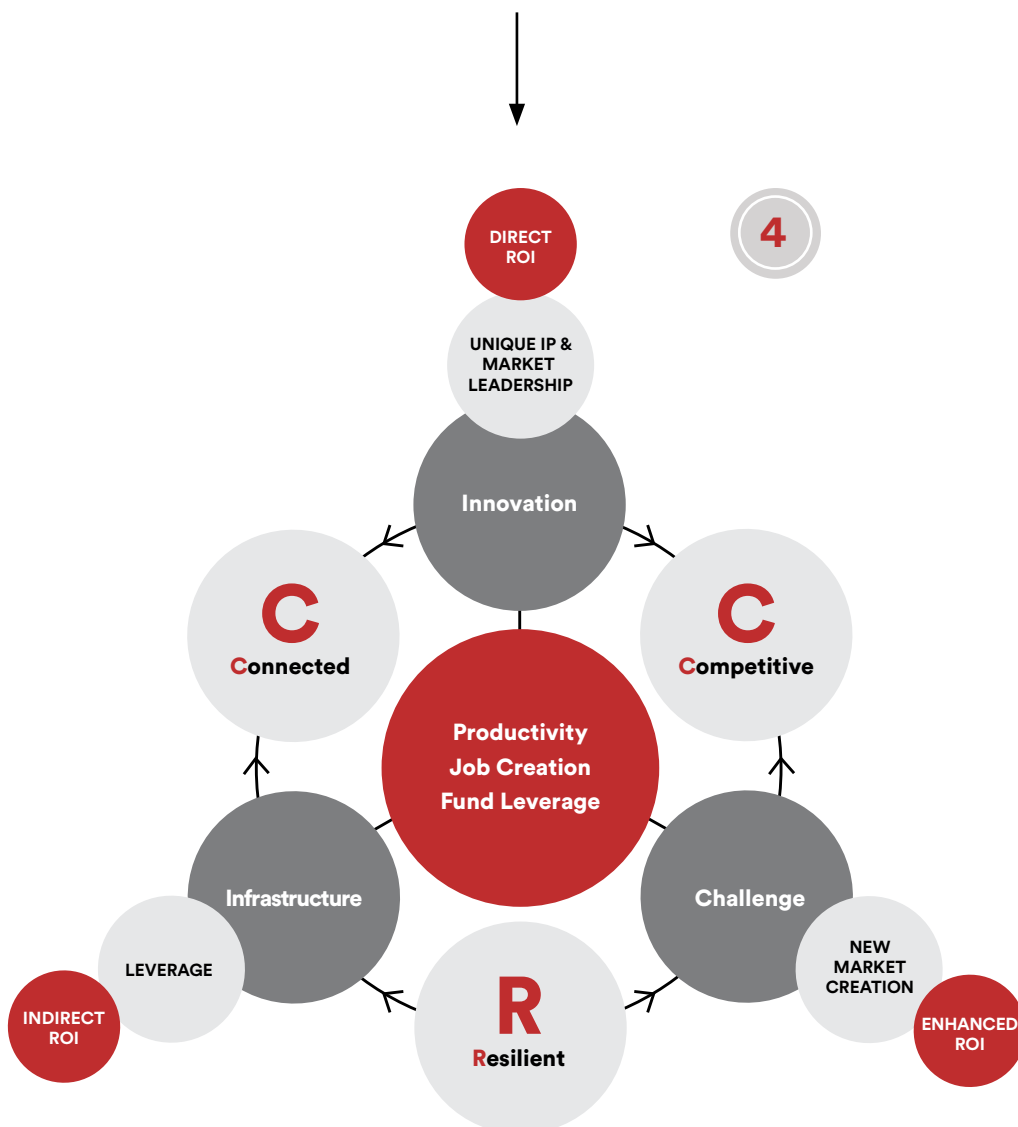
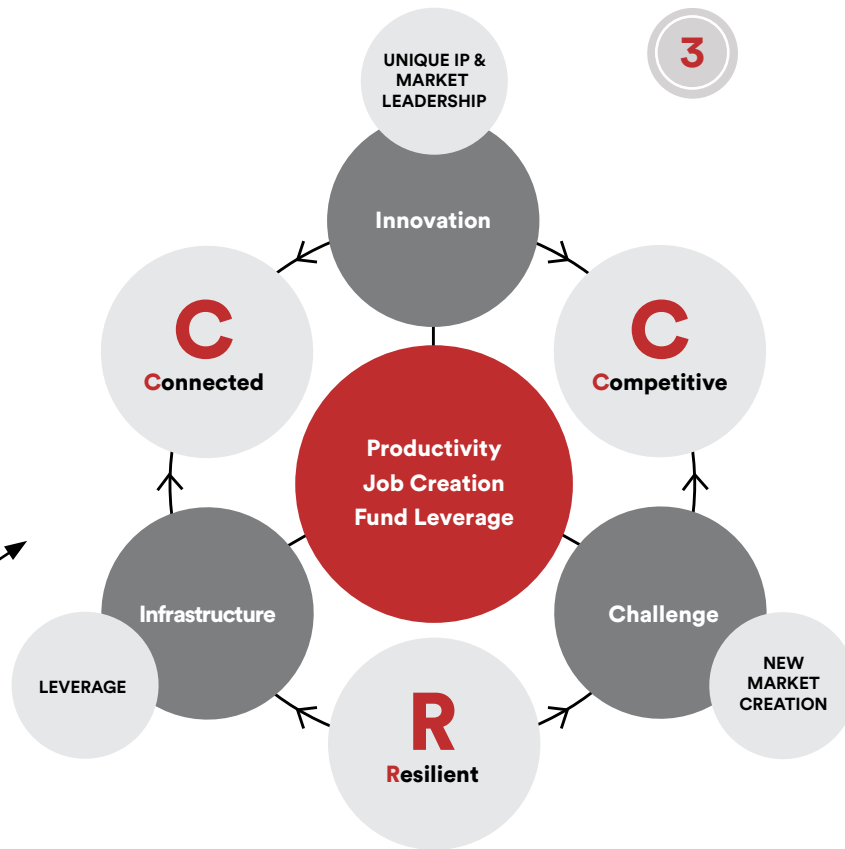
STAGE 3

Compatibility of core objectives and targets with investment priorities

STAGE 4

Anticipated return on investment impact





Contact Us

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20 JANUARY 2020

2019-20 ANNUAL BUSINESS PLAN - QUARTER 2 PERFORMANCE REPORT TO CCR SCRUTINY COMMITTEE

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 5

Reason for this Report

1. To inform CCR Scrutiny Committee of the Quarter 2 reporting position against the 2019/20 City Deal Business Plan – as reported to Cabinet on 19 December 2019 in order to discharge the reporting requirements of the Assurance Framework.
2. To provide CCR Scrutiny Committee with an update of actual expenditure as at Quarter 2 against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year 2019/20.
3. To note the continued changes to the format, structure and shape of the report, in order to provide a ‘balanced scorecard’ approach relevant to the performance targets set – and their dates for completion/ achievement – as set out in Annual Business Plan.

Background

4. Regional Cabinet approved its 2019/20 Annual Business Plan at its meeting on the 19th February 2019, which included details of the Wider Investment Fund budgets for that year. The report also provided an overview of the key work streams that would need to be progressed during the year in accordance with key priorities. This consolidated Annual Business Plan sets out the activities, tasks and objectives to be delivered in 2019/20; alongside an assessment of the resources required to deliver.
5. That Annual Business Plan for 2019/20 and the priority action contained within it, now forms the basis of the Quarterly Performance Monitoring Reports which are issued to the UK and Welsh Governments. Ongoing changes have been made to the structure, format and shape of the Performance report in order to situate plans and priorities in the context of the targets City Deal must deliver against; reduce extraneous information volume; provide a high-level account of strategy and direction; alongside measures of Finance, Risk and Assurance; and, set out performance against key priority areas such as Programme Delivery and Pipeline

– which are relevant to the new Investment and Intervention Framework. Also included are priorities around Partnerships, Communications, Influence/Engagement and Culture, Capacity and Leadership.

6. In addition to this, now that the Investment and Intervention Framework (IIF) is activated, further enhancements to the process have been made. In the main, this includes:

- A revised version of the ‘balanced scorecard’ that relates to the targets specifically set for delivery in the relevant quarterly period – in this case – Q2;
- A copy of Q2 Performance on the Compound Semi-conductor (CSC) Project – the single ‘live’ investment of CCRDCD. This Q2 update is in the format required by National Evaluation Leads, SQW and is presented as an update to the agreed Logic Model. This will keep reporting consistent, connected into all main reporting outlets – Cabinet, CSC Foundry Board and SQW;
- As stated in the Q1 report, now attached is the most up-to-date version of the IIF ‘Current Status’ tracker document; enabling Regional Cabinet and partners to understand the status and progression of schemes through the Framework. This is attached at Appendix 5;
- Progress tracker for ‘in principle’ projects – Skills for Future, Digital, Metro Plus, Metro Central and Housing Investment Fund;
- A rolling tracker of progress overall, that shows the quarterly delivery targets in the context of the objectives of the Annual Business Plan – in order to provide both a backwards and forwards-looking assessment of progress.

7. It should be further noted that whilst the quarterly performance reporting information will be focussed and pertain only to those tasks embodied in the Annual Business Plan – there is a wider programme of activity ongoing. The Annual Business Plan represents the core tasks and activities crucial to making strategic progress in 19/20. In addition to this, there is work underway to:

- Contribute to current policy debates and developing thought leadership role:
 - keynote at City Regions in Wales conference;
 - keynote at Ser Cymru celebration event;
 - keynote at EstNet networking event;
 - keynote at UK Shared Prosperity Fund hosted by Cardiff University and Lord Heseltine and input into resulting report;
 - hosted BSA Roundtable event in conjunction with Regional Business Council;
 - hosted and presented to Industrial Communities Alliance;
 - delivery of both written and verbal evidence to Welsh Affairs Select Committee with a positive focus on CCR in resultant report (attached at Appendix 6);
 - participation in Regional Investment Board and ministerial task and finish groups.
- Promote the investment framework and originate quality projects:

- first projects submitted into Investment and Intervention Framework;
 - inaugural meeting of the Investment Panel;
 - Regional Business Council hosted summer roadshows in four locations across region attracting 300+ delegates;
 - development of the SIPF network and consortium for Devices and diagnostics and address at the first Medical Monday event.
- Develop the International presence – sourcing for UKRI board positions; hosting Singapore and Xiamen delegations connected to CS Cluster; partner launch of MIPIIM 2020 and, delivery of two CCR and Department for International Trade UKRI/ workshops;
 - Building the Team – key appointments to City Deal Office to establish core structure and resources; and,
 - Targeting external investment – full business case submission to SIPF for CS Connected; submission of SIPF 2 for Devices and Diagnostics; and, stage 2 submission to WEFO P5 on building Institutional Capacity
8. The detail attached to the report, sets out the core activity in priority areas:
- Appendix 1 CCR City Deal Quarter 1 Performance ‘Balanced Scorecard’
 - Appendix 2 CCR City Deal CSC Project Quarter 1 Logic Model
 - Appendix 3 AGS Quarter 1 Update (containing the Risk Log) and Internal Audit Action Plan
 - Appendix 4 Wider Investment Fund Finance Update
 - Appendix 5 IIF Current Status Tracker
 - Appendix 6 House of Commons Welsh Affairs Committee – City Deals and Growth Deals in Wales
 - Appendix 7 Wellbeing of Future Generations Assessment

Financial Implications (as reported to Cabinet 19/12/19)

10. Regional Cabinet approved its 2019/20 Annual Business Plan and its associated budgets at its meeting of 18th February 2019. Appendix 4 provides an update as at Quarter 2.
11. Wider Investment Fund Top-Slice expenditure is projected to exceed the approved budget of £742,500 by £42,195 with this amount able to be funded by an additional draw down from the Wider Investment Fund made possible by prior-year Top-Slice underspends carried forward.
12. In terms of Approved Projects, i.e. those that are in delivery stage, a sum of £1,381,600 is in place against the CSC Foundry Ltd.’s approved capital budget and this is now expected to be paid in 2020/21. There is also a budget of £143,550 in place to complete the Graduate Pilot Scheme which is currently expected to be fully required.

13. In addition to this, the Annual Business Plan contains currently uncommitted revenue and capital resources of £0.856 million and £26.110 million respectively. These resources are in place to provide Regional Cabinet with a level of flexibility to approve additional expenditure during the year in the event that In-Principle and/or emerging projects find themselves in a position to be allocated approved project funding during 2019/20. There are currently no extant decisions which would lead to draw down of these amounts.
14. It is important to note Paragraph 17 of Appendix 4 of this report which draws attention to the fact that, depending upon the nature and timing of any in-year project expenditure approvals, the components of the 'funding mix' may vary and subsequently impact upon the funding requirements of the Partner Authorities. The established stakeholder networks will be used to provide updates on this as and when necessary.
15. Regional Cabinet will be provided with regular project performance reports, supplemented by quarterly budget monitoring statements, where matters such as progress against the Project Delivery Pipeline and associated budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.

Legal Implications (as reported to Regional Cabinet 19/12/19)

16. The report sets out the Quarter 2 performance and is submitted to Regional Cabinet for consideration pursuant to the reporting requirements within the Cardiff Capital Region City Deal Assurance Framework. As regards individual projects referred to in the attached, then legal advice on those projects will be reflected in the relevant reports as and when such matters are reported to Regional Cabinet.

Well-being of Future Generations (Wales) Act 2015

17. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well-being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.
18. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put

simply, this means that the Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the seven national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

19. The Regional Cabinet must be satisfied that the proposed decision accords with the principles above.
20. To assist the Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an Appendix to this report (Well-being of future generations assessment) for Member's consideration.
21. In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

Equality Act 2010

22. In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:
 - age;
 - gender reassignment;
 - sex;
 - race – including ethnic or national origin, colour or nationality;
 - disability;
 - pregnancy and maternity;
 - marriage and civil partnership;
 - sexual orientation;
 - religion or belief – including lack of belief

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Scrutiny Committee:

- (1) note the overall progress at Quarter 2 2019/20, including the budget position reported at Appendix 5 and considers any points it considers pertinent in further detail

Kellie Beirne
Director, Cardiff Capital Region
19 December 2019

Appendices

- Appendix 1 CCR City Deal Quarter 1 Performance 'Balanced Scorecard'
- Appendix 2 CCR City Deal CSC Project Quarter 1 Logic Model
- Appendix 3 AGS Quarter 1 Update (containing the Risk Log) and Internal Audit Action Plan
- Appendix 4 Wider Investment Fund Finance Update
- Appendix 5 IIF Current Status Tracker
- Appendix 6 House of Commons Welsh Affairs Committee – City Deals and Growth Deals in Wales
- Appendix 7 Future Generations Assessment Evaluation

Annual Business Plan Balanced Scorecard

| Actions Due: | Q1 | Q2 | Status |
|---|----|----|--------|
| Activities on Schedule | 8 | 14 | ✓ |
| Activities In progress with some issues | 4 | 8 | - |
| Activities Failing to Progress | 0 | 0 | ✗ |

| ACTION POINT | DUE DATES | Q1 | Q2 | Status | ASSURANCE STATEMENT | ASSURANCE LEVEL |
|--------------|-----------|---------------------------|---------------------------|--------|---------------------|-----------------|
| 4 | Q1/4 | ON TARGET | ON TARGET | ✓ | 7 | STRONG/MODERATE |
| 5 | Q2/3 | C/F TO NEXT Q | ON TARGET | ✓ | | |
| 7 | Q2 | C/F TO NEXT Q | COMPLETED | ✓ | | |
| 9 | Q1 | PROGRESSING - SOME ISSUES | ON TARGET | ✓ | 2 | MODERATE |
| 13 | Q2 | C/F TO NEXT Q | COMPLETED | ✓ | | |
| 16 | Q2 | C/F TO NEXT Q | COMPLETED | ✓ | | |
| 19 | Q2/4 | PROGRESSING - SOME ISSUES | PROGRESSING - SOME ISSUES | - | | |
| 21 | Q1/3 | ON TARGET | ON TARGET | ✓ | | |
| 22 | Q1/2 | PROGRESSING - SOME ISSUES | PROGRESSING - SOME ISSUES | - | 20 | STRONG/MODERATE |
| 23 | Q2/3 | C/F TO NEXT Q | ON TARGET | ✓ | 20 | STRONG/MODERATE |
| 24 | Q2/3 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | | |
| 25 | Q1/4 | ON TARGET | ON TARGET | ✓ | | |
| 26 | Q2 | C/F TO NEXT Q | ON TARGET | ✓ | | |
| 30 | Q2 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | 9 | STRONG/MODERATE |
| 31 | Q2 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | | |
| 32 | Q2/4 | C/F TO NEXT Q | ON TARGET | ✓ | | |
| 33 | Q1/4 | ON TARGET | ON TARGET | ✓ | | |
| 35 | Q2 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | | |
| 36 | Q1 | COMPLETED | COMPLETED | ✓ | | |
| 37 | Q1 | COMPLETED | COMPLETED | ✓ | | |
| 39 | Q2 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | 13 | MODERATE |
| 40 | Q2 | C/F TO NEXT Q | PROGRESSING - SOME ISSUES | - | | |

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Quarter 2 Project Pipeline Update

| Deliverable | ABP Action | Progress Update | Status | When Completed |
|--|------------|---|---------------------------|----------------|
| CSC Cluster (subject to SIPF outcome) | 18a | <ul style="list-style-type: none"> SIPF submissions to UKRI Full business plan submitted for the CSCConnected project c£45m Wave 2 EOI submitted for Medical Diagnostics and Devices Wave 2 EOI supported for Creative Clwster and Fintech | PROGRESSING - SOME ISSUES | - |
| Metro Central | 19a | <ul style="list-style-type: none"> Investment Panel recommended to Regional cabinet release of £100k for feasibility work and to inform scope of FBC subject to 5 conditions being satisfied DfW approvals in principle for the outline business case related to the Cardiff Railway Central Station | PROGRESSING - SOME ISSUES | - |
| Metro Plus & EV Strategy | 19b | <ul style="list-style-type: none"> Delegations to RTA for scheme approvals against City Deal Requirements City Deal Requirements set out in the approved Common Assessment Framework Metro Enhancement Framework adopted and approved by RTA to complement the above First 'approved' schemes coming forward for initial funding approval of RTA on 13 November 2019 Taxi LEV strategy going for RTA approval on 13 November | PROGRESSING - SOME ISSUES | - |
| Housing Investment Fund (including Sites and Premises assessment) | 19c | <ul style="list-style-type: none"> Investment Panel recommended to Regional cabinet release of £100k for FBC development Workshop events with partners to inform the stalled sites and SME aspects of fund Sites and premises work being synched with the principles of the fund | PROGRESSING - SOME ISSUES | - |
| Digital Infrastructure | 19d | <ul style="list-style-type: none"> CVL fibre project has in principle status as part of the IIF – with developmental work ongoing with proposers Fibre enablement of 'core towns' project is at SIFT 1a stage of the IIF Two further discussions underway on IIF proposals regarding market opportunities around digital infrastructure Digital infrastructure requirements and opportunities embedded within the Metro Plus Common Assessment Framework LFFN Wv 2 project re-purposed to deliver across all CCR LAs – anticipated to be c£6-7m 5G Blueprint for CCR submission to DCMS led by Innovation Point, CCR, WG and academic and private industrial partners Digital demand report commissioned as a frame for regional digital investments | PROGRESSING - SOME ISSUES | - |
| Skills for the Future | 19e | <ul style="list-style-type: none"> Work is underway to establish a Youth Cabinet/ Forum – with partnerships, youth councils and organisations from across the region MSC data science students are working across the CDO and RSP to augment capacity for regional skills 'live' data capture. PhD data science students start in January 2020 (through the KES scheme) and skills intelligence will feature in this work A brief has been drawn up to appraise existing shared apprenticeship schemes in the region with a view to scaling up a scheme for the region The Common Assessment Framework is now adopted and embeds skills opportunities through social value clauses and Targeted Recruitment and Training as core requirements of contracts CSC engagement is taking place through CSCConnected to establish one integrated plan for training, learning and skills development In relation to inclusive growth around skills development, several of the IIF pipeline schemes originated relate to young people outside of the system and in particular, care leavers The Annual Employment and Skills Plan was produced and published in October 2019 CCR supported pupils to participate in the STEM Royal Military Academy at Sandhurst September 2019. This was in conjunction with Innovate UK and the leaders of the Faraday Challenge | ON TARGET | ✓ |
| Graduate Placement Scheme | 19f | <ul style="list-style-type: none"> 13 graduates are now in place in locations such as Newport, Monmouthshire, Cardiff and Bridgend. 2 further posts are out to advert and with the commitments in the pipeline now working through, it is estimated that 47 graduates will be in place as at 31 March 2020. | ON TARGET | ✓ |
| Public Services testbed submission to WEFO institutional capacity | 19g | <ul style="list-style-type: none"> WEFO P5 Institutional Capacity InFuSe bid submitted £8m with match funding requirement Additional bid into SBRI for £1.6m Target commencement date April 2020 | PROGRESSING - SOME ISSUES | |

Quarter 2 Detailed Work Programme Update

| | | | |
|--|--|---|---|
| Logic model title | Compound Semiconductor Cluster | | |
| Logic model type | Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity | | |
| Interventions / projects covered by logic model | Compound Semiconductor Project | | |
| Theory of change | | | |
| <p>Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.</p> <p>It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).</p> <p>Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.</p> <p>Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.</p> | | | |
| Inputs | Activities | Outputs | Outcomes |
| <p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> £38.4m <p><u>Other inputs (including staffing and in-kind)</u></p> <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Construction activities in relation to development of a clean room facility for the production of compound semiconductors at the former LG site between Cardiff and Newport Establishment of a Special Purpose Vehicle for the site | <ul style="list-style-type: none"> Ha land acquired (LS) Ha land assembled for commercial development Commercial floor space developed (5,900 sq. m) Construction years of employment No. of learners enrolling/ completing course (i.e. apprentices in construction) (LT) | <p>Theme-specific outcomes</p> <ul style="list-style-type: none"> Private sector leverage up to the value of £375m for kit out of the facility (LS) Secure a £50m investment from the Compound Semiconductor Catapult (LS) Increase in premises with access to connectivity infrastructure (one) – <i>Celtic Way, Newport has since seen improved road infrastructure and fibre connectivity</i> Positive property market sentiment survey Uplifted commercial sale value (£6m) Land value uplift Floor space occupied by firms at the facility |

- Direct creation of new jobs at the site (501 - achieved over time) [65 direct jobs created to date]
- Safeguarding jobs (156 at head lessee company, 390 jobs at wafer fabrication plant)
- Indirect and Induced jobs (1088 - achieved over time) [259 indirect and induced jobs created to date]
- Apprenticeships [8 new apprenticeship opportunities created to date]
- Growth in employment of business located in the facility by number of employees
- Growth in turnover of business located in the facility
- Improved business survival rate of business located in the facility
- Increased expenditure on business R&D (tenant + subsequently in wider sector)
- Increase in exports (tenant + subsequently in wider sector)
- New/improved processes adopted (tenant + subsequently in wider sector)
- New/improved products entering the market (tenant + subsequently in wider sector)
- Intellectual Property (IP) registered (e.g. patents) within the cluster
- Improved attractiveness as a location for inward investment

Broader outcomes

- Return on investment up to the value of £33,108,000 (LS) [*anticipated that tenant will exercise option to purchase ahead of year 6 with full return of investment resulting*]
- A total of 259 indirect jobs have been created off the back of the foundry through local supply chain and household effects, with particular impacts in the construction and higher education sectors and the catapult, along with the creation of a further 8 apprenticeship opportunities.
- A further 697 jobs indirectly supported to date within the semiconductor sector in SE Wales since the commencement of the Foundry.
- Enhancement of local innovation ecosystems
- Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)
- As of Oct 2019 it is estimated that IQE supports direct and indirectly around £22m of Welsh GVA and with much of this supported in the Cardiff City Region. Over the same period the wider semiconductor cluster has estimated to support direct and indirectly around £158m of GVA. The commercial fundamentals of the sector are strong and we are fortunate to have so many good companies in this area with the potential for further job creation and enhanced GVA support for the region.

Expected timescales for inputs / activities / delivery of outputs and outcomes

| | | | |
|--|---|---|--|
| <u>Investment Fund inputs</u> | <ul style="list-style-type: none"> 2017-18 | <ul style="list-style-type: none"> Achieved on completion of the project and tenant moving into the facility. | <ul style="list-style-type: none"> Impacts to be realised over time. Some will be realised on or soon after completion of the project e.g. investment leveraged, improved attractiveness of the site, development of floor space. |
| <u>Other inputs (including staffing and in-kind)</u> | <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Project delivery, including site occupation, phased so outputs achieved incrementally over time | <ul style="list-style-type: none"> Others will be realised as the principal beneficiary develops its business Yet others will take longer, e.g. development of the ecosystem and outcomes relating to the wider sector. |

Relationship to other interventions

Other Investment Fund logic models:

- Unknown at this stage – further interventions (and logic models) to be confirmed

Other non-Investment Fund activities:

- Wider development of the Compound Semiconductor sector in Cardiff e.g. EU funding for Cardiff University's Institute for Compound Semiconductors

AGS 2018/19 Action Plan Q2 update

The tables below outline a progress summary of the actions that have been captured as part of a formal 2018/19 Action Plan.

As at Quarter 2, 18 actions are on target and 2 actions are progressing with some minor issues. There are no actions failing to progress.

New Risk Management and Assurance monitoring procedures have been created and are due for implementation in Quarter 3. The first team Risk and Assurance review meeting is due to take place at the beginning of Quarter 3.

Appendix 3(c) contains the initial risks identified by the City Deal team which form the current City Deal Risk Register. These risks will be reviewed at the Risk and Assurance review meeting in Quarter 3.

Table 1

| ASSURANCE LEVEL | Actions on Target | Actions progressing – some issues | Actions Failing to progress |
|------------------|-------------------|-----------------------------------|-----------------------------|
| STRONG | 9 | 0 | 0 |
| STRONG/MODERATE | 4 | 2 | 0 |
| MODERATE | 4 | 0 | 0 |
| MODERATE/LIMITED | 1 | 0 | 0 |
| LIMITED | 0 | 0 | 0 |
| TOTAL | 18 | 2 | 0 |

Table 2

Appendix 3(a)

| No. | Assurance Statement | 2018-19 | 2019-20 | | Progress status |
|-----|---|------------------|------------------|------------------|---------------------------|
| | | Q4 | Q1 | Q2 | |
| 1 | We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest. | MODERATE | MODERATE | MODERATE | ON TARGET |
| 2 | We ensure: a) Compliance with relevant laws and regulations, b) Compliance with internal policies and procedures, and c) that expenditure is lawful. | MODERATE | MODERATE | MODERATE | ON TARGET |
| 3 | We are committed to openness and acting in the public interest. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | ON TARGET |
| 4 | We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. | MODERATE/LIMITED | MODERATE/LIMITED | MODERATE/LIMITED | ON TARGET |
| 5 | We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning. | STRONG | STRONG | STRONG | ON TARGET |
| 6 | We have translated the vision into courses of action for our function, its partnerships and collaborations. | STRONG | STRONG | STRONG | ON TARGET |
| 7 | We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | ON TARGET |
| 8 | We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | ON TARGET |
| 9 | We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | PROGRESSING - SOME ISSUES |
| 10 | Our financial management arrangements conform to all relevant legislative and best practice requirements. | STRONG | STRONG | STRONG | ON TARGET |
| 11 | We have effective arrangements in place to discharge the monitoring officer function. | STRONG | STRONG | STRONG | ON TARGET |
| 12 | We have effective arrangements in place to discharge the head of paid service function. | STRONG | STRONG | STRONG | ON TARGET |
| 13 | We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. | MODERATE | MODERATE | MODERATE | ON TARGET |
| 14 | We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability. | MODERATE | MODERATE | MODERATE | ON TARGET |
| 15 | We ensure effective counter fraud and anti-corruption arrangements are developed and maintained. | STRONG | STRONG | STRONG | ON TARGET |
| 16 | We have an effective scrutiny function in place. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | ON TARGET |
| 17 | Our internal audit assurance arrangements conform to Public Sector Internal Audit standards and relevant best practice. | STRONG | STRONG | STRONG | ON TARGET |
| 18 | We have arrangements in place for the delivery of the core functions of an audit committee. | STRONG | STRONG | STRONG | ON TARGET |
| 19 | We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations. | STRONG | STRONG | STRONG | ON TARGET |
| 20 | We incorporate good governance arrangements in our partnerships and other joint working arrangements. | STRONG/MODERATE | STRONG/MODERATE | STRONG/MODERATE | PROGRESSING - SOME ISSUES |

Internal Audit Schedule 2017/18 to 2021/22

| Subject | Audit Focus | Y1 | Y2 | Y3 | Y4 | Y5 |
|--|---|---------|---------|---------|---------|---------|
| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Governance, transparency and effective decision-making | Governance Structures | | | | | |
| | Arrangements for business cases | | | | | |
| | Managing and reporting on projects | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Performance reporting | | | | | |
| | Registers of Business Interests | | | | | |
| Financial Management | Review of SAP systems and controls | | | | | |
| | Budgetary control and monitoring | | ✓ | | ✓ | |
| | Security of Assets | | | | | |
| Payroll and Personnel | Review of pay and payroll costs | | | ✓ | | |
| Commissioning and Procurement | Review of procurement arrangements and payment procedures | ✓ | | ✓ | | ✓ |
| | Tenders and Contracts | | | | | |
| Income collection and debt management | Review of income collection (incl. grant income) | | ✓ | | ✓ | |
| Best value/ value for money | Benefit realisation | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Performance indicators and evaluation methodology | | | | | |
| Review of Joint Committee statement | Review statement for annual accounts | ✓ | | | | |

CCR City Deal Risk Register

| Ref | Risk Title | Inherent Risk | | Residual Risk | |
|------|--|---------------|--------------|---------------|--------------|
| | | Risk Score | Priority | Risk Score | Priority |
| CDR1 | Business Plan Delivery | B1 | High | C2 | Medium/ High |
| CDR2 | Governance & Effective Decision Making | C2 | Medium/ High | D2 | Medium/ High |
| CDR3 | City Deal Programme Scope & Funding | B1 | High | C2 | Medium/ High |
| CDR4 | Financial Affordability | C2 | Medium/ High | D2 | Medium/ High |
| CDR5 | Funding Terms & Conditions | C1 | High | C2 | Medium/ High |
| CDR6 | Workforce | C3 | Medium/Low | D3 | Medium/Low |
| CDR7 | Further Regional Working | D2 | Medium/ High | D3 | Medium/Low |
| CDR8 | Specific Project Delivery | B2 | High | C3 | Medium/Low |
| CDR9 | Brexit | B2 | High | C2 | Medium/ High |

2019/20 Wider Investment Fund Budget: Quarter 2 Update

1. The Wider Investment Fund (WIF) 2019/20 Budgets were approved by Regional Cabinet at its meeting of 18th February 2019, and included a programme of activity as detailed in Table 1 below, along with the proposed funding priority.

Table 1: 2019/20 Approved WIF Expenditure & Funding (and Medium Term Overview)

| | 2019/20 £'000 | Medium Term Overview | | |
|--|------------------|----------------------|------------------|------------------|
| | | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 |
| <u>Indicative Programme Expenditure</u> | | | | |
| Wider Investment Fund Top-Slice | 743 | 743 | 743 | 743 |
| Approved Projects - Revenue | 144 | 0 | 0 | 0 |
| Approved Projects - Capital | 1,382 | 0 | 0 | 0 |
| | | | | |
| Revenue Resources Available | 856 | 1,600 | 1,000 | 1,000 |
| Capital Resources Available | 26,110 | 31,325 | 42,964 | 45,663 |
| | | | | |
| Total Resources | 29,235 | 33,668 | 44,707 | 47,406 |
| | | | | |
| <u>Funded by</u> | | | | |
| HMT Contribution (Revenue) | (1,743) | (1,743) | (1,743) | (1,743) |
| HMT Contribution (Capital) | 0.0 | 0.0 | (22,000) | (22,000) |
| Total HMT Contribution | (1,743) | (1,743) | (23,743) | (23,743) |
| | | | | |
| LA Contribution (£120M) | (6,418) | (9,073) | (7,964) | (7,964) |
| LA Funding 'Cost of Carry' | (21,074) | (21,052) | (11,146) | (11,146) |
| CSC Loan Funding Repayment | 0.0 | (1,800) | (1,854) | (4,553) |
| | | | | |
| Total Funding | (29,235) | (33,668) | (44,707) | (47,406) |

Wider Investment Fund Top-Slice

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies, as well as including a range of budgets in respect of Programme Development & Support activity.
3. At the time when the budget was set, known commitments were identified which totalled £504,417, with the balance (£283,083) being available to fund new initiatives approved during the year.
4. The actual expenditure at Quarter 2 against the WIF Top-Slice budget is £239,695. Details of this expenditure to date and full year Outturn projections are shown in Table 2 below.

Table 2: 2019/20 Wider Investment Fund Top Slice Budget Monitoring Position

| | 2019/20 Budget £ | 2019/20 Q2 Actual £ | 2019/20 Outturn £ | 2019/20 Variance £ |
|--|------------------------|---------------------------|-------------------------|--------------------------|
| Forward Commitments: | | | | |
| Contribution to Joint Committee Revenue Budget | 163,417 | 0 | 163,417 | 0 |
| Development of Metro Plus Programme | 75,000 | 29,018 | 75,000 | 0 |
| REGP PHD Student support | 15,000 | 0 | 15,000 | 0 |
| Housing Investment Fund | 80,000 | 65,000 | 163,000 | 83,000 |
| REGP Costs (Chair Expenses) | 1,000 | 0 | 1,000 | 0 |
| REGP Costs (MIPIIM 2020) | 0 | 54,883 | 59,883 | 59,883 |
| Regional Business Council | 15,000 | 7,500 | 24,100 | 9,100 |
| Challenge Fund Set-Up and Management Support | 25,000 | 0 | 0 | (25,000) |
| Investment Fund Set-up / Manager | 40,000 | 0 | 0 | (40,000) |
| Emerging Projects | 90,000 | 0 | 100,000 | 10,000 |
| Sub Total | 504,417 | 156,401 | 601,400 | 96,983 |
| Programme Development & Support: | | | | |
| Uncommitted Sum | 238,083 | 83,295 | 183,295 | -54,788 |
| Sub Total | 238,083 | 83,295 | 183,295 | -54,788 |
| | | | | |
| Total | 742,500 | 239,696 | 784,695 | 42,195 |

5. This expenditure and outturn position reflects the ongoing work against both emerging and approved in-principle projects, which have been approved by relevant Regional Cabinet decisions. These include the following:
- £50,000 for MIPIIM 2020, approved 10th June 2019
 - £9,100 overspend on Regional Business Council Business Plan, approved 15th July 2019
 - £50,000 for Expression of Interest costs for Strength in Places Fund Wave 2, approved 15th July 2019
 - £59,000 for ongoing costs relating to the Digital Strategy, approved 15th July 2019
 - £50,000 for the support of Local Sustainable Growth in Bridgend, approved 12th September 2019
 - £98,000 for ongoing costs relating to the Housing Investment Fund, approved 21st October 2019
 - £100,000 for ongoing costs relating to the Metro Central Project, approved 21st October 2019
6. The projected year end expenditure in excess of the agreed budget allocation for the year can be covered by a draw down from Wider Investment Fund balances carried forward. Any future decisions made by Regional Cabinet which would further increase expenditure during this year will need to be considered within the confines of the funding available.

Approved Projects (Revenue & Capital)

7. Table 3 below sets out the budgets for Approved Revenue and Capital Projects for 2019/20. These are projects which are in their delivery stage.

| | 2019/20 Budget £'000 | 2019/20 Q1 Actual £'000 | 2019/20 Outturn £'000 | 2019/20 Variance £'000 |
|------------------------------------|----------------------------|-------------------------------|-----------------------------|------------------------------|
| Graduate Pilot Scheme (Revenue) | 143.6 | 42.9 | 143.6 | 0.0 |
| CSC Foundry Site Funding (Capital) | 1,381.6 | 0.0 | 0.0 | (1,381.6) |
| Total | 1,525.2 | 42.9 | 143.6 | (1,381.6) |

8. The 2019/20 Annual Business Plan included a budget of £143,600 to fund the remaining aspect of the Graduate Pilot Scheme, which was approved during 2018/19. Recruitments have been completed and officers are in post, marketing and publicity work to advertise the scheme to both employers and graduates has been undertaken and graduate appointments have been facilitated. This budget must retain the flexibility to be able to respond to the needs of the Graduate programme and any underspend to this allocation within 2019/20 will be available to be carried forward to complete the scheme. A further report on this is being considered by Regional Cabinet on 19th December 2019. For this reason, and until any potential underspends are realised, the full allocation is shown as being required.
9. The balance of £1.382M from the £38.5m budget approved in respect of the CSC Foundry Ltd project is now expected to be paid in 2020/21.

Status of Delivery Pipeline and Revenue & Capital Resources Available

10. In addition to the sums outlined above, the 2019/20 Annual Business Plan included uncommitted revenue and capital resources which provide Regional Cabinet with the ability to make new project funding approvals during the year, subject to their approval via the Investment and Intervention Framework (IIF) Process.
11. A narrative update in respect of the Project Delivery Pipeline is provided in Appendix 2a and the resources available to support any projects coming through the IIF process are set out below.

Revenue Resources Available

12. Proposals which have secured Regional Cabinet approval to proceed, subject to the preparation and approval of their business cases, are categorised as In-principle Projects. There are revenue resources amounting to £856,000 available in 2019/20 set aside to support In-principle Projects. This budget was set-out to meet the cost of developing business cases, as well as carrying out the required level of due diligence as proposals are developed and move through the IIF process.

13. It should be noted that Regional Cabinet does have further flexibilities to supplement in-year revenue resources via the HM Treasury Grant funding, should this need arise.
14. It is not currently anticipated that any revenue resources over and above those set-out above under the Top-Slice allocation will be required in Financial Year 2019/20. There are, however a number of projects which are at a stage in the pipeline which could lead to Regional Cabinet or those bodies with the delegated powers to do so to approve expenditure during 2019/20. Further updates will be brought to Regional Cabinet in this regard.

Capital Resources Available

15. Projects that have satisfactorily met all the requirements of the IIF process and which are subsequently approved by Regional Cabinet i.e. 'Approved Projects', will be allocated an 'Approved Project Budget', as set out in the project's accompanying 'Funding Letter'. Approved Project Budgets will be met from resources allocated over the medium term as most projects are likely to straddle a number of financial years. There is £26.1M of capital resources available in 2019/20 to fund projects during the year, whilst the sums available over the Medium Term amount to a further £120.0M.
16. There are currently no extant Regional Cabinet decisions which would lead to any drawdown of these capital resources in the Financial Year 2019/20. It should, however, be noted that, subject to compliance with the Investment and Intervention Framework, Regional Cabinet has the ability to make appropriate investment decisions. As stated above, there are a number of projects which are at a stage in the pipeline which could lead to Regional Cabinet or those bodies with the delegated powers to do so to approve expenditure during 2019/20. Any such decisions would be subject to the approval or noting of by Regional Cabinet as part of further reports.
17. Depending upon the nature, value and timing of any in-year project expenditure approvals, the components of the 'funding mix' may vary and subsequently impact upon the funding requirements of the Partner Authorities. The established stakeholder networks will be used to provide updates on this as and when necessary.

Pipeline - current status (12/19)

15 Sift Questionnaires at Stage 1a & b

- FTTP Project – 300k premises
- Public Services Testbed
- Centre for Neurology
- FTTP projects x 2
- Life Sciences park
- Aquaculture services
- Tidal energy project
- U220 Project
- Moving Forward project
- 5G Testbed
- AI & Data Science Centre
- CS Campus & CS Connected
- SME Competitiveness & Co-fund



28 known projects covering a range of areas across the investment priorities

- Metro Central
- Core Valley Lines fibre project
- Strength in Places - CS Connected

- Housing Catalyst Fund
- Metro Plus (+ EV renewables)
- CCR Graduate Placement Scheme
- LFFN DCMS scheme



Looking forwards to 2020 – realising the potential of the pipeline

- Funded projects in delivery
 - CSC Foundry £37.9M (£412M inc. £375M of private sector leverage)
- Pulling through projects from Strategic Outline Case approved by Cabinet to Legal Completion

| | | |
|-------------------------------------|--------------------|---|
| • Housing Catalyst Fund | £15-30M | <i>(£30-60M + private sector leverage)</i> |
| • Metro Plus | £15M | <i>(£50M total project value)</i> |
| • CCR Graduate Placement Scheme | £175K | <i>(£1.65M total project value)</i> |
| • Metro Central | £40M | <i>(£200M total project value)</i> |
| • Core Valley Lines – fibre project | £3.5M | <i>(£7M total project value)</i> |
| • Strength in Place – CS Connected | £3.5M | <i>(£45M total project value)</i> |
| | £77.2-92.2M | £333.65-363.65M total project value) |
- Reviewing 10 Sift Questionnaires and pulling through to legal completion (*indicative combined range of project values – c.£550M to £600M*)
 - **Aim: 30% of projects with the remaining projects being rejected**
- Working with the project pipeline and bringing forward for formal consideration
 - **Aim: 3 to 6 projects**



House of Commons
Welsh Affairs Committee

**City Deals and Growth
Deals in Wales**

Second Report of Session 2019–20

*Report, together with formal minutes
relating to the report*

*Ordered by the House of Commons
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Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

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Summary

City and Growth Deals present Wales with an opportunity to draw investment into its regions and promote economic growth across the country. Throughout our inquiry we have had the importance of these deals impressed upon us. We have also recognised the need for them to have clear accountability and to provide strong value for taxpayers' money.

This report focuses on each deal in turn, beginning with the Cardiff Capital Region City Deal followed by the Swansea Bay City Deal, North Wales Growth Deal and the Mid Wales Growth Deal.

Cardiff Capital Region City Deal

In our assessment of the Cardiff Capital Region City Deal we conclude that we are content with the way that the Deal is being managed and are optimistic about the positive effect it should have on the area. We make several recommendations to help the deal progress:

- The UK Government should proactively support the deal by participating in co-investment propositions of shared interest;
- The Cardiff Deal's gateway review, should be changed to better review the performance of the deal as a whole; and
- The UK Government should devolve Air Passenger Duty to the National Assembly for Wales.

Swansea Bay City Deal

Our assessment of the Swansea Bay City Deal notes the difficulties it has faced but acknowledges that the UK Government, Welsh Government and representatives of the City Deal itself have acted appropriately following the Independent Review. We emphasise the importance of the portfolio approach recommended by the Independent Review and suggest that this approach should be followed by all the City and Growth Deals across Wales. We then recommend that the UK and Welsh Governments should accelerate the release of funds for certain projects in order to minimise the risk to council finances. We conclude this section by recommending that, in the future, additional projects to be added to the Deal should be considered, including those for a Swansea Bay Tidal Lagoon or Swansea Bay Metro.

North Wales Growth Deal

During our inquiry into the proposed North Wales Growth Deal we were pleased that £240 million in funding from the UK and Welsh Government had been pledged. We were, however, concerned at the manner in which the UK Government announced that less funding than was anticipated was to be provided and recommend that, in future, the UK Government should communicate more clearly with Growth Deal bodies. We recommend that all partners should continue working toward a Heads of Terms

agreement by March 2020. Given North Wales' extensive border with other Welsh regions and areas in England we recommend that there should be close working with partners across Wales and in England through, for example, cross-border infrastructure or skills development projects. In this section we also reassert the recommendations of our report into the suspension of work at Wylfa Newydd Nuclear Power station and discuss the potential impact of the North Wales Growth Deal in this sector.

Mid Wales Growth Deal

In the chapter discussing the Mid Wales Growth Deal we urge progress towards the signing of a Heads of Terms agreement. We were pleased with the announcement of an initial £55 million for the Deal from the UK Government and urge the Growing Mid Wales Partnership to continue working toward submitting detailed proposals by March 2020. We also conclude that areas outside of Powys and Ceredigion, but with strong local connections, should be permitted to feature in Growth Deal projects, where appropriate.

UK Government support

Our final chapter looks at the role of the UK Government, recommending that they co-ordinate closely with the Welsh Government and appoint a senior civil servant to oversee this relationship and to coordinate with the City and Growth Deal teams. We then discuss criticisms surrounding a lack of guidance to the deal teams from the UK Government, issues surrounding the frequent ministerial change and helping deal teams bid for additional funds from other departments or research bodies. We conclude by recommending that the UK Government provide some initial "seed funding" for councils that have been invited to bid for a deal.

Introduction

Background to Deals across the UK

1. Over the last few years, the UK Government, sometimes alongside devolved Governments, has signed a number of City and Growth deals to promote decentralisation across the United Kingdom and stimulate local economic growth. These deals are designed to give more power and flexibility to cities, or to specific regions, in terms of employment and skills, business support, housing, transport and investments.¹ The Centre for Urban and Regional Development Studies suggested that City Deals were introduced to rebalance the UK economy sectorally and spatially following the global financial crisis and economic downturn of 2008.² A report from the National Assembly for Wales's Economy, Infrastructure and Skills Committee states that:

City and Growth Deals have become one of the main tools for driving economic activity in the UK in recent years. A process that started with the major urban centres of England (outside London) has grown to include most of the large population centres across the UK.³

2. The process began under the 2010 to 2015 Conservative and Liberal Democrat Coalition Government. The 2011 Localism Act included the Core Cities Amendment, which offered local councils, through local enterprise partnerships, the opportunity to submit plans on how they planned to promote local economic growth.⁴ If successful, they would then be invited to negotiate deals with central government for greater local autonomy over financial and planning matters. The then Deputy Prime Minister, Nick Clegg, expanded on this strategy in the consultation document *Unlocking Growth in Cities* in which he spoke of a shift in powers available to cities and the need to move “away from a one-size-fits-all models towards individual city deals”.⁵

3. The first wave (“Wave One”) of city deals was agreed in July 2012 and included areas such as Greater Manchester, Bristol and Sheffield, amongst others and covered the eight largest English cities outside London.⁶ The UK Government, at the time, stated that:

The deals present an impressive picture of devolved powers and new and innovative ways of doing things that will unlock growth and deliver jobs.⁷

Andrew Carter, Chief Executive of the Centre for Cities explained that these “Wave One” projects focused on the city region scale - the travel-to-work area.⁸

1 Centre for Cities, [City Deals and Growth Deals – Case Studies](#)

2 Written evidence from the Centre for Urban and Regional Development Studies at Newcastle University ([GDW0002](#))

3 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), p.8

4 [Legislation, Localism Act 2011](#)

5 House of Commons Library, [City Deals - Briefing Paper](#), Number 7158, 31 October 2018, p5; UK Government, 8 December 2011, [Unlocking growth in Cities](#)

6 UK Government, 5 July 2013, [City Deals](#); House of Commons Library, [City Deals - Briefing Paper](#), Number 7158, 31 October 2018, p4

7 UK Government, 5 July 2013, [City Deals](#); House of Commons Library, [City Deals - Briefing Paper](#), Number 7158, 31 October 2018, p4

8 Andrew Carter, Chief Executive, Centre for Cities ([Q66](#))

4. In July 2015, the National Audit Office published a report into the Wave One City Deals which analysed the negotiations, costs and potential benefits of the first wave of city deals.⁹ They concluded that, while there have been early impacts of individual programmes agreed in the deals, it is “too early to tell whether the deals will have any overall impact on growth”.¹⁰

5. The second wave of the city deals (“Wave Two”) were announced between 2013 and 2014 and included areas such as the Black Country, Southampton and Portsmouth, and Plymouth and the South West Peninsula, covering the next 14 largest English cities and their wider areas.¹¹ Andrew Carter described the “Wave Two” deals as “very diverse” because they are “essentially doing quite different things and they are quite small”.¹² There were, therefore, no City Deals covering areas in Wales signed under the coalition Government.

6. Since Waves One and Two there have been a number of one-off deals signed representing areas in Scotland, Wales and Northern Ireland. In August 2014, Glasgow and the Clyde Valley became the first area outside England to agree a deal. Deals for Aberdeen, Inverness, and Wales’ first deal with the Cardiff Capital Region followed in 2016 with deals agreed for Swansea Bay and Edinburgh and South East Scotland in 2017. In 2018, deals for Stirling and Clackmannanshire and Tayside were finalised. Most recently, in 2019, two deals have been agreed in Northern Ireland for Belfast City and the Derry City and Strabane District Council area.¹³

Deals in Wales

7. The arrangements for City or Growth Deals in Wales differ to those arranged in England. There was no transfer of powers to allow greater local autonomy over financial and planning matters. The National Assembly for Wales already held powers over local authority powers and funding.¹⁴ There was therefore no devolution of financial levers and the deals so far agreed have been purely economic stimulus packages for the areas involved. Andrew Carter noted that the devolution of powers was less of a factor for city deals in Wales and Scotland than it was for deals in England.¹⁵ Another difference is that City Deals in England are agreed between the UK Government and Local Enterprise Partnerships (LEPs). LEPs are voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.¹⁶ The structure of the deals in Wales is different as no such LEPs exist and responsibility for economic development is devolved to the National Assembly for Wales.¹⁷ The public sector partners involved in the formulation of city and growth deals in Wales have therefore been the UK Government, Welsh Government and local authorities. The

9 National Audit Office, [Devolving responsibilities to cities in England: Wave 1 City Deals](#), Report by the Comptroller and Auditor General, HC 266, 9 July 2015

10 National Audit Office, [Devolving responsibilities to cities in England: Wave 1 City Deals](#), Report by the Comptroller and Auditor General, HC 266, 9 July 2015; House of Commons Library, [City Deals - Briefing Paper](#), Number 7158, 31 October 2018, p8

11 UK Government, 5 July 2013, [City Deals](#)

12 Andrew Carter, Chief Executive, Centre for Cities ([Q66](#))

13 House of Commons Library, [City Deals - Briefing Paper](#), Number 7158, 31 October 2018, p4

14 National Assembly for Wales, [Powers](#)

15 Andrew Carter, Chief Executive, Centre for Cities ([Q64](#))

16 UK Government, [Local Enterprise Partnerships \(LEPs\) and Enterprise Zones](#)

17 National Assembly for Wales, [Powers](#)

Assembly's Economy, Infrastructure and Skills Committee recommended that the Welsh Government give the regional bodies discretion to spend a substantial amount of funding whether from Welsh Government or raised within the region.¹⁸ Therefore suggesting some, limited, financial devolution. This recommendation was, however, rejected by the Welsh Government.¹⁹

8. As they stand, the Welsh Deals are therefore a way of getting additional UK Government and Welsh Government investment into a specific geographical area.²⁰ The Welsh Government consider that City and Growth Deals offer Wales and its regions an opportunity to unlock additional funding to support interventions that can deliver economic growth.²¹ The Secretary of State for Wales, the Rt Hon Alun Cairns MP, explained that funding for economic development purposes was normally 'Barnettised' and therefore exclusively the remit of the Welsh Government. He told us that city and growth deal funding is "effectively additional money over and above the Barnett block grant."²² The map overleaf illustrates the current regions and local authorities involved in each deal.

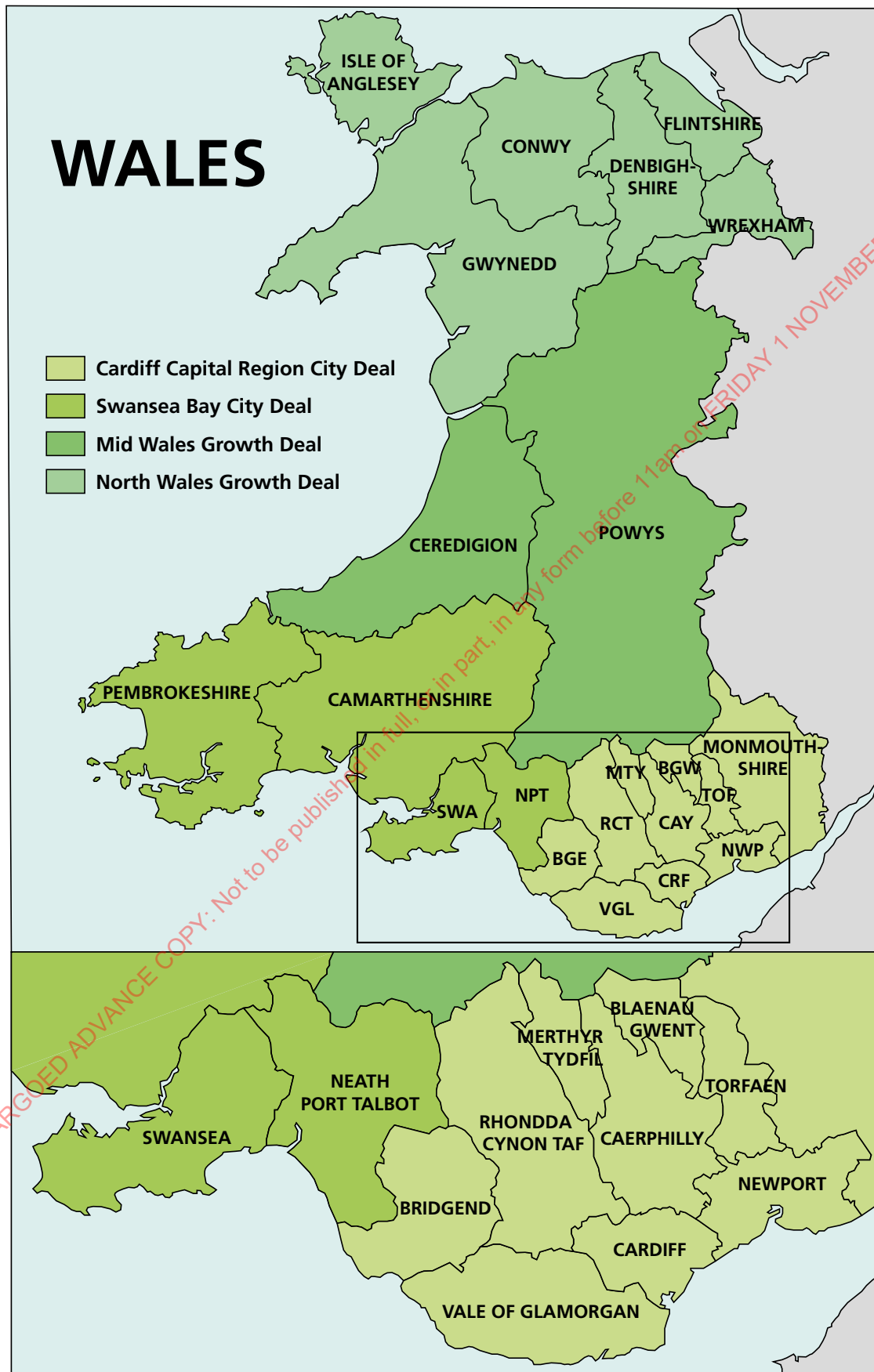
18 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), Recommendation 7

19 Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.5

20 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 24

21 Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.1

22 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q155](#))



Our Inquiry

9. We launched our inquiry into City Deals and Growth Deals in Wales on 2 April 2019. The inquiry invited written evidence on the effects and value of funding provided to Wales from the UK and Welsh Governments through Growth and City Deals, and how lessons learnt can be built into proposals for similar deals to boost economic growth throughout Wales.²³

10. We held oral evidence sessions from June until October 2019 hearing, in turn, from the bodies responsible for City and Growth Deals in each of Wales' four regions. We also heard from experts in this field with the inquiry culminating with evidence from Ministers in the Office of the Secretary of State for Wales - the Rt Hon Alun Cairns MP and Kevin Foster MP. We also received written evidence from Ken Skates AM, the Welsh Government's Minister for Economy and Transport, along with a range of other individuals and organisations.²⁴ We are grateful to all those who have contributed their thoughts to this inquiry and extend our thanks to them.

This Report

11. This report examines each City or Growth Deal in Wales in turn, beginning with the Cardiff Capital Region City Deal, followed by the Swansea Bay City Deal, the North Wales Growth Deal and the Mid Wales Growth Deal. Each of these chapters provides a background to the deal or progress towards a deal, followed by a summary of the evidence taken with conclusions and recommendations focusing on improving the performance and impact of each. The final chapter discusses areas of improvement for the UK and Welsh Governments, focusing on issues that cut across all four of the City or Growth Deals in Wales.

23 Welsh Affairs Committee, 2 April 2019, [Committee launches inquiry into effectiveness of Growth and City Deals](#)

24 Written evidence from Ken Skates AM ([GDW0012](#))

1 The Cardiff Capital Region Deal

Background

12. The Cardiff Capital Region (CCR) was the first to apply for and secure a City Deal that covered an area in Wales. The 2015 Spring Budget began the process and included an announcement that the UK Government would open negotiations with the Welsh Government over a deal for the Cardiff Capital Region.²⁵ The 2015 Autumn Statement and Spending Review reaffirmed this commitment by announcing that the UK Government would make a “principle commitment to contribute to an infrastructure fund” for the Cardiff deal.²⁶

13. These discussions were concluded on 15 March 2016 when the CCR City Deal was agreed between the UK and Welsh Governments and the 10 local authorities in the region. Central to the Deal was the creation of a £1.22 billion fund, funded by contributions of £500 million each from the UK and Welsh Governments, £120 million from the 10 local authorities in the Cardiff Capital Region and over £100 million from the European Regional Development Fund, committed over a twenty-year period.²⁷

14. The ten local authorities involved in the deal are Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taff; Torfaen; and Vale of Glamorgan.²⁸ The City Deal was formally ratified by the leaders of these 10 councils on 1 March 2017.²⁹ The region covered by these authorities accounts for approximately 50% of the total economic output of the Welsh economy and 49% of employment, and has over 38,000 active businesses.³⁰

15. £734 million of the £1.22 billion fund was subsequently ring-fenced to fund the proposed Metro network for South East Wales.³¹ Of this £734 million, over £500 million is provided by the Welsh Government.³² The South Wales Metro is a planned integration of heavy rail, light rail and bus-based public transport services and systems in South East Wales, covering the 10 local authorities involved in the deal, centred around the hub of Cardiff Central station.³³ The former First Minister, Rt Hon Carwyn Jones AM, officially launched the South Wales Metro in November 2015, sometime before funding through the City Deal was agreed.³⁴ The Metro is managed by Transport for Wales, rather than the CCR City Deal team themselves, although it is monitored by a non-statutory transport authority made up of 10 cabinet members from the councils.³⁵

25 HM Treasury, [Spring Budget 2015](#) p 42–43

26 HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm 9162 November 2015, pg. 57

27 HM Treasury, Wales Office, [City Deal: Cardiff Capital Region](#); National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 65

28 Cardiff Capital Region, [About](#)

29 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), p.22

30 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), p.21

31 Cardiff Capital Region, [About](#)

32 Written evidence from Ken Skates AM ([GDW0012](#)), para 11

33 ITV News, 9 October 2013, [Welsh Govt spending plans](#)

34 Welsh Government, November 2016, [Rolling Out Our Metro](#)

35 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q32](#))

16. The other £495 million is to be utilised as an investment fund for investing in individual projects (equating to approximately £24.75 million per year).³⁶ This fund is intended to be invested in projects which support economic growth potentially including further transport schemes, investment to unlock housing and employment sites, and development of research and innovation facilities.³⁷ CCR have established an investment framework to guide their use of the investment fund.³⁸ The investment framework is divided into three funds: an innovation investment fund, an infrastructure fund and a challenge fund.³⁹ To date, the CCR Cabinet has agreed to use this pot to invest in two significant projects:

- a) IQE: In May 2017, the Cabinet agreed to invest £38.5 million to support the development of a compound semiconductor industry cluster in the region; this is expected to leverage up to £375 million of private sector investment over the next five to ten years, and create up to 2,000 high-value and high-tech jobs; and
- b) Metro Central: In January 2018, the Cabinet agreed in principle to commit £40million to support the proposed £180million Metro Central Development, a project that will deliver a new Central Transport Interchange in Cardiff's city centre Core Employment Zone.⁴⁰ The UK Government confirmed in July 2019 that it would provide funding to revamp Cardiff Central station.⁴¹

It had been reported that the CCR were considering investing in the regeneration of Caldicot town centre, as part of their wider regeneration plans.⁴² Most recently, CCR City Deal, in collaboration with the Welsh Government and Transport for Wales have identified a proposed £50 million programme of local transport schemes to support the implementation of the South Wales Metro.⁴³

17. In terms of impact, the deal aimed to bring about significant economic growth in the region through investment, upskilling, and improved physical and digital connectivity. The signatory partners have projected that the deal will help create 25,000 new jobs and generate £4 billion of private sector investment across the region by 2036.⁴⁴ It aims to increase the Gross Value Added (GVA) of the Cardiff Capital Region by at least 5%.⁴⁵

Progress and performance

18. In evidence to the Committee Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board, and Kellie Beirne, Chief Executive of the Cardiff Capital Region, provided an update on the City Deal which is now in its implementation stage. Commenting on the South Wales Metro, Councillor Fox advised that new trains would be in place by 2022

36 Cardiff Capital Region, [About](#)

37 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 8

38 Cardiff Capital Region, June 2019, [The Cardiff Capital Region Investment Framework](#)

39 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q46](#))

40 Cardiff Capital Region, [Investment](#)

41 BBC News, 22 July 2019, [Cardiff Central railway station to get £58m upgrade](#)

42 BBC News, 26 November 2018, [Severn toll scrapping drives £10m boost for Caldicot](#)

43 Cardiff Capital Region, 5 March 2019, [£50m Metro Plus Plans Revealed](#)

44 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), p.21

45 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 73

with the announcement of £100 million for a Metro command centre in Taff's Well.⁴⁶ Kellie Beirne described this funding as “significant” as “it has the potential to drive wider economic impact”.⁴⁷ She explained that:

The Welsh Government are leading some really good work at the moment on strategic hubs, so using metro stations to drive different kinds of regeneration, opening up areas that perhaps need a bit of love, care and attention, and thinking about the kind of investment that we can bring in. We are aligning different sources of investment. We are not just relying on a single source.⁴⁸

19. We were keen to know whether the Metro would bring benefits to the wider region, including areas further away from the Cardiff hub. Councillor Fox, also leader of Monmouthshire Council, explained:

It is very difficult to say at this time because my mindset right from the beginning has been that the 10 constituent councils have to start thinking of themselves as one - one with 10 constituent parts [...]

If we can benefit any part of that region, the whole region benefits. If we are focused only on our own patch, we may as well have stayed at home and not got involved in the regional picture if we really want to create change.⁴⁹

Kellie Beirne added that, through the Metro Plus scheme, the Cabinet sought to:

Ensure that every single place in the Cardiff capital region—those 10 local authority areas—has a modal shift transport scheme, whether it is park and ride or a new bus depot, to drive different kinds of behaviour and to think about electric vehicle charging infrastructure, on-site renewables, digital connectivity, car sharing, taxi sharing and home-to-school transport.⁵⁰

20. Relating to the £495 million Investment Fund, Councillor Fox and Kellie Beirne spoke about the IQE advanced compound semiconductor cluster.⁵¹ Kellie Beirne explained that the skills and educational developments have linked in to the compound semiconductor pathways with the universities developing a master's degree in compound semiconductors and some talk about PhDs.⁵²

21. On whether the City Deal will achieve its targets of a 5% gross value added uplift with 25,000 new jobs and £4 billion of additional investments by 2036, Councillor Fox explained that it is too soon to tell.⁵³ He did, however add that they were confident and that “all of the ingredients that we were looking to pull together are coming together”.⁵⁴ Kellie Beirne stated that she hopes that the City Deal exceed these targets.⁵⁵

46 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q32](#))

47 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q32](#))

48 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q35](#))

49 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q35](#))

50 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q35](#))

51 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q42](#))

52 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q43](#))

53 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q49](#))

54 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q49](#))

55 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q51](#))

22. We are content with the way that the Cardiff Capital Region City Deal is being managed and optimistic about the positive effect it should have on the area. We were particularly impressed by the unity of purpose and the commitment to work together for the benefit of the city region as a whole. Although it is too early to tell whether the City Deal will deliver the economic uplift the Regional Cabinet is seeking, the early signs are encouraging.

Co-investment

23. When asked what more the UK Government could do to support the City Deal, Kellie Beirne called for the establishment of a co-investment mechanism that brings together investment from City Deal, UK and Welsh Governments and industry and Higher Education/Further Education:

A co-investment proposition on areas of shared interest would be very interesting. It is something we have been talking to Innovate UK and others about. If we have a sector of strength that aligns with one of the four grand challenges⁵⁶ and there is an investment call, can we co-invest? Can we put our money together to have a much bigger impact in solving some of the problems that are of shared interest? This whole proposition around co-investment, being partners to the pot or enabling other means of deliver, is the key.⁵⁷

24. The Secretary of State for Wales, Rt Hon Alun Cairns MP, advised that the UK Government already co-invests with the Cardiff Capital Region, citing the example of the semiconductor Catapult Centre which received UK Government funding.⁵⁸ He advised “that is something we are already doing, and I am keen to leverage more support”.⁵⁹

25. **The Cardiff Capital Region City Deal offers the opportunity for economic growth which will benefit the Cardiff City Region, Wales and the United Kingdom. To help maximise this growth the UK Government should proactively support the Cardiff Capital Region through investing in co-investment propositions in areas of shared interest.**

Gateway review

26. The CCR team recognised the need to ensure that the investment fund remains ‘evergreen’ and can live off its interest and not its capital.⁶⁰ The ambition is therefore to ‘recycle’ as much of the funding as possible by ensuring investments return the money that it is put in. The submission stated that “£1.3 billion is not a great deal of investment and we need to stop badging our City Deal as just a £1.3 billion investment programme. Our leverage target is £4 billion and so our City Deal is a £5.3 billion investment opportunity.”⁶¹

56 Outlined in the UK Government’s [Industrial Strategy](#) - The four grand challenges are artificial intelligence and data; ageing society; clean growth and future of mobility

57 Kellie Beirne, Chief Executive of the Cardiff Capital Region (Q59)

58 The Secretary of State for Wales, Rt Hon Alun Cairns MP (Q157); BBC News, 10 August 2018, [Semiconductor catapult gets £51m funding share](#)

59 The Secretary of State for Wales, Rt Hon Alun Cairns MP (Q157)

60 Cardiff Capital Region, February 2019, [Evidence submission to the City Deals and the Regional Economies of Wales inquiry](#), p.1

61 Cardiff Capital Region, February 2019, [Evidence submission to the City Deals and the Regional Economies of Wales inquiry](#), p.2

27. The Cardiff Capital City Region was originally told that it would be subject to satisfactorily passing 'Gateway Reviews' at 5 yearly intervals.⁶² The Welsh Government initially explained that:

As part of this gateway assessment, an independent review will evaluate the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget.⁶³

These assessment mechanisms will only apply to spending from the £495 million Investment Fund.

28. The Committee, however, heard that the Gateway Review process had changed. Kellie Beirne explained that, rather than having "one watershed moment" of review, there is now a "continuous process".⁶⁴ She added that:

Between now and March 2021, three reports will be produced by SQW, the national consortium lead, which will inform the gateway review.⁶⁵

Kellie Beirne explained that the first report had been received and that it was positive.⁶⁶

29. On this process, Kellie Beirne expressed concern that the gateway review process only assesses how money is spent not how funds are generated - the "money back in".⁶⁷ Kellie Beirne explained that funds are invested with:

An expectation that there will be returns on investment and that we will co-invest, leverage maximum investment and, where possible, create an evergreen environment, where we don't give grants but always look for returns that we can keep reinvesting, because this isn't just delivering a city deal. It is delivering sustainability and resilience for our economy.⁶⁸

30. Kellie Beirne spoke about the uncertainty around whether the gateway review process includes the South Wales Metro aspect of the project, arguing that:

It is important that the whole of the package is considered as one and that evaluation is right across the piece. I think that will start to give confidence that things are running to time.⁶⁹

31. The Secretary of State explained the process for the review:

The process is that the consultants will come up and highlight what they believe to be the issues that should be looked at and measured. That is

62 Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.2

63 Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.2-3

64 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q48](#))

65 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q48](#))

66 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q48](#))

67 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q48](#))

68 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q46](#))

69 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q39](#))

then drafted in consultation with the city region and with both the Welsh Government and the UK Government. It will then be taken forward, having got to an agreement with all the stakeholders.⁷⁰

In contrast to Kellie Beirne's comments, the Secretary of State explained that he was not sure whether "it is right for the review to look at the metro element, because that is a Welsh Government-led project."⁷¹

32. When reviewing the effectiveness of the Cardiff Capital Region's investment fund, reviewers should consider not only how it is spent but the return on investment that funds generate. In order to get a full picture of the deal's performance, the review should consider the City Deal package as a whole, including the Welsh Government led South Wales Metro. Given that the South Wales Metro is such a large part of the City Deal it would be odd and unsatisfactory if it were not to form part of the assessment.

Devolution of Air Passenger Duty

33. Cardiff Airport is the only commercial airport within the area covered by the CCR City Deal. It is by far the busiest airport in Wales with passenger numbers of over 1.5 million in 2018. This figure represented 0.5% of passengers at all airports in the UK and a growth of 49.4% since 2013.⁷² It is located near the village of Rhoose in the Vale of Glamorgan. It has been under the ownership of the Welsh Government since March 2013, operating at an arm's length as a commercial business.⁷³ Councillor Fox considered having an international airport within the region to be a "massive selling point".⁷⁴

34. We recently published a report on the Devolution of Air Passenger Duty to Wales. Air Passenger Duty (APD) is a tax levied by the UK Government on passenger flights from UK airports.⁷⁵ We concluded in favour of devolution of the tax, stating that:

We recommend that the UK Government set out proposals to devolve APD to the Welsh Assembly, with APD being fully devolved by 2021.⁷⁶

35. Cardiff Airport and the Welsh Government have publicly stated their support for the devolution of APD to Wales.⁷⁷ Councillor Fox agreed, stating that:

Anything that can create more use of that airport and use it as a key selling point to Wales and the region, because if it benefits the region it will benefit all of Wales, I absolutely go with it.⁷⁸

36. Simon Clarke MP, Exchequer Secretary to the Treasury, dismissed our recommendation to devolve APD to the Wales claiming that "the UK government remains concerned about the competitive impact of introducing tax competition within a single

70 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q162](#))

71 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q162](#))

72 Civil Aviation Authority, 2018, [Size of Reporting Airports 2018](#)

73 BBC News, 27 March 2013, [Cardiff Airport is sold to the Welsh Government for £52m](#)

74 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q56](#))

75 Air Passenger Duty: introduction, [Number 413](#), House of Commons Library, February 2019.

76 Welsh Affairs Committee, 11 June 2019, [5th Report – Devolution of Air Passenger Duty to Wales](#), HC 1575, para 51

77 Cardiff Airport, 11 June 2019, [Unanimous agreement of Welsh Affairs Committee: Devolve Air Passenger Duty to Wales by 2021](#); BBC News, 6 September 2019, [Flight taxes will not be devolved to Wales, say UK ministers](#)

78 Councillor Peter Fox, Vice Chair of the Cardiff Capital Region Board ([Q58](#))

aviation market.”⁷⁹The Parliamentary Under Secretary of State, Kevin Foster MP, argued against the devolution of APD in evidence to the Committee for this inquiry.⁸⁰ Kevin Foster’s argument centred on the impact that the devolution and subsequent removal of APD would have on the wider market, in particular Bristol Airport.⁸¹

37. We do not agree with the UK Government’s arguments against the devolution of Air Passenger Duty and believe that our report outlined compelling arguments for devolution of APD to Wales including that it could unlock the potential of Cardiff airport, boost the Welsh brand and promote economic growth.

38. We recommend that the UK Government reconsider its decision not to devolve Air Passenger Duty to Wales. The evidence we have received suggests that its devolution would give the Welsh Government a lever that could have a positive impact on the Cardiff Capital Region and the wider Welsh economy. In our view, the Welsh Government is best placed to determine how to use the tax for the benefit of Wales.

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79 Welsh Affairs Committee, 3 September 2019, Fourth Special Report of Session 2017–19, [Devolution of Air Passenger Duty to Wales: Government Response to the Committee’s Fifth Report](#), HC 2634

80 Parliamentary Under Secretary of State for Wales, Kevin Foster MP ([Q169–179](#))

81 Parliamentary Under Secretary of State for Wales, Kevin Foster MP ([Q169](#))

2 The Swansea Bay City Deal

Background

39. The Swansea Bay City Deal was agreed by representatives of the UK Government, Welsh Government and the four councils of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea in March 2017. An official ceremony involving the former Prime Minister, Rt Hon Theresa May MP, the former First Minister, Rt Hon Carwyn Jones AM, and the four council leaders took place at the Liberty Stadium in Swansea.⁸² This agreement followed the Swansea Bay City Region Board putting forward a deal proposal in February 2016, with the then Chancellor of the Exchequer, Rt Hon George Osborne, announcing in his March 2016 budget that he was opening discussions with the region.⁸³

40. The agreement document provides further information on rationale for the deal, the funding arrangements, its projected impact and investment themes. Its executive summary states that:

This City Deal will provide the region and its partners with the new ways of working and resources to unlock significant economic growth across the Swansea Bay City Region. It is a Deal where both Welsh and UK Governments have committed to jointly invest, subject to the submission and approval of full business cases in relation to the eleven identified projects and the agreement of governance arrangements for the deal, up to £241 million on specific interventions which seek to support and further build on the region's strengths which include health, energy and manufacturing sectors and are underpinned by a world-class digital infrastructure, successful universities and innovative health boards.⁸⁴

41. The funding arrangements for the deal agreed at the time are that:

- The UK Government and Welsh Government will contribute up to £241 million (£125.4 million from the Welsh Government and £115.6 million from UK Government);
- The four local authorities and other public sector bodies in the region will contribute £396 million over the period of this Deal; and
- An anticipated £637 million of direct private sector investment.

The total value of the City Deal was therefore £1.3 billion over a 15-year period.⁸⁵

42. The overall theme of the deal is “Internet Coast”. The Deal focuses on the benefits of digital infrastructure, the energy sector, smart manufacturing and innovation in life

82 BBC News, 20 March 2017, [Theresa May signs £1.3bn Swansea Bay City Deal](#)

83 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 77

84 UK Government and Welsh Government, March 2017, [Swansea Bay City Region City Deal](#), p3

85 UK Government and Welsh Government, March 2017, [Swansea Bay City Region City Deal](#), p7

science for both urban and rural areas across the region.⁸⁶ The agreement document details the four investment themes for the City Deal, each with several interventions identified within them.

Box 1: Projects of the Swansea Bay City Deal

- a) The Internet of Economic Acceleration
 - i) Digital Infrastructure
 - ii) Swansea City & Waterfront Digital District
 - iii) Centre for Excellence in Next Generation Digital Services
 - iv) Yr Egin–Creative Digital Cluster
- b) Skills and Talent Initiative
 - i) The Internet of Life Science & Well-Being
 - ii) Life Science & Well-being Campuses
 - iii) Life Science & Well-being Village
- c) The Internet of Energy
 - i) Homes as Power Stations
 - ii) Pembroke Dock Marine
- d) Smart Manufacturing
 - i) Factory of the Future
 - ii) Steel Science Centre⁸⁷

43. The investment within the City Deal is intended to deliver up to 9,465 new jobs for the region, contributing to an uplift in the Gross Value Added (GVA) of £1.8 billion.⁸⁸ This ambition was argued to be all the more important due to the GVA per head of the region having fallen from 90% to 77% of the UK average over the past 30 years.⁸⁹

Progress and Performance

44. The Swansea Bay City Deal had been criticised for moving too far away from the original proposition document produced in February 2016 with the input of Sir Terry Matthews, a businessman who became Wales' first billionaire.⁹⁰ Subsequently, there has been criticism in the media of what is seen as a move away from the original aims. Professor

86 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 78

87 UK Government and Welsh Government, March 2017, [Swansea Bay City Region City Deal](#), p10–14

88 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 79

89 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 80

90 Swansea Bay City Deal, 23 February 2016, [Swansea Bay City Region: A City Deal 2016–2035](#)

Dylan Jones-Evans, then of Bristol Business School, reportedly said that the deal had gone away from “investing in infrastructure and people” towards “building more buildings”. He argued that the strategy taken had “been discredited by economic development organisations around the world”.⁹¹ Professor Jones-Evans criticised the deal for moving away from funding and skills for business by no longer having an infrastructure or investment fund and claiming that less than 1% of the budget specifically earmarked for skills.⁹² In addition, he argued that the emphasis on new digital technologies, which was at the heart of the proposition document, had been cut back to a single funded project. Most worrying, he argued, was the absence of any funding to support the proposed installation of a new transatlantic cable from North America into Oxwich Bay. This project, Professor Jones-Evans argued “has the potential to totally transform the economic fortunes of the whole of South Wales.”⁹³

45. Councillor Rob Stewart, the Leader of the City and County of Swansea Council, responded to the accusation that it had moved too far away from the original deal by suggesting that the core of the City Deal remains exactly the same as the original ‘Internet Coast’ vision.⁹⁴ Councillor Stewart explained that because the process presented to them by the UK Government changed, away from the investment model seen in the Cardiff Capital Region City Deal and towards project based deals, some changes had to be made. He explained that:

We were marshalled into making sure that we fully defined the 11 constituent projects of the deal upfront.⁹⁵

The Secretary of State concurred with Councillor Stewart’s assessment highlighting that the structure of deals across the UK has “moved away from the funding-type scheme to the project-led scheme”.⁹⁶ On the transatlantic cable, Councillor Stewart explained that they designed the proposals to ensure that the 5G digital project or the digital project within the City Deal was not entirely reliant on the transatlantic cable.⁹⁷ He denied that the City Deal had moved away from “investing in infrastructure and people” and towards just “building more buildings”, explaining that there was a need to create a “modern city centre [in Swansea] that will attract visitors to it”.⁹⁸

46. In January 2019, Actica Consulting Ltd was commissioned jointly by the Welsh and UK Governments to undertake a rapid, independently led review of the arrangements for the delivery of the Swansea Bay City Deal. The Review was to provide both the Welsh and UK Government Ministers with an assessment of the deliverability of the Deal. It followed reports of difficulties with a number of projects within the deal, notably Yr Egin and the

91 BBC News, 20 March 2017, [Theresa May signs £1.3bn Swansea Bay City Deal](#)

92 Wales Online, 14 March 2017, [A senior academic has called for a major rethink of the £1.3bn Swansea Bay City Deal](#)

93 Wales Online, 14 March 2017, [A senior academic has called for a major rethink of the £1.3bn Swansea Bay City Deal](#)

94 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q117](#))

95 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q117](#))

96 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q156](#))

97 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q119](#))

98 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q128](#))

Llanelli Wellness Village.⁹⁹ Yr Egin, S4C's new headquarters and a creative and digital hub, was reported in December 2017 to only be projected to be 60% occupied when it due to open, with co-tenants alongside S4C difficult to attract.¹⁰⁰ There were also staffing issues, with a report in June 2018 suggesting that more S4C staff have left rather than fully commit to the new headquarters in Carmarthen.¹⁰¹ The building, built by the University of Wales Trinity St David's, has also faced financial uncertainties.¹⁰² The proposed Llanelli Wellness Village has been the subject of critical media coverage. Reports have focused, in particular, on the suspensions of staff at Swansea University which have been linked to plans for the £200 million project.¹⁰³

47. Actica Consulting completed the review in February 2019. Much of the report focused on the governance arrangements for the deal.¹⁰⁴ The report made seven recommendations to improve the deliverability of the Deal's outcomes.

Box 2: Recommendations of the Swansea Bay City Deal Independent Review

- a) Pre-scrutiny should be encouraged but direct and regular face-to-face contact between those writing the Business Cases and those providing comment upon them and advising those who will grant approval is essential.
- b) The Regional Office should be designated as a Portfolio Management Office, leavening their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.
- c) The City Team should (with the support of the Welsh Government Assurance Hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the Portfolio. All parties should specifically consider the OGC Gateway Review process as a key part of that plan.
- d) Under the chair of the JSC each Swansea Bay City Deal board should consider the Terms of Reference and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.
- e) A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.
- f) The Swansea Bay City Deal should be managed as a Portfolio not as a set of predetermined and immutable projects.

99 BBC News, 11 May 2019, [Swansea Bay City Deal partners in row over £1.3bn deal](#); BBC News, 14 May 2019, [Swansea Bay City Deal facing 'selfish, petty' opposition](#); BBC News, 15 March 2019, [Swansea Bay City Deal: Wellness village 'confidence' warning](#); BBC News, 14 December 2017, [Yr Egin S4C base set to be 60% occupied when it opens](#); BBC News, 6 June 2018, [More S4C staff leave than fully commit to move to new HQ](#); BBC News, 8 February 2017, [Yr Egin: 'Fog' around S4C-university relationship](#)

100 BBC News, 14 December 2017, [Yr Egin S4C base set to be 60% occupied when it opens](#)

101 BBC News, 6 June 2018, [More S4C staff leave than fully commit to move to new HQ](#)

102 BBC News, 20 June 2019, [University blames Welsh Government delays for financial pressure](#)

103 BBC News, 25 February 2019, [Fifth suspension in Swansea University inquiry](#)

104 Actica Consulting, 26 February 2019, [Swansea Bay City Deal Independent Review](#)

- g) For Yr Egin and Swansea Waterfront, the two business cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.¹⁰⁵

The UK Government's written evidence to the Committee discussed the impact of the review arguing that the recommendations provided "a strong foundation" to move forward with the delivery of the City Deal.¹⁰⁶ Ken Skates AM also welcomed the findings of the review on behalf of the Welsh Government.¹⁰⁷ The Swansea Bay City Deal Joint Committee also carried out its own internal review into the City Deal to "provide reassurance that procedures and governance are robust".¹⁰⁸

48. The projects within the Deal itself are at different stages of planning with the Independent Review stating that none had then been submitted formally.¹⁰⁹ Funding for Yr Egin and the Swansea City and Waterfront Digital District was, however, announced recently.¹¹⁰ Swansea Bay City Deal announced that the UK Government and Welsh Government had agreed to release initial funding for the overall programme. They stated that the funding was based on the approval of business cases for the Yr Egin and Swansea City and Waterfront Digital District projects. They argued that:

The £18 million funding provides an opportunity to deliver against the whole of the City Deal programme.

A further £18 million may also potentially be available this year for other projects within the deal, subject to the region meeting clear terms and conditions.¹¹¹

Councillor Stewart confirmed that total amount of funding so far provided by the UK and Welsh Government was £36 million for the two above projects.¹¹² He explained that these two projects were largely public sector funded and didn't require much private sector investment. He added that "it is the other nine where the majority of the private sector money comes in, so of course that money will not be drawn down until those projects are signed off."¹¹³

49. Councillor Stewart and Phil Roberts, the Chief Executive of the City and County of Swansea Council, explained the processes in place for the rest of the projects and said that they were confident that they would be delivered.¹¹⁴ Despite the warnings of the independent review that controversy over the Llanelli wellness village could "cause a loss of confidence", Councillor Stewart reiterated his confidence that the £637 million target for private sector investment would be met.¹¹⁵ In the press, the Councillor claimed that

105 Actica Consulting, 26 February 2019, [Swansea Bay City Deal Independent Review](#), p.ii

106 Written evidence from the UK Government ([GDW0006](#))

107 Written evidence from Ken Skates AM ([GDW0012](#)), para 18

108 Swansea Bay City Deal, February 2019, [Swansea Bay City Deal - Update on the current position](#), p.1

109 Actica Consulting, 26 February 2019, [Swansea Bay City Deal Independent Review](#), p.5

110 Swansea Bay City Deal, 15 July 2019, [Multi-million pound Swansea Bay City Deal funding boost](#)

111 Swansea Bay City Deal, 15 July 2019, [Multi-million pound Swansea Bay City Deal funding boost](#)

112 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q127](#))

113 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q134](#))

114 Councillor Rob Stewart, Leader of the City and County of Swansea Council; Phil Robert, Chief Executive, City and County of Swansea Council ([Q148](#))

115 BBC News, 15 July 2019, [Swansea Bay City Deal: Investors not walking away says council leader](#); Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q135](#))

the deal has “as strong a commitment” as possible from the private sector.¹¹⁶ Councillor Stewart did concede, however, that the Llanelli Wellness project might require significant amendment from the original bid proposals, following the controversies.¹¹⁷

50. We were concerned at the reports surrounding difficulties faced by the Swansea Bay City Deal. Following the Independent Review and reassurances from representatives of the City Deal, alongside those from the UK Government, we note that the recommendations have now been implemented and hope that the review represents a turning point for the Deal. We look forward to further updates on the Deal going forward.

Portfolio approach

51. The Swansea Bay Independent Review conducted by Actica consulting recommends that “The Swansea Bay City Deal should be managed as a Portfolio not as a set of predetermined and immutable projects.”¹¹⁸ In evidence, Robin Davis, the author of the review suggested that this recommendation was to ensure that spending and projects were most relevant and effective:

The idea of a portfolio is to in effect have an investment fund and let the joint or local committee decide if it needs to move projects in or take projects out if, for instance, they have been overtaken by events.¹¹⁹

52. Councillor Stewart explained that before this Independent Review and the internal review conducted by the City Deal there was “very little room for changing projects and that was one of the real issues”.¹²⁰ However, since the reviews, they are moving to adopt this portfolio approach allowing greater flexibility.¹²¹

53. In order to ensure value for money, Councillor Stewart explained that there is a “huge amount of due diligence and governance that you need to go through”.¹²² He explained that they employ a five-case business model, the approach for developing business cases recommended by HM Treasury and the Welsh Government.¹²³ Councillor Stewart outlined that the portfolio approach now allows the opportunity to amend a project or substitute it, if it is not meeting the original expectations.¹²⁴

54. We were concerned that project-based deals did not allow for funds to be redistributed if a project was failing. The recommendation of the Independent Review, that the City Deal should be managed as a portfolio rather than a set of individual projects, is an important one. We are pleased to hear from the Swansea Bay City Deal that they are now implementing this recommendation and adopting a more flexible approach. The UK Government, Welsh Government and City Deal partners should continuously review projects to ensure that they provide value for money. If they do not,

116 BBC News, 15 July 2019, [Swansea Bay City Deal: Investors not walking away says council leader](#)

117 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q148](#)); BBC News, 1 August 2019, [Llanelli Wellness Village at centre of uni bribery probe](#)

118 Actica Consulting, 26 February 2019, [Swansea Bay City Deal Independent Review](#), p.ii

119 Robin Davis, Director, Actica Consulting ([Q88](#))

120 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q131](#))

121 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q131](#))

122 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q150](#))

123 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q150](#))

124 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q150](#))

projects should be adjusted accordingly, and funds should be redistributed in order to provide the maximum positive impact. Those leading on the Swansea Bay City Deal should consider how public and private funding for the Tidal Lagoon can be incorporated within the portfolio work and how funding can be leveraged to deliver the project.

55. *More widely the UK Government should allow all the City or Growth Deals to change over time in line with economic trends. If a project is no longer providing value for money, they should be prepared to reduce its funding and, similarly, if projects are doing well and further investment is required, the UK Government should be proactive in supporting them.*

Release of funds

56. In evidence to the Committee, Councillor Rob Stewart suggested that the Swansea City Deal could benefit from an accelerated release of funds from the UK and Welsh Governments for certain projects. This, he said, would reduce the risk to the finances of the local councils who are intended to put forward much of the initial funding under the original bid in order to encourage private sector investment. He stated that this has been raised with the Ministers of both Governments.¹²⁵ Explaining the benefit to the Councils, Councillor Stewart stated that:

If the money comes out of Government over a shorter period of time that reduces the amount of money that councils will have to borrow or provide from elsewhere in order to deliver its contribution to the City Deal.¹²⁶

He explained that there were positive movements around the Pembroke Dock Marina on an accelerated release of funds but that he thought it was something that needed to be applied across the whole deal.¹²⁷

57. It was suggested to Councillor Stewart that, with the councils having to put up much of the initial funding to city deal projects, there was a risk to frontline services should projects fail and have an impact on future council budgets.¹²⁸ Swansea Council, for instance, are predicting a large deficit partly as a result of having to bear the costs of infrastructure projects upfront. The budget proposals for 2019/20 submitted for consultation on 14 December 2018 resulted in a projected funding deficit of £24.401 million.¹²⁹ Councillor Stewart, however, asserted that council funding for the City Deal would not impact on services but that an accelerated release of Government funding could help mitigate the risk.¹³⁰

58. The Secretary of State was reluctant to pledge to provide an accelerated release of funds for projects within the Swansea Bay City Deal, instead suggesting the Councils should honour the original agreement.¹³¹

125 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q122](#))

126 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q122](#))

127 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q122](#))

128 Geraint Davies MP ([Q122](#))

129 Swansea Council, [City and County of Swansea Revenue Budget 2019–20](#)

130 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q124](#))

131 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q194](#))

59. *The UK and Welsh Governments should accelerate the release of funds for certain projects, subject to due diligence, in order to minimise the risk to council finances and therefore council services.*

Investment fund

60. The possibility of adding an investment fund similar to that of Cardiff Capital Region City Deal was raised with representatives of Swansea Bay City Deal. Councillor Stewart stated that he would welcome the opportunity to add extra projects and an investment fund. He explained that a change in Government policy away from fund-based deals and towards project-based deals was the reason that an Investment Fund wasn't included in the initial proposals, as in the Cardiff Capital Region City Deal but that he would be willing to explore the possibility of setting one up. Additionally, a revised plan for the Swansea Bay Tidal Lagoon was suggested as a potential project to add to the City Deal at a later date. On the prospect of an investment fund, Councillor Stewart stated that they were "in principle, very interested" in setting up an investment fund and that he sought support from the Welsh Government.¹³² He argued that "we should certainly be looking to add to the City Deal and continue to use that as an ongoing way of delivering economic benefit to the region".¹³³

61. *Once the entirety of the original City Deal bid is in place and operational, additional projects to be added to the Deal should be explored.*

62. *A tidal lagoon in Swansea could bring much needed economic regeneration to South Wales and could be a cost-effective source of renewable energy which would facilitate the transition to net-zero emissions by 2050. All parties to the Deal should continue to explore different funding models, which should demonstrate financial viability.*

Transport

63. The Swansea Bay City Deal has also been criticised for not including proposals for a Swansea Bay Metro or improvements to railways or transport systems in the area.¹³⁴ Professor Mark Barry, Professor of Practice in Connectivity at Cardiff University, has worked on proposals for the Swansea Bay Metro and has called for greater connectivity in the Swansea area.¹³⁵ In particular he called for a £1 billion investment in rail links to and within Swansea Bay to deliver a major boost to the regional economy, focusing on:

- 30-minute journeys to Cardiff and 2 hour 15 minutes to London & Heathrow;
- The foundation of a rail-based Swansea Bay Metro; and
- New development and regeneration opportunities across the region.¹³⁶

132 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q132](#))

133 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q131](#))

134 Swansea Bay City Deal, [Projects](#)

135 Professor Mark Barry, 2018, [Swansea Bay Metro](#)

136 Professor Mark Barry, 2017, [Swansea to Cardiff in 30 minutes and a Swansea Bay Metro](#)

64. In evidence to the Committee, Professor Barry suggested that there was an opportunity for Swansea Bay to look at transport as something that could underpin the city deal.¹³⁷ He described the public transport network in the area as “very poor” and said that the main developments in the past 30 years had been for car-based transport.¹³⁸

65. We discussed the Swansea Bay Metro in our report on the cancellation of rail electrification in South Wales.¹³⁹ The report concluded:

We were interested in the proposal by Professor Mark Barry for a Swansea Bay Metro, particularly in light of the increased demand that may result from the Swansea Bay City Deal. This idea is still at an early stage, but merits further exploration. We recommend that the Department for Transport and Network Rail engage with the Welsh Government and establish a working group to explore the options in more detail. This group should report back by the end of 2018. If the group considers the proposal viable, it should then seek to develop a business case for taking the work forward.¹⁴⁰

66. Councillor Stewart advised that the Council has continued to work with Transport for Wales for a proposal for the south-west Wales metro. He explained that they are intending to go back to Welsh Government shortly to discuss this.¹⁴¹ Councillor Stewart stated that he would be willing to add the Metro proposals to the City Deal if such a development were possible.¹⁴²

67. The Secretary of State argued that the UK Government had been proactive in supporting the railway infrastructure in the Swansea area, with the £20 million West Wales Parkway station.¹⁴³ On the Swansea Bay Metro he said that was happy to look at proposals that come forward.¹⁴⁴

68. The ultimate aim of the City Deal should be to create the conditions that attract businesses and stimulate economic growth. Given that poor transport infrastructure is a major issue in the Swansea Bay area, we are disappointed that it did not feature in the agreed City Deal. We received evidence that a Swansea Bay Metro could increase regional connectivity and diminish the need for cars in the area. We urge the UK Government, Welsh Government and partners to consider adding proposals for a Swansea Bay Metro to the Deal once detailed proposals for a Metro have been developed. We encourage the UK Government to reconsider proposals to electrify rail in Wales.

137 Professor Mark Barry, Professor of Practice in Connectivity, Cardiff University ([Q66](#))

138 Professor Mark Barry, Professor of Practice in Connectivity, Cardiff University ([Q66](#))

139 Welsh Affairs Committee, [The cancellation of rail electrification in South Wales](#), First Report of Session 2017–19, HC 403, p.17

140 Welsh Affairs Committee, [The cancellation of rail electrification in South Wales](#), First Report of Session 2017–19, HC 403, para 56

141 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q125](#))

142 Councillor Rob Stewart, Leader of the City and County of Swansea Council ([Q131](#))

143 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q183](#))

144 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q187](#))

3 The North Wales Growth Deal

Background

69. In late 2017, a partnership that includes six North Wales councils, business partners, colleges and universities, came together to form the North Wales Economic Ambition Board (NWEAB), a body which would prepare the North Wales Growth Deal.¹⁴⁵ This initiative followed the Chancellor of the Exchequer stating that the UK Government looked forward to receiving the proposals for the North Wales Growth Deal in the 2017 Spring Budget.¹⁴⁶

70. The formal launch of the North Wales Growth Deal bid took place in February 2018 and detailed the proposed economic impact of the Deal. It stated that, with the stimulus of a Growth Deal:

North Wales will become a low carbon, high-tech economy with a high-quality infrastructure, a sustainable skills-base and responsive business support to host and grow businesses in globally competitive sectors.¹⁴⁷

The document claimed that the proposals in the submission would enable investment of:

£1.3 billion in the North Wales economy from growth deal monies of £328 million capital and £55.4 million revenue, totalling £383.4 million, a return of £3.40 for every pound spent.¹⁴⁸

The proposal suggested that over 5,000 new jobs could be created alongside other benefits.¹⁴⁹

71. In the Autumn Budget, on 29 October 2018, the then Chancellor of the Exchequer, Rt Hon Phillip Hammond MP, announced £120 million in funding for the North Wales Growth Deal.¹⁵⁰ In December 2018, the Welsh Government confirmed that it would match the UK Government's financial contribution to the North Wales Growth Deal with £120 million of its own investment (bringing the total Government investment to £240 million).¹⁵¹ This £240 million investment was around £100 million less than what was expected.

72. The NWEAB has advised that it was still in discussions with both governments for a larger matching capital sum to support an “even bolder and more impactful Growth Deal.”¹⁵² The Board expected the final Growth Deal to be in place later in 2019 and for work to begin on priority projects from 2020 onwards.¹⁵³ The funding for the Growth Deal by both Governments will be provided on a flat funding profile over a 15-year period.¹⁵⁴

145 North Wales Economic Ambition Board, [North Wales Growth Deal](#)

146 UK Government, 8 March 2017, [Spring Budget 2017](#), section 5.6

147 North Wales Economic Ambition Board, February 2018, [A Growth Deal for North Wales](#), p.8

148 North Wales Economic Ambition Board, February 2018, [A Growth Deal for North Wales](#), p.5

149 North Wales Economic Ambition Board, February 2018, [A Growth Deal for North Wales](#)

150 [HC Deb](#), 29 October 2018, vol 648, col 664–665

151 Welsh Government, 7 December 2018, [Welsh Government announces North Wales Growth Deal commitment](#)

152 North Wales Economic Ambition Board, February 2018, [A Growth Deal for North Wales](#), p.8

153 North Wales Economic Ambition Board, February 2018, [A Growth Deal for North Wales](#), p.8

154 North Wales Economic Ambition Board, March 2019, [Response by North Wales Economic Ambition Board to the Economy, Infrastructure and Skills Committee Consultation](#), p.3

73. In its written evidence to the Committee, the NWEAB provided updated figures on its projected impact of the Growth Deal, claiming that it would:

- Support a 6% GVA uplift;
- Create 4,298 new jobs;
- Generate £511 million direct private sector investment with a total leverage of £3.39 billion from the private sector; and
- Deliver an improved skills base in the region.¹⁵⁵

74. These figures sit within the NWEAB's over-riding aim of increasing the value of the North Wales economy from £13.6 billion in 2016 to £26 billion by 2035.¹⁵⁶ To put these figures in context the North Wales economy Gross Value Added (GVA) figure of £13.6 billion in 2016, was up 3 per cent on the previous year. The average annual growth rate between 2008 and 2016 was 2.6 per cent, higher than that of Wales (at 2.4 per cent) but lower than that of the UK (at 2.8 per cent).¹⁵⁷ GVA per capita remained below the Welsh and UK averages at £19,601 (73.6% of the UK average).¹⁵⁸

75. The content of the proposed deal is comprehensively set out in its draft Implementation Plan. The plan lists three key growth deal programmes with several projects within them. The NWEAB also list four programmes designed to "address key barriers to growth".¹⁵⁹ All projects are planned to be completed by the end of 2025.¹⁶⁰

Box 3: The proposed projects of the North Wales Growth Deal (Growth Deal contribution)

- | |
|--|
| <p>a) Low Carbon Energy Programme</p> <ul style="list-style-type: none"> i) Trawsfynydd Power Station Project (£20 million) ii) Morlais Project (£9 million) iii) Smart Local Energy Networks (£30 million) iv) Nuclear Energy Centre of Excellence (£21 million) <p>b) Advanced Manufacturing Programme</p> <ul style="list-style-type: none"> i) Enterprise Engineering and Optics Centre Project (£10 million) ii) Centre of Environmental Technology and Industrial Accreditation Project (£3 million) <p>c) Land-based Industries and Tourism</p> |
|--|

155 Written evidence submitted by the North Wales Economic Ambition Board (GDW0004), p.2

156 North Wales Economic Ambition Board, October 2018, [A Growth Vision for North Wales – Proposition Document, p.2](#)

157 North Wales Economic Ambition Board, October 2018, [A Growth Vision for North Wales – Proposition Document, p.5](#)

158 North Wales Economic Ambition Board, October 2018, [A Growth Vision for North Wales – Proposition Document, p.6](#)

159 North Wales Economic Ambition Board, March 2019, [A Growth Deal for North Wales - Draft Implementation Plan](#)

160 North Wales Economic Ambition Board, March 2019, [A Growth Deal for North Wales - Draft Implementation Plan, p.16–17](#)

- i) Glynllifon Rural Economy Hub Project (£10 million)
- ii) Llysfas Carbon Neutral Farm (£10 million)
- iii) North Wales Tourism and Hospitality Centre of Excellence Project (£10 million)¹⁶¹
- d) Land and Property Programme
 - i) Regional Land and Property Joint Venture Project (£72.5 million)
 - ii) Holyhead Gateway Programme (£35 million)
- e) Skills and Employment Programme
 - i) Information and Advice Gateway (subject to negotiations with the Welsh Government)¹⁶²
- f) Digital Programme
 - i) Digital Connectivity Project (£34 million)
 - ii) Digital Signal Processing Centre (£3 million)
- g) Strategic Transport Programme
 - i) Regional Transport Decarbonisation (£12.5 million)¹⁶³

Funding

76. The Wales Office stated that the £120 million the UK Government was providing for the North Wales Growth Deal from the UK Government would generate investment, jobs and prosperity for the region.¹⁶⁴ However, the response from some individuals in North Wales was more negative. Askar Sheibani, Chairman of the Deeside Business Forum claimed in the media that the shortfall would leave a lot of people angry and stated that it seemed that the region had been forgotten about.¹⁶⁵ The Welsh Government reported that this decision was one taken unilaterally by the UK Government, and publicly urged the UK Government to go further and meet the deal's original aspirations of total Government funding of £340 million.¹⁶⁶ Economic Secretary Ken Skates AM confirmed that he would match any increase from the UK Government.¹⁶⁷

161 North Wales Economic Ambition Board, March 2019, [A Growth Deal for North Wales - Draft Implementation Plan](#), p.23–34

162 North Wales Economic Ambition Board, March 2019, [A Growth Deal for North Wales - Draft Implementation Plan](#), p.18

163 North Wales Economic Ambition Board, March 2019, [A Growth Deal for North Wales - Draft Implementation Plan](#), p.35–39

164 Office of the Secretary of State for Wales, 29 October 2018, [More than half a billion for Wales in Chancellor's Budget](#)

165 BBC News, 30 October 2018, [North Wales Growth Bid Deal funding shortfall 'abysmal'](#)

166 Welsh Government, 7 December 2018, [Welsh Government announces North Wales Growth Deal commitment](#)

167 BBC News, 7 December 2018, [North Wales Growth Deal: Welsh Government confirms £120m](#)

77. In April 2019, the then Parliamentary Under-Secretary of State for Wales, Nigel Adams MP, explained why the UK Government had not committed more funding to the North Wales Growth Deal:

We felt that some of the projects within the growth deal weren't as ambitious or as transformational as we would have liked to have seen. They weren't in the right space in terms of sector.¹⁶⁸

The Secretary of State for Wales, the Rt Hon Alun Cairns MP, challenged the NWEAB to:

Come forward with strong bids—bids so good that we simply cannot turn them down. That is the best way to be: the greater the ambition, the greater the quality of the bid and the greater the investment it attracts, the more foolish it would be for us ever to turn around and say no.¹⁶⁹

78. The NWEAB stated that the original agreement of a funding envelope from both Governments for a deal was positive. However, they considered that the £240 million funding package agreed was significantly lower than the total value of the proposed projects at £340 million. They argued that some difficult prioritisation decisions would need to be made to identify a package of projects for the final deals and that “some worthwhile projects may need to be deferred in order to remain within the agreed financial envelope.”¹⁷⁰

79. Councillor Dyfrig Siencyn, Chair of the NWEAB, said that they had been surprised by the funding announcement. He advised that discussions with Mims Davies MP, then Parliamentary Under-Secretary of State, had:

Led us to believe that we were going to be successful with the entire amount we were asking for, which was £170 million from the UK Government and £170 million from the Welsh Government. There was no indication of anything less than that.¹⁷¹

When asked if there was forewarning given by Ministers that a significantly lower sum of money was to be offered than requested, Councillor Siencyn advised that there was none and Ashley Rogers, Chair of the North Wales Mersey Dee Business Council, explained that there was some surprise and disappointment at the funding announcement.¹⁷² He explained that the funding announcement impacted on the confidence of the private sector to invest in the North Wales Growth Deal, with the announcement of £240 million in funding rather than £340 million in funding disrupting the ability of the scheme to leverage private investment.¹⁷³

80. In their written evidence the NWEAB stated that their Implementation Plan makes the case for an additional sum of £20 million from each Government to support the funding of a package of projects that addresses the challenges faced by the region, particularly in

168 Nigel Adams MP, Oral evidence: Responsibilities of the Secretary of State for Wales, HC 680 ([Q234](#))

169 Oral evidence: Responsibilities of the Secretary of State for Wales, HC 680 ([Q236](#))

170 North Wales Economic Ambition Board, March 2019, [Response by North Wales Economic Ambition Board to the Economy, Infrastructure and Skills Committee Consultation](#), p.2

171 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q2](#))

172 Councillor Siencyn, Chair of the North Wales Economic Ambition Board; Ashley Rogers, Chair of the North Wales Mersey Dee Business Council ([Q3](#))

173 Ashley Rogers, Chair of the North Wales Mersey Dee Business Council ([Q8](#))

the view of the announcement by Horizon that work on the proposed £20 billion Wylfa Newydd Nuclear Power Station is suspended indefinitely.¹⁷⁴ Iwan Trefor Jones described the progress towards securing these additional funds:

We have agreed with the civil servants to put the case for the additional £40 million. They have said that the door is open to taking that into consideration, and the Welsh Government have already confirmed that they would provide £20 million if the UK Government put £20 million in. Those deliberations are ongoing, but we have developed the 14 projects based on a budget of £280 million, in the hope that they will see their way clear to accepting the business case that we are now putting forward.¹⁷⁵

81. The Minister, Kevin Foster, suggested that he was open to providing additional funding to the North Wales Growth Deal. He stated that “There is no reason why, with compelling programmes, they could not do more”.¹⁷⁶ The Welsh Government ambition is to sign a Heads of Terms agreement in the coming months.¹⁷⁷

82. **Whilst we are pleased that some progress has been made on a North Wales Growth Deal, we are concerned at the manner in which the UK Government announced that less funding than requested was to be provided. It is worrying that the lower funding came as a surprise to representatives of the North Wales Economic Ambition Board because strong relationships and open communication should be central to the partnership. If the Board had known sooner about the perceived weaknesses in their proposals, they could have been addressed. If the UK Government feel proposals from any organisation coordinating a growth deal bid are not up to scratch, they should clearly state what they require so that the organisations can amend and refine their proposals accordingly.**

83. **The UK Government, Welsh Government and North Wales Economic Ambition Board should work towards a comprehensive Heads of Terms agreement in the near future, by the end of March 2020 at the latest. The North Wales Economic Ambition Board has made the case for a further £20 million from each Government in its implementation plan. We believe that the case they have made is strong and that the two Governments should provide the additional funding requested.**

Cross-border working

84. The counties of Flintshire and Wrexham within the North Wales Growth Deal have long borders with counties in England. There are a number of cross-border organisations, such as the North Wales Mersey Dee Business Council and a large proportion of residents live on the other side of the border from which they work. As a result the Economy, Skills and Infrastructure Committee found that the proposed growth deal for North Wales could help businesses in the cross-border region including the proposed Cheshire and Warrington Growth Deal area. They suggested that complementary growth deals in England and North Wales could help fund cross-border infrastructure schemes and skills development projects.¹⁷⁸ They concluded that the North Wales Growth Deal negotiators

174 Written evidence submitted by the North Wales Economic Ambition Board ([GDW0004](#)), p.3

175 Iwan Trefor Jones, Chief Executive of Gwynedd Council ([Q3](#))

176 Parliamentary Under Secretary of State for Wales, Kevin Foster MP ([Q199](#))

177 Written evidence from Ken Skates AM ([GDW0012](#)), para 22

178 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 48

should continue to work constructively with partners and neighbouring authorities both within Wales and across the border to ensure that there is effective collaboration on infrastructure and training opportunities.¹⁷⁹ Councillor Siencyn spoke of the close cross-border relationship in place in North Wales, using the example of nuclear projects that he said “cross the border up to the north of England”. He added that “there are growing connections and links developing between ourselves and the nuclear industry in north-west England”.¹⁸⁰

85. The Secretary of State agreed with the rationale for close cross-border working stating that “That is something I am keen to progress”.¹⁸¹

86. **Areas of North-East Wales hold strong economic and social ties to the other Welsh regions. The Welsh City and Growth Deals provide an excellent opportunity to build on current collaboration between the regions and improve North-South links. We urge those behind the Welsh City and Growth Deals to work closely with each other on projects that will be of mutual benefit, such as improving infrastructure and skills development projects.**

87. **As economic development is a devolved competence, the Welsh City and Growth Deals must operate within the Welsh Government strategic priorities and this should shape any cross-border collaborations. We recognise that the North Wales Growth Deal has huge opportunities for collaboration with areas east of the border in England, such as with the Cheshire and Warrington Growth Deal, which could be of major benefit to the North Wales economy.**

88. **The UK Government and Welsh Government should encourage cooperation between City and Growth Deals, particularly those within Wales, and we ask the UK Government to update us on progress in response to this report.**

Wylfa Newydd Nuclear Power Station

89. Earlier this year we held an inquiry into the suspension of work at the Wylfa Newydd Nuclear Power Station in Anglesey. Our report stressed the importance of Wylfa Newydd to the North Wales Economy and of resuming work there as soon as possible.¹⁸² Whilst the power station was not a project within the proposed North Wales Growth Deal the NWEAB’s Growth Vision document described Wylfa Newydd Project as the one “stand-out” project for the region, which could “accelerate growth of high value economic sectors to increase competitiveness”.¹⁸³ When news of the suspension was received, Councillor Siencyn described the impact as being “extremely severe”.¹⁸⁴ In a statement, however, NWEAB provided the reassurance that:

179 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), Recommendation 5

180 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q25](#))

181 The Secretary of State for Wales, Rt Hon Alun Cairns MP ([Q158](#))

182 Welsh Affairs Committee, [The suspension of work on Wylfa Newydd nuclear power station](#), Third Report of Session 2017–19, HC 1938, 30 April 2019

183 North Wales Economic Ambition Board, October 2018, [A Growth Vision for North Wales – Proposition Document, p.2](#)

184 BBC News, 17 January 2019, [Hitachi’s Wylfa nuclear project pause ‘tremendous blow’](#)

the decision to suspend work on Wylfa Newydd will in no way impact on any projects in the North Wales Growth Deal.¹⁸⁵

The proposed North Wales Growth Deal contains a number of projects focusing on developing nuclear energy in the region, including the development of a small modular reactor at Trawsfynydd in Snowdonia and the Nuclear Energy Centre of Excellence at Bangor University.¹⁸⁶ **Councillor Siencyn and Iwan Trefor Jones, however, explained that the scheme at Trawsfynydd, is intended to compliment, rather than replace, Wylfa Newydd. £20 million of the Growth Deal funding has been allocated to developing the infrastructure on the Trawsfynydd site, with the aim in the future to develop a small modular reactor on the site.**¹⁸⁷ Iwan Trefor Jones emphasised the connection between all the projects, and the integration and support they provide to each other:

We have to look beyond these projects sometimes and ensure that we look at the whole portfolio, to fully appreciate the impact it will have on areas and communities across north Wales.¹⁸⁸

90. In its response to our report on Wylfa Newydd, the UK Government stated that:

The UK Government, the Welsh Government and local partners have identified low carbon energy as a key sector for the North Wales Growth Deal.

The UK Government welcomes proposals for renewable generation projects in the North Wales Growth Deal which can demonstrate effective use of public funds, regional economic impact, the ability to secure private sector investment and financial viability. Growth Deal proposals will be assessed by both the UK and Welsh Governments and agreed as a package jointly with the North Wales Economic Ambition Board (NWEAB).¹⁸⁹

91. The response also states that the UK Government is providing ongoing support for the NWEAB.¹⁹⁰

92. **The Government should continue to explore all avenues for restarting work on the Wylfa Newydd nuclear power station. If the North Wales Growth Deal could provide support for the resumption of work on Wylfa Newydd then the Government and partners should ensure that they take all actions necessary.**

93. **The UK Government, Welsh Government, local authorities and other partners should work together to ensure that other projects in the Growth Deal bid can be accelerated to minimise the damage to the local economy.**

185 BBC News, 21 January 2019, [Wylfa: 'More cash for region' over nuclear plant delay](#)

186 North Wales Economic Ambition Board, March 2019, [Response by North Wales Economic Ambition Board to the Economy, Infrastructure and Skills Committee Consultation](#), p.18

187 Councillor Siencyn, Chair of the North Wales Economic Ambition Board; Iwan Trefor Jones, Chief Executive of Gwynedd Council (Q15)

188 Iwan Trefor Jones, Chief Executive of Gwynedd Council (Q15)

189 Welsh Affairs Committee, [The suspension of work on Wylfa Newydd nuclear power station: Government response to the Committee's Third Report](#), Fifth Special Report of Session 2017–19, HC2585, p.1

190 Welsh Affairs Committee, [The suspension of work on Wylfa Newydd nuclear power station: Government response to the Committee's Third Report](#), Fifth Special Report of Session 2017–19, HC2585, p.3

94. The two Governments should support Growth Deal partners on new high quality projects, in time for the next budget.

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4 The Mid Wales Growth Deal

Background

95. Growing Mid Wales (GMW), an inclusive regional economic partnership and engagement arrangement between the public, private and third sectors, is responsible for negotiating for a Mid Wales Growth Deal.¹⁹¹ It was established in 2015 to drive forward priorities for improvements to the Mid Wales economy and to work towards a growth deal.¹⁹² GMW argued that a Growth Deal approach is vital for Mid Wales because of:

The distinct nature of the economy in Mid Wales due to the structural dependence on agriculture, the dispersed population, the historically low rates of productivity and the high proportion of SMEs.¹⁹³

96. GMW was invited to prepare a submission for a Mid Wales Growth Deal in the UK Government's 2017 Autumn Budget.¹⁹⁴ GMW stated that indications from Welsh and UK Governments, as well as analysis of previous deal size per GVA and population, suggest a Growth Deal ambition of £200 million in funding is achievable.¹⁹⁵ Expanding on this figure, Councillor ap Gwynn, Chair of the Growing Mid Wales Partnership, explained that "it may be up to £200 million, so £100 million from each Government" and that this money will aim to raise GVA by 5% and create around 4,000 jobs in the region.¹⁹⁶ Councillor Harris, Vice Chair of the Growing Mid Wales Partnership, added, optimistically, that "there is no limit on the amount of money we would accept".¹⁹⁷

97. In November 2017, following evidence from GMW, the National Assembly's Economy, Infrastructure and Skills Committee, recommended that there should be a growth deal for Mid Wales.¹⁹⁸ The report stated that a deal is needed:

as part of a regional economic development approach, given the structural dependence on agriculture, dispersed population, historically low rates of productivity and the high proportion of SMEs in the region. This would be part of developing a cohesive nation and help to address historically low levels of investment.¹⁹⁹

The 2018 Autumn Budget expressed continued support for a Mid Wales Growth Deal, stating that the UK Government would continue working with the Welsh Government, businesses and local councillors to agree a deal.²⁰⁰

191. Growing Mid Wales, January 2019, [Growing Mid Wales Partnership Update - Growth Deal Road Map and Current Position](#), p.1

192. Growing Mid Wales, January 2019, [Growing Mid Wales Partnership Update - Growth Deal Road Map and Current Position](#)

193. Growing Mid Wales, January 2019, [Growing Mid Wales Partnership Update - Growth Deal Road Map and Current Position](#), p.1

194. Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.7

195. Growing Mid Wales, January 2019, [Growing Mid Wales Partnership Update - Growth Deal Road Map and Current Position](#), p.2

196. Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership (Q98)

197. Councillor Rosemarie Harris, Vice-Chair, Growing Mid Wales Partnership (Q100)

198. Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies](#), rec 11

199. Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies](#), para 109

200. Office of the Secretary of State for Wales, 29 October 2018, [More than half a billion for Wales in Chancellor's Budget](#)

98. GMW suggested that the Deal would follow the themes outlined in a report titled Strategic Economic Priorities for the Mid Wales Region completed by AECOM (a consultancy) for GMW in February 2019. This paper lists three regional economic strategy themes and eight programmes.

Box 4: Themes and Programmes within the Strategic Economic Priorities for the Mid Wales Region document

- a) An Innovative and Skilled Mid Wales
 - i) Skills and Workforce—delivering a skilled workforce
 - ii) Innovation—promoting innovation in key sectors
- b) A Competitive and Sustainable Mid Wales
 - i) Property—ensuring the right supply and locations for employers and businesses
 - ii) Business—investment to deliver the infrastructure and initiatives to support business
 - iii) Energy—investment in low carbon energy generation and distribution
- c) A Connected and Distinctive Mid Wales
 - i) Digital—investment in digital infrastructure
 - ii) Place—improve the promotion of Mid Wales for visitors and investment
 - iii) Transport—investments in major transport schemes²⁰¹

99. In April Lord Bourne, the then responsible Minister in the Wales Office, discussed several sectors of focus for projects within the deal, listing Agri-tech, tourism and Aberystwyth University.²⁰² Universities Wales also emphasised the role of Universities and higher education establishments in growth deals.²⁰³

100. Councillor ap Gwynn explained that Growing Mid Wales was formulating a portfolio rather than going for specific projects, so that everything fits within a vision.²⁰⁴ She confirmed that the AECOM commissioned report would form the basis for working on the final framework of the Growth Deal.²⁰⁵ She explained that the plan would be far more open than focusing on one specific theme.²⁰⁶

101. GMW provided a timetable to the Assembly's Economy, Infrastructure and Skills Committee in January 2019. They expected phase one, culminating with the submission of growth deal proposals, to be complete in September/October 2019, leading to an announcement by the UK and Welsh Governments at the end of October 2019. They stated that:

201 Growing Mid Wales Partnership, February 2019, [Strategic Economic Priorities for the Mid Wales Region](#), p8–11

202 Responsibility of the Secretary of State for Wales – oral evidence, HC 680, 1 April 2019, Lord Bourne ([Q237](#))

203 Written evidence submitted by Universities Wales ([GDW0003](#))

204 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership ([Q96](#))

205 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership ([Q101](#))

206 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership ([Q105](#))

If phase one is successful, we expect phase two will take most of 2020 to complete and we hope to achieve a financial settlement for the Mid Wales Growth Deal by the Autumn 2020.²⁰⁷

102. Lord Bourne, the responsible UK Government Minister until his resignation in July, was more cautious on timeframes than GMW, stating in April that:

I do not want to heighten expectations of us necessarily bringing that to fruition this year.²⁰⁸

Funding

103. On 2 October 2019 the Secretary of State for Wales announced that the UK Government would allocate £55 million to the Mid Wales Growth Deal, over a 15-year period.²⁰⁹ The Welsh Government responded to this figure by claiming it was “derisory”.²¹⁰ The joint chairs of the Growing Mid Wales Partnership, councillors Ellen ap Gwynn and Rosemarie Harris, however, welcomed the funding. They said the plans “will drive future economic growth through investment in skills, innovation, connectivity and more productive jobs supporting prosperous and bilingual communities”.²¹¹

104. This £55 million is unlikely to be the total amount of funding allocated to the region with a UK Government spokesperson stating that:

All deals involve negotiation and the funding total for mid Wales will be based on the strength and ambition of proposals put forward by local partners.²¹²

Kevin Foster MP, who replaced Lord Bourne as the responsible Minister, suggested that there was more money to come from the UK Government to the Mid Wales Growth Deal, with the Secretary of State describing the £55 million announcement as a “down payment”.²¹³

105. Kevin Foster explained that local stakeholders had now suggested March 2020 for agreement on a Heads of Terms for the Mid Wales Growth Deal.²¹⁴

106. The Mid Wales Growth Deal is the least developed of the Deals in Wales. We are pleased that some progress has been made towards a Mid Wales Growth Deal with an initial £55 million announced but is vital for the economy of the region that we see more detailed proposals in the near future. We urge Growing Mid Wales to continue to work towards submitting detailed proposals by March 2020, and that the UK Government provide the support and challenge necessary to achieve this. *The Welsh Government*

207 Growing Mid Wales, January 2019, [Growing Mid Wales Partnership Update - Growth Deal Road Map and Current Position](#), p.3

208 Responsibility of the Secretary of State for Wales – oral evidence, HC 680, 1 April 2019, Lord Bourne ([Q237](#))

209 BBC News, 2 October 2019, [Labour driving wedge between UK nations says Welsh Secretary Alun Cairns](#)

210 BBC News, 2 October 2019, [Labour driving wedge between UK nations says Welsh Secretary Alun Cairns](#)

211 BBC News, 2 October 2019, [Labour driving wedge between UK nations says Welsh Secretary Alun Cairns](#)

212 BBC News, 29 July 2019, [Boris Johnson's Wales cash is thin stuff, Labour says](#)

213 Secretary of State for Wales, Rt Hon Alun Cairns MP and Parliamentary Under Secretary of State for Wales, Kevin Foster MP ([Q213](#))

214 Parliamentary Under Secretary of State for Wales, Kevin Foster MP ([Q215](#))

should match the initial £55 million from the UK Government and any further funding increases, in the way they have for other deals. The UK Government should also look to increase its initial investment once firmer project proposals become available.

Including areas outside of Powys or Ceredigion

107. We have heard evidence suggesting that the Mid Wales Growth Deal should have flexible boundaries allowing nearby areas outside of Powys or Ceredigion to be involved. Councillor Siencyn, Chair of the North Wales Economic Ambition Board, was one witness who made the case for areas near to Powys or Ceredigion but in other council jurisdictions to be involved in the Mid Wales Growth Deal:

I, as someone who lives in Meirionnydd, would be very keen to develop connections that are far closer, with the mid Wales growth deal, but at the moment it appears that we have been excluded from that discussion. As I have said several times, with tongue in cheek, the A55 is not relevant to me in Dolgellau. The A470 certainly is relevant to me, and the road in the eastern direction towards Wrexham and Shrewsbury is vital, but for some reason that I do not understand, we are not able to be part of the discussion around developing the growth deal in mid Wales, which is a shame.²¹⁵

108. The Assembly's Economy, Infrastructure and Skills Committee came to a similar conclusion, recommending that the regional boundaries should be as flexible and "fuzzy" as possible, to allow communities close to the boundaries to choose how they engage with planning for economic growth.²¹⁶ The Welsh Government, however, rejected this recommendation stating that clear governance and accountability arrangements required clearly understood regional boundaries.²¹⁷ Councillor Siencyn suggested that it was the UK Government preventing partners from outside Powys or Ceredigion engaging in the deal.²¹⁸ Councillor ap Gwynn agreed:

The message we had was that it was only a deal for Powys and Ceredigion, because the other counties in Wales were already involved in other deals.²¹⁹

109. Kevin Foster MP, however, suggested that the UK Government might willing to allow areas outside of Powys and Ceredigion to feature in projects. He stated that:

If the appetite is there locally for a project and the local board wants to come forward, the Welsh Government would have to take its view and we would have to take a view, but, generally, this is not about lines on a map.²²⁰

110. Areas outside of Powys and Ceredigion are not currently participating in proposals for the Mid Wales Growth Deal, despite strong local connections between, for example, North Carmarthenshire and Ceredigion or between southern Gwynedd and areas in the north of Powys and Ceredigion. Where appropriate, other Welsh areas outside of

215 Councillor Siencyn, Chair of the North Wales Economic Ambition Board (Q25)

216 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), Recommendation 10

217 Welsh Government, December 2017, [Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled City Deals and the Regional Economies of Wales](#), p.6

218 Councillor Siencyn, Chair of the North Wales Economic Ambition Board (Q26)

219 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership (Q103)

220 Parliamentary Under Secretary of State for Wales, Kevin Foster MP (Q216)

Powys or Ceredigion could feature in Growth Deal projects. This should only happen with the agreement of the local authorities involved in the Mid Wales Growth Deal and if accompanied by increased funding to reflect the expansion. The UK Government should therefore provide a clear explanation of how other Welsh areas outside Powys or Ceredigion can engage with the deal.

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5 UK Government Support

111. We also examined the role of the UK Government in interacting with and supporting the organisations behind the City and Growth Deals. In this chapter we discuss the cooperation between the UK and Welsh Governments, criticisms of them for a perceived lack of guidance, the impact of the frequent changes in ministerial personnel and the support provided to assist regions to bid for additional funds, before discussing the proposal of providing “seed funding” to regions who have been invited to bid for a city or growth deal.

Cooperation between UK and Welsh Governments

112. The Assembly’s Economy, Skills and Infrastructure Committee stated that Deals and the investment that follows have given the UK Government a role in economic development that, as a devolved area, would normally be the responsibility of the Welsh Government.²²¹ They state that:

If this joint working is harmonious, then there is strong potential for it to benefit all parties. However, there is a history of fractiousness and finger-pointing between the two Governments, particularly when it comes to economic development and infrastructure projects in areas where devolved responsibilities are not 100% clear.²²²

113. Iwan Trefor Jones, Chief Executive of Gwynedd Council, explained that dealing with the UK and Welsh Governments in order to negotiate a growth deal can be:

Challenging sometimes, because you are dealing with two Governments, and you want that unity between the UK Government—the Wales Office—and the Welsh Government to ensure that they speak with one voice. Sometimes that is difficult and challenging. The growth deal in Wales is, clearly, jointly funded by the UK Government and the Welsh Government. They contribute matched amounts of funding to the deal, so those discussions and that agreement has to happen between the two Governments. I do not know how many negotiations of that nature happen, but it is quite a challenge to make sure that that joint funding happens at a political level.²²³

Professor Mark Barry of Cardiff University also highlighted the complexities of operating with two Governments, stating that:

I do think, being simplistic, that it is always easier and better to try to reduce your Government complexity, because it slows down decision making, and rail investment in Wales is a particular issue that needs to be dealt with.²²⁴

221 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 52

222 National Assembly for Wales, Economy, Infrastructure and Skills Committee, November 2017, [City Deals and the Regional Economies of Wales](#), para 53

223 Iwan Trefor Jones, Chief Executive of Gwynedd Council ([Q5](#))

224 Professor Mark Barry, Professor of Practice in Connectivity, Cardiff University ([Q67](#))

Robin Davis, Director at Actica Consulting and author of the Swansea Bay City Deal Independent Review, however explained that he saw the two Governments collaborate quite closely and that he felt that having both Governments involved was a good thing.²²⁵

114. Councillor Ellen ap Gwynn, Chair of Growing Mid Wales, explained that the partnership wanted to see consistent messages from both Governments. She stated that “We have met both Governments separately, but we have only once met both together”.²²⁶

With the growth deals, there is a need to ensure that the two Governments speak to each other more consistently, and we need to hear consistent messages from them so that we can see a clear way forward to help us develop plans that will be appropriate and acceptable to both Governments.²²⁷

Councillor Harris, Vice Chair of Growing Mid Wales, said that this consistency needed to come from civil servants of both Governments.²²⁸

115. In an evidence session, the Secretary of State argued that there was a close working relationship between the two Governments.²²⁹

116. *The UK Government should co-ordinate its work on City and Growth Deals as closely as possible with the Welsh Government. This co-ordination should include the appointment of a senior Civil Servant within the Wales Office to act as a liaison between the deal teams at council level, the UK Government and the Welsh Government. The Welsh Government should consider appointing an individual in a similar role.*

Lack of guidance

117. Some of the evidence we have received has been critical of the role of the UK and Welsh Governments in providing advice and assistance to the regions who are applying for deals. Councillor Siencyn expressed frustration with the current system for agreeing growth deals:

When I was told I would take part in negotiations on the growth deal, I expected there to be some kind of specific system or order, and I must admit that I am quite frustrated that the political meetings we have had with the Ministers have been a little—to use my son’s word—“random” and not particularly structured. There is no particular programme or agenda. I asked one Minister, “Before we meet next time, what about having a programme of our meetings diarised so that we are clear when we are going to be discussing this with you? Let us have some action points from the previous meeting, if you like. We don’t want detailed minutes, but what are the action points? You can report back on that, and we can then see where the problems are that we need to resolve.” But that really did not happen.²³⁰

225 Robin Davies, Director, Actica Consulting (Q67)

226 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership (Q90)

227 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership (Q90)

228 Councillor Rosemarie Harris, Vice-Chair, Growing Mid Wales Partnership (Q91)

229 Rt Hon Alun Cairns MP, Secretary of State for Wales (Q236)

230 Councillor Siencyn, Chair of the North Wales Economic Ambition Board (Q2)

118. Eifion Evans, Chief Executive of Ceredigion County Council suggested that the UK Government and Welsh Government should be more proactive in providing support and guidance to those regions bidding for funds:

Something else that I would suggest may have been beneficial is that the UK Government and the Welsh Government have plenty of experience in running such projects and growth deals of this nature, but we do not have a road map showing what both Governments expect in terms of what exactly people need to prepare. It is about that route for preparation. [...]

The Welsh Government and Westminster could have created some kind of package of knowledge or information that would encourage people at the beginning of the process by saying, “This is the right way to go, to avoid making the mistakes that have taken place in the past.”²³¹

He stressed that this suggestion was not about what themes or projects to include but about “what processes we should be following during that journey to make sure we do not stumble on our way”²³² Councillor Harris, Vice Chair of Growing Mid Wales explained that she would like to meet with both Government more often and be advised on specific project proposals.²³³

Changes in Ministers

119. There have been five Ministers with responsibility for the North Wales Growth Deal since 2017. Most recently, Nigel Adams MP resigned from the role, and was replaced by Kevin Foster MP.²³⁴ When Nigel Adams gave evidence to the Committee, he suggested that the frequent change of Minister was not an issue:

We have the same officials, including one official who is going to work with the Welsh Government now on growth deals. They work incredibly hard on this²³⁵

120. Councillor Siencyn, Chair of the North Wales Economic Ambition Board (NWEAB), described the regular change in Ministers within the Wales Office as “not terribly helpful to us in moving forward”.²³⁶ He explained that he had told Nigel Adams that “every time we have a change of Minister we are greeted with a new obstacle”.²³⁷ He continued added that:

We had Mims Davies and we thought we had got to a very positive place and were making progress. Then, with Nigel Adams’ appointment, my perception was that it set us back.²³⁸

231 Eifion Evans, Chief Executive, Ceredigion Council ([Q90](#))

232 Eifion Evans, Chief Executive, Ceredigion Council ([Q91](#))

233 Councillor Rosemarie Harris, Vice-Chair, Growing Mid Wales Partnership ([Q91](#))

234 BBC News, 3 April 2019, [Brexit: Wales minister Nigel Adams quits over talks with Corbyn](#)

235 Nigel Adams MP, Parliamentary Under-Secretary of State ([Q236](#))

236 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q2](#))

237 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q9](#))

238 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q9](#))

He added, however, that the attitudes of Kevin Foster and Alun Cairns had been “helpful in getting to where we are at the moment”.²³⁹

Bidding for additional funds

121. We heard that Wales has, historically, done quite poorly at attracting additional funds from the UK Government through, for example, the UK Industrial Strategy. Iwan Trefor Jones stated that:

if you were to look at the amount of UK Government money from the industrial strategy gets to north Wales, it is very small. For example, the Innovate UK scheme has £4.6 billion available from the UK Government. Almost none of that has come to north Wales, and north Wales is eligible for it. We as a region have to be far more energised and proactive in targeting those UK Government resources, ensuring that businesses and the economy of north Wales benefit from that resource, in addition to the plans such as the growth deal and others we are involved in. We can be far more influential and energised in trying to target that money in the future.²⁴⁰

Kellie Beirne, Director of the Cardiff Capital Region, criticised the absence of Welsh representation on the UK Research and Innovations Boards and argued that Wales should be more visible and prominent in influence these organisations.²⁴¹

122. The City Deal or Growth Deal bodies have become vehicles for applying for and securing additional funds from the UK Government. The Swansea Bay City Deal, for example, has bid for funding under the UK Government’s Local Full Fibre Network (LFFN). This bid complemented the overall digital ambitions of the Swansea Bay City Deal proposal.²⁴² The North Wales Economic Ambition Board also successfully bid for LFFN with an additional £8.5 million towards the delivery of its digital strategy.²⁴³ Cardiff Capital Region secured £6 million in Wave 2 of the LFFN Challenge fund to enable improved digital connectivity in South East Wales. They stated that:

The projects will include exploring the case for direct international connectivity; investment in the mobile infrastructure across 4G and 5G technologies; increasing Wi-Fi connectivity across the region; and making the CCR a state-of-the-art open data region.²⁴⁴

123. Kellie Beirne explained that CCR had been working on a bid to the industrial strategy challenge fund.²⁴⁵ When the Committee heard from the CCR representatives they advised that they had got through the first stage and had been awarded core seed funding and been requested to develop a full business plan for September.²⁴⁶

124. *The UK Government, working with the Welsh Government, should be proactive in providing advice and guidance to the deal teams. This should include setting up groups*

239 Councillor Siencyn, Chair of the North Wales Economic Ambition Board ([Q10](#))

240 Iwan Trefor Jones, Chief Executive of Gwynedd Council ([Q10](#))

241 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q47](#))

242 Swansea Bay City Deal, February 2019, [Swansea Bay City Deal - Update on the current position](#), p.2

243 Iwan Trefor Jones, Chief Executive of Gwynedd Council ([Q10](#))

244 Cardiff Capital Region, [Investment](#)

245 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q42](#))

246 Kellie Beirne, Chief Executive of the Cardiff Capital Region ([Q44](#))

for knowledge sharing and best practice and providing detailed and clear feedback to any proposals or bids. Welsh representation on the UK Research and Innovation boards should be prioritised and encouraged by the Wales Office. Assistance, whether through guidance, access to officials or secondments, should also be provided, when requested, to deal teams who intend to bid for public funds, including those from other Government departments or research bodies.

Seed funding

125. When councils are invited to bid for a Growth Deal they currently have to finance this bid from their existing council finances, sometimes to the detriment of their other services. Ashley Rogers, Chair of the North Wales Mersey Deeside Business Council suggested that this should change and that the UK Government should provide “seed funding” to support the development of proposals for City or Growth Deals once areas have been invited to bid:

When the Government—whether the Welsh Government or the UK Government—ask a region, “Would you like to put together a growth deal?”, or any other kind of deal, what would really help is some seed funding to do that. Economic development teams do not have excess resources. That could cut these entire processes in half, from a time point of view. Rather than taking two and a half years to develop, with £250,000 for each deal and £20 million across the UK, with £5 million—not a lot of money—you could save at least a year on each deal.²⁴⁷

126. Councillor ap Gwynn, Chair of Growing Mid Wales, explained that there “is a lack of revenue for the plans to help us establish central teams to assist us in the plans’ development.”²⁴⁸ Councillor ap Gwynn explained that she would welcome some form of seed funding:

I am sure it would be helpful to every one of the regions because, as I say, the financial situation is quite tight.²⁴⁹

Nigel Brinn, Corporate Director, Economy and Environment at Powys County Council explained that councils “have limited resources to do economic development or focus on the growth deal.”²⁵⁰

127. **We have heard that the provision of a small sum of “seed funding” could make a big difference to Councils who are in the process of preparing bids for deals. In the future, and across all areas of the UK, the UK Government should provide a small sum of money to regions who have been invited to bid for a city or growth deal in order to help them develop a bid and reduce the strain on council finances. This is particularly true for smaller councils and for regions with local authorities involved in the bids. Although too late for the Cardiff Capital Region and the Swansea Bay Region, Growing Mid Wales and the North Wales Economic Ambition Board could still benefit from such a fund.**

247 Ashley Rogers, Chair of the North Wales Mersey Dee Business Council ([Q31](#))

248 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership ([Q89](#))

249 Councillor Ellen ap Gwynn, Chair, Growing Mid Wales Partnership ([Q92](#))

250 Nigel Brinn, Corporate Director, Economy and Environment, Powys County Council ([Q92](#))

Conclusions and recommendations

The Cardiff Capital Region Deal

1. We are content with the way that the Cardiff Capital Region City Deal is being managed and optimistic about the positive effect it should have on the area. We were particularly impressed by the unity of purpose and the commitment to work together for the benefit of the city region as a whole. Although it is too early to tell whether the City Deal will deliver the economic uplift the Regional Cabinet is seeking, the early signs are encouraging. (Paragraph 22)
2. The Cardiff Capital Region City Deal offers the opportunity for economic growth which will benefit the Cardiff City Region, Wales and the United Kingdom. *To help maximise this growth the UK Government should proactively support the Cardiff Capital Region through investing in co-investment propositions in areas of shared interest.* (Paragraph 25)
3. *When reviewing the effectiveness of the Cardiff Capital Region's investment fund, reviewers should consider not only how it is spent but the return on investment that funds generate. In order to get a full picture of the deal's performance, the review should consider the City Deal package as a whole, including the Welsh Government led South Wales Metro.* Given that the South Wales Metro is such a large part of the City Deal it would be odd and unsatisfactory if it were not to form part of the assessment. (Paragraph 32)
4. We do not agree with the UK Government's arguments against the devolution of Air Passenger Duty and believe that our report outlined compelling arguments for devolution of APD to Wales including that it could unlock the potential of Cardiff airport, boost the Welsh brand and promote economic growth. (Paragraph 38)
5. *We recommend that the UK Government reconsider its decision not to devolve Air Passenger Duty to Wales.* The evidence we have received suggests that its devolution would give the Welsh Government a lever that could have a positive impact on the Cardiff Capital Region and the wider Welsh economy. In our view, the Welsh Government is best placed to determine how to use the tax for the benefit of Wales. (Paragraph 38)

The Swansea Bay City Deal

6. We were concerned at the reports surrounding difficulties faced by the Swansea Bay City Deal. Following the Independent Review and reassurances from representatives of the City Deal, alongside those from the UK Government, we note that the recommendations have now been implemented and hope that the review represents a turning point for the Deal. We look forward to further updates on the Deal going forward. (Paragraph 50)
7. We were concerned that project-based deals did not allow for funds to be redistributed if a project was failing. The recommendation of the Independent Review, that the City Deal should be managed as a portfolio rather than a set of individual projects,

is an important one. We are pleased to hear from the Swansea Bay City Deal that they are now implementing this recommendation and adopting a more flexible approach. *The UK Government, Welsh Government and City Deal partners should continuously review projects to ensure that they provide value for money. If they do not, projects should be adjusted accordingly, and funds should be redistributed in order to provide the maximum positive impact. Those leading on the Swansea Bay City Deal should consider how public and private funding for the Tidal Lagoon can be incorporated within the portfolio work and how funding can be leveraged to deliver the project.* (Paragraph 54)

8. *More widely the UK Government should allow all the City or Growth Deals to change over time in line with economic trends. If a project is no longer providing value for money, they should be prepared to reduce its funding and, similarly, if projects are doing well and further investment is required, the UK Government should be proactive in supporting them.* (Paragraph 55)
9. *The UK and Welsh Governments should accelerate the release of funds for certain projects, subject to due diligence, in order to minimise the risk to council finances and therefore council services.* (Paragraph 59)
10. *Once the entirety of the original City Deal bid is in place and operational, additional projects to be added to the Deal should be explored.* (Paragraph 61)
11. *A tidal lagoon in Swansea could bring much needed economic regeneration to South Wales and could be a cost-effective source of renewable energy which would facilitate the transition to net-zero emissions by 2050. All parties to the Deal should continue to explore different funding models, which should demonstrate financial viability.* (Paragraph 62)
12. *The ultimate aim of the City Deal should be to create the conditions that attract businesses and stimulate economic growth. Given that poor transport infrastructure is a major issue in the Swansea Bay area, we are disappointed that it did not feature in the agreed City Deal. We received evidence that a Swansea Bay Metro could increase regional connectivity and diminish the need for cars in the area. We urge the UK Government, Welsh Government and partners to consider adding proposals for a Swansea Bay Metro to the Deal once detailed proposals for a Metro have been developed. We encourage the UK Government to reconsider proposals to electrify rail in Wales.* (Paragraph 68)

The North Wales Growth Deal

13. *Whilst we are pleased that some progress has been made on a North Wales Growth Deal, we are concerned at the manner in which the UK Government announced that less funding than requested was to be provided. It is worrying that the lower funding came as a surprise to representatives of the North Wales Economic Ambition Board because strong relationships and open communication should be central to the partnership. If the Board had known sooner about the perceived weaknesses in their proposals, they could have been addressed. If the UK Government feel proposals*

from any organisation coordinating a growth deal bid are not up to scratch, they should clearly state what they require so that the organisations can amend and refine their proposals accordingly. (Paragraph 82)

14. *The UK Government, Welsh Government and North Wales Economic Ambition Board should work towards a comprehensive Heads of Terms agreement in the near future, by the end of March 2020 at the latest. The North Wales Economic Ambition Board has made the case for a further £20 million from each Government in its implementation plan. We believe that the case they have made is strong and that the two Governments should provide the additional funding requested.* (Paragraph 83)
15. *Areas of North-East Wales hold strong economic and social ties to the other Welsh regions. The Welsh City and Growth Deals provide an excellent opportunity to build on current collaboration between the regions and improve North-South links. We urge those behind the Welsh City and Growth Deals to work closely with each other on projects that will be of mutual benefit, such as improving infrastructure and skills development projects.* (Paragraph 86)
16. *As economic development is a devolved competence, the Welsh City and Growth Deals must operate within the Welsh Government strategic priorities and this should shape any cross-border collaborations. We recognise that the North Wales Growth Deal has huge opportunities for collaboration with areas east of the border in England, such as with the Cheshire and Warrington Growth Deal, which could be of major benefit to the North Wales economy.* (Paragraph 87)
17. *The UK Government and Welsh Government should encourage cooperation between City and Growth Deals, particularly those within Wales, and we ask the UK Government to update us on progress in response to this report.* (Paragraph 88)
18. *The Government should continue to explore all avenues for restarting work on the Wylfa Newydd nuclear power station. If the North Wales Growth Deal could provide support for the resumption of work on Wylfa Newydd then the Government and partners should ensure that they take all actions necessary.* (Paragraph 92)
19. *The UK Government, Welsh Government, local authorities and other partners should work together to ensure that other projects in the Growth Deal bid can be accelerated to minimise the damage to the local economy.* (Paragraph 93)
20. *The two Governments should support Growth Deal partners on new high quality projects, in time for the next budget.* (Paragraph 94)

The Mid Wales Growth Deal

21. *The Mid Wales Growth Deal is the least developed of the Deals in Wales. We are pleased that some progress has been made towards a Mid Wales Growth Deal with an initial £55 million announced but is vital for the economy of the region that we see more detailed proposals in the near future. We urge Growing Mid Wales to continue to work towards submitting detailed proposals by March 2020, and that the UK Government provide the support and challenge necessary to achieve this. The Welsh Government should match the initial £55 million from the UK Government and any*

further funding increases, in the way they have for other deals. The UK Government should also look to increase its initial investment once firmer project proposals become available. (Paragraph 106)

22. Areas outside of Powys and Ceredigion are not currently participating in proposals for the Mid Wales Growth Deal, despite strong local connections between, for example, North Carmarthenshire and Ceredigion or between southern Gwynedd and areas in the north of Powys and Ceredigion. *Where appropriate, other Welsh areas outside of Powys or Ceredigion could feature in Growth Deal projects. This should only happen with the agreement of the local authorities involved in the Mid Wales Growth Deal and if accompanied by increased funding to reflect the expansion. The UK Government should therefore provide a clear explanation of how other Welsh areas outside Powys or Ceredigion can engage with the deal. (Paragraph 110)*

UK Government Support

23. *The UK Government should co-ordinate its work on City and Growth Deals as closely as possible with the Welsh Government. This co-ordination should include the appointment of a senior Civil Servant within the Wales Office to act as a liaison between the deal teams at council level, the UK Government and the Welsh Government. The Welsh Government should consider appointing an individual in a similar role. (Paragraph 116)*
24. *The UK Government, working with the Welsh Government, should be proactive in providing advice and guidance to the deal teams. This should include setting up groups for knowledge sharing and best practice and providing detailed and clear feedback to any proposals or bids. Welsh representation on the UK Research and Innovation boards should be prioritised and encouraged by the Wales Office. Assistance, whether through guidance, access to officials or secondments, should also be provided, when requested, to deal teams who intend to bid for public funds, including those from other Government departments or research bodies. (Paragraph 124)*
25. We have heard that the provision of a small sum of “seed funding” could make a big difference to Councils who are in the process of preparing bids for deals. In the future, and across all areas of the UK, the UK Government should provide a small sum of money to regions who have been invited to bid for a city or growth deal in order to help them develop a bid and reduce the strain on council finances. This is particularly true for smaller councils and for regions with local authorities involved in the bids. Although too late for the Cardiff Capital Region and the Swansea Bay Region, Growing Mid Wales and the North Wales Economic Ambition Board could still benefit from such a fund. (Paragraph 127)

Formal minutes

Tuesday 29 October 2019

Members present:

David T. C. Davies, in the Chair

Tonia Antoniazzi

Susan Elan Jones

Jonathan Edwards

Ben Lake

Draft Report (*City Deals and Growth Deals in Wales*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 127 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

[The Committee adjourned

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 17 June 2019

Iwan Trefor Jones, Lead Director, North Wales Growth Bid, **Ashley Rogers**, Chair, North Wales Mersey Dee Business Council, **Councillor Dyfrig Siencyn**, Chair, North Wales Economic Ambition Board

[Q1–31](#)

Tuesday 2 July 2019

Kellie Beirne, Director, Cardiff Capital Region City Deal, **Councillor Peter Fox**, Vice Chair, Cardiff Capital Region Board

[Q32–63](#)

Tuesday 9 July 2019

Professor Mark Barry, Professor of Practice in Connectivity, Cardiff University, **Andrew Carter**, Chief Executive, Centre for Cities, and **Robin Davis**, Director, Actica Consulting

[Q64–88](#)

Eifion Evans, Chief Executive, Ceredigion County Council, **Councillor Ellen ap Gwynn**, Chair, Growing Mid Wales Partnership, **Councillor Rosemarie Harris**, Vice-Chair, Growing Mid Wales Partnership, and **Nigel Brinn**, Corporate Director, Economy and Environment, Powys County Council (with simultaneous interpretation); ii) **Nick Miller**, Founder and Chair, Blurr Ltd

[Q89–116](#)

Tuesday 3 September 2019

Councillor Rob Stewart, Leader, and **Phil Roberts**, Chief Executive, City and County of Swansea Council

[Q117–154](#)

Tuesday 15 October 2019

Rt. Hon. Alun Cairns MP, Secretary of State for Wales and **Kevin Foster MP**, Parliamentary Under-Secretary of State for Wales

[Q155–220](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

GDW numbers are generated by the evidence processing system and so may not be complete.

- 1 Cardiff University ([GDW0007](#))
- 2 Centre for Urban and Regional Development Studies, Newcastle University ([GDW0002](#))
- 3 FSB Wales ([GDW0009](#))
- 4 Gayther, David ([GDW0011](#))
- 5 Growing Mid Wales Partnership ([GDW0008](#))
- 6 Home Builders Federation ([GDW0010](#))
- 7 Ken Skates AM ([GDW0012](#))
- 8 Mr Ian Lucas MP ([GDW0005](#))
- 9 North Wales Economic Ambition Board ([GDW0004](#))
- 10 UK Government ([GDW0006](#))
- 11 Universities Wales ([GDW0003](#))

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List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2017–19

| | | |
|-----------------------|---|---------|
| First Report | The cancellation of rail electrification in South Wales | HC 403 |
| Second Report | Brexit: priorities for Welsh agriculture | HC 402 |
| Third Report | Wylfa Newydd nuclear power station | HC 1938 |
| Fourth Report | Prison provision in Wales | HC 742 |
| Fifth Report | Devolution of Air Passenger Duty to Wales | HC 1575 |
| First Special Report | The cancellation of rail electrification in South Wales: Government Response to the Committee's First Report | HC 1535 |
| Second Special Report | Brexit: priorities for Welsh agriculture: Government Response to the Committee's Second Report | HC 162 |
| Third Special Report | Prison provision in Wales: Government Response to the Committee's Fourth Report | HC 2584 |
| Fourth Special Report | Devolution of Air Passenger Duty to Wales: Government Response to the Committee's Fifth Report | HC 2634 |
| Fifth Special Report | The suspension of work on Wylfa Newydd nuclear power station: Government Response to the Committee's Third Report | HC 2585 |

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Future Generations Assessment





| | |
|---|--|
| <p>Name of the Officer completing the evaluation:</p> <p>Kellie Beirne</p> <p>Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk</p> | <p>Please give a brief description of the aims of the proposal</p> <p>Setting out substantive performance and progress against the approved annual business plan for 2018/19.</p> |
| <p>Proposal: Quarter 2 Performance</p> | <p>Date Future Generations Evaluation form completed: 17 Dec 2018</p> |


1. Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

| Well Being Goal | Does the proposal contribute to this goal? Describe the positive and negative impacts. | What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts? |
|--|--|---|
| <p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p> | <p>Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Reporting progress in this way contributes to a growing sense of self awareness.</p> | <p>Proposals to improve progress against each of the projects currently in progress – are set out in the report. This report does not seek to simply report progress – but to address the actions needed to drive it.</p> |
| <p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p> | <p>References to submissions around the 'Energy Revolution' challenge fund are described in the report. Also recent submissions around EV and Stations of the Future</p> | <p>This activity will be driven up in future. In addition as physical infrastructure schemes enter delivery – more comprehensive assessments will need to be carried out in full.</p> |

| Well Being Goal | Does the proposal contribute to this goal? Describe the positive and negative impacts. | What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts? |
|---|--|--|
| A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood | A number of the interventions in train – Skills, Housing and Transport improvements seek to make a contribution to the way the region 'works', how it promotes opportunity and unlocks potential | |
| A Wales of cohesive communities Communities are attractive, viable, safe and well connected | The place-shaping component of our City Deal is set out in the report | A greater contribution will be made to this by the aforementioned data capability, sectoral analysis and place assessments. |
| A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing | Attending MIPIIM to promote the CCR will see us play a stronger part in developing the economic wellbeing of our region and country, thus impacting social and community objectives. It will help make our country feel more connected and outward looking. | Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth. |
| A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation | Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage. | |
| A more equal Wales People can fulfil their potential no matter what their background or circumstances | City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all. | |

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

| Sustainable Development Principle | Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why. | Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts? |
|--|---|---|
|  <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p> | <p>The report describes performance in the round. It sets out short-term interventions and balances these against the long-term delivery of major programmes.</p> | |
|  <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p> | <p>A cornerstone of our process is the strength of partnership working. An update on governance is set out in the report.</p> | |
|  <p>Involvement</p> <p>Involving those with an interest and seeking their views</p> | <p>Communications and engagement remain a feature of our work.</p> | <p>More needs to be done to develop engagement platforms – beyond formal partnerships – to reach communities, hard to reach groups and those who currently have a limited understanding of City Deal. Improving social media, web presence and marketing materials will increasingly make a contribution to this.</p> |
|  <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p> | <p>This is set out in the REGP work on the developing Regional Economic and Industrial Plan.</p> | <p>This will be an increasing focus of scheme and programme delivery.</p> |

| Sustainable Development Principle | Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why. | Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts? |
|---|---|---|
|  <p>Considering impact on all wellbeing goals together and on other bodies</p> | <p>City Deal seeks to make a contribution on place and to improving the life chances of people in the region.</p> | |

3. Are your proposals going to affect any people or groups of people with protected characteristics? Please explain the impact, the evidence you have used and any action you are taking below.

| Protected Characteristics | Describe any positive impacts your proposal has on the protected characteristic | Describe any negative impacts your proposal has on the protected characteristic | What has been/will be done to mitigate any negative impacts or better contribute to positive impacts? |
|---------------------------|---|---|---|
| Age | <p>The report is an overview of performance in all of the relevant aspects of projects, partnership, governance and investment. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.</p> | <p>None arising at this time.</p> | |
| Disability | <p>As above</p> | <p>As above</p> | |

| Protected Characteristics | Describe any positive impacts your proposal has on the protected characteristic | Describe any negative impacts your proposal has on the protected characteristic | What has been/will be done to mitigate any negative impacts or better contribute to positive impacts? |
|----------------------------------|--|--|--|
| Gender reassignment | As above | As above | |
| Marriage or civil partnership | As above | As above | |
| Pregnancy or maternity | As above | | |
| Race | As above | | |
| Religion or Belief | As above | | |
| Sex | As above | | |
| Sexual Orientation | As above | | |
| Welsh Language | As above | Not at this time but the situation will be kept under review. | |

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

| | Describe any positive impacts your proposal has on safeguarding and corporate parenting | Describe any negative impacts your proposal has on safeguarding and corporate parenting | What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts? |
|--|--|--|---|
| | | | |

| | | | |
|---------------------|--|--|--|
| Safeguarding | Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents | | |
| Corporate Parenting | Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care | | |

5. What evidence and data has informed the development of your proposal?

- Evidence and input contributed by theme leads
- Outcomes of assessments such as audit reports
- Delivery against targets set out in individual business cases/ approved project documentation

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

The areas requiring attention and focus are set out and follow-up actions will be assessed and monitored ongoing through the quarterly reporting mechanism. .

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

| | |
|--|-----------|
| The impacts of this proposal will be evaluated on: | Quarter 3 |
|--|-----------|

CARDIFF CAPITAL CITY REGION DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE INFORMATION REPORTS FOR NOTING

1. Purpose of Report

- 1.1 The purpose of this report is to inform the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee (CCRCD JOSC) of the Minutes of the Cardiff Capital Region City Deal Joint Cabinet for noting which have been published since the last meeting of the Committee.

2. Background

At the first meeting of the JOSC on 15 October 2018 members requested to receive the minutes of the meetings of the CCRCD Joint Cabinet.

3. Current situation / proposal

3.1 Information Report

The following minutes have been published since the last meeting of JOSC

| <u>Title</u> | <u>Date Published</u> |
|--|-----------------------|
| CCRCD Joint Cabinet of 12 September 2019 | 6 September 2019 |
| CCRCD Joint Cabinet of 21 October 2019 | 15 October 2019 |

4. Availability of Documents

- 4.1 These documents are published online on the CCRCD website.

5. Recommendation

- 5.1 That the JOSC acknowledges the publication of the documents listed in this report.

K Watson
Chief Officer – Legal, HR and Regulatory Services

Contact Officer: Andrew Rees
Democratic Services Manager
Telephone: (01656) 643147
Email: Scrutiny@bridgend.gov.uk



**Prifddinas
Ranbarth
Caerdydd**

**Cardiff
Capital
Region**

**Postal address: Democratic Services
Legal and Regulatory Services
Civic Offices
Angel Street
Bridgend
CF31 4WB**

Cardiff Capital Region City Deal Regional Cabinet Meeting

10.30am on Thursday 12 September 2019
Ebbw Room, Penallta House, Caerphilly County Borough Council,
Tredomen Park, Ystrad Mynach, CF82 7FQ

Minutes

Present

Leaders and Chief Executives

| | | |
|---------------------------|-----------------------------------|---------------------------|
| Cllr Garth Collier | Deputy Leader | Blaenau Gwent CBC |
| Cllr Richard Young | Cabinet Member for Communities | Bridgend CBC |
| Mark Shepherd | Chief Executive | Bridgend CBC |
| Cllr Sean Morgan | Deputy Leader | Caerphilly CBC |
| Christina Harrhy | Chief Executive | Caerphilly CBC |
| Cllr Huw Thomas | Leader | Cardiff Council |
| Paul Orders | Chief Executive | Cardiff Council |
| Cllr Kevin O'Neill | Leader | Merthyr Tydfil CBC |
| Cllr Peter Fox | Leader | Monmouthshire CC |
| Will Godfrey | Chief Executive | Newport CC |
| Cllr Andrew Morgan, Chair | Leader | Rhondda Cynon Taf CBC |
| Chris Bradshaw | Chief Executive | Rhondda Cynon Taf CBC |
| Cllr Richard Clark | Deputy Leader | Torfaen CBC |
| Cllr Neil Moore | Leader | Vale of Glamorgan Council |
| Rob Thomas | Chief Executive | Vale of Glamorgan Council |

Officers

| | | |
|-----------------------------------|--|---------------------------|
| Hrjinder Singh | Accountancy Manager | Accountable Body |
| Anil Hirani | Accountancy Manager | Accountable Body |
| Gareth Gates | Accountant | Accountable Body |
| Elizabeth Weale | Solicitor | Accountable Body |
| Jenna Walters | Solicitor | Accountable Body |
| Christopher Lee | Section 151 Officer | Accountable Body |
| Phil Lewis (<i>Item 6 only</i>) | VRP Manager | Bridgend CBC |
| Kellie Beirne | Director | City Deal Office |
| Rhys Thomas | Chief Operating Officer | City Deal Office |
| Nicola Somerville | Head of Inclusive Growth & Business Development | City Deal Office |
| Liz Fitzgerald (minutes) | C&P Support Officer | City Deal Office |
| Frances O'Brien | Chief Officer, Enterprise | Monmouthshire CC |
| Gareth Nutt* | Director of Environment | Neath Port Talbot Council |
| Rachel Jowitt | Chief Officer | Torfaen CBC |

Guests and Observers

| | | |
|-------------------------|--------------------------|--------------------|
| Anne-Marie Harkin | Financial Audit Director | Wales Audit Office |
| Philip Pugh | Audit Manager | Wales Audit Office |
| Dr Angharad Penny Evans | South East Regional Team | Welsh Government |

Apologies

| | | |
|--------------------|-------------------|--------------------|
| Cllr Nigel Daniels | Leader | Blaenau Gwent CBC |
| Michelle Morris | Managing Director | Blaenau Gwent CBC |
| Cllr Huw David | Leader | Bridgend CBC |
| Cllr David Poole | Leader | Caerphilly CBC |
| Gareth Chapman | Chief Executive | Merthyr Tydfil CBC |
| Paul Matthews | Chief Executive | Monmouthshire CC |
| Cllr Debbie Wilcox | Leader | Newport CC |
| Cllr Anthony Hunt | Leader | Torfaen CBC |
| Alison Ward | Chief Executive | Torfaen CBC |

* *By telephone for item 6*

ACTION

1. Welcome and Apologies

- (1) Cllr Andrew Morgan opened the meeting and apologies were noted.

2. Declarations of Interest

- (1) Cllr Sean Morgan declared a personal interest in respect of item 9, namely that he was a Director of CSC Foundry having been appointed to that body by his authority, Caerphilly CBC.
- (2) Cllr Clark declared a personal interest in respect of item 9, namely that he was a Director of CSC Foundry having been appointed to that body by his authority, Torfaen CBC.
- (3) Mark Shephard declared a personal interest in respect of item 9, namely that he was a Director of CSC Foundry having been appointed to that body by his authority, Bridgend CBC.
- (4) Cllr Richard Young, in his capacity as a Cabinet Member for Bridgend CBC, noted a potential conflict of interest in item 8 (given the item related to proposed funding to Bridgend CBC) and indicated that he would not exercise his right to vote on this matter.
- (5) Rob Thomas, Christina HARRY and Will Godfrey declared their interests as members of the CCR Investment Panel.

In respect of the declarations made above at paragraphs 2 (1) (2) and (3), whilst of the view that such interests were not prejudicial given the item of business falls within one of the exemptions specified in the code (namely paragraph 12.2 (III) –relates to a body to which you have been elected, appointed, or nominated by your authority) the members and officer concerned decided not to take part in the discussion and left the meeting whilst item 9 was considered.

3. Minutes of the meeting held on 15 July 2019

- (1) The minutes of the meeting held on 15 July 2019 were agreed as accurate.

4. Consolidated Statement of Accounts 2018/19 incorporating AGS

a 2018/19 Audited Statement of Accounts

Christopher Lee presented his report.

b Audit of 2018/19 Financial Statements Report

- i. Anne-Marie Harkin presented the Wales Audit Office, Audit of 2018/19 Financial Statements Report - Cardiff Capital Region City Deal and advised that the WAO were comfortable with the accounts and an unqualified audit opinion had been given in respect of the closure process. Practical issues that needed to be addressed for the following year had been flagged. Anne-Marie thanked Kellie Beirne and the Accountable Body for their support in the process.
- ii. Anne-Marie noted an issue that had been flagged where the WAO work had identified an issue in respect of the registration of members interests within one authority and the process and procedure in place to notify the CCRC Director and Accountable Body of those interests. The process in place currently was one of compliance with individual local authority procedures and policies. The WAO would be writing separately to the local authority concerned and also to the Accountable Body and City Deal Office.

It was **RESOLVED** that the Cardiff Capital Region Joint Cabinet authorised:

- i. the Chair of the Joint Committee to sign the Statement of Responsibilities for the Financial Statements on **page 13 of Appendix A**, the Annual Governance Statement on **page 59 of Appendix A** and the Letter of Representation to the Wales Audit Office for 2018/19 (**Appendix C**);
- ii. the Joint Committee Section 151 Officer to sign the Chief Financial Officer's Statement of Responsibilities on **page 14 of Appendix A**;
- iii. the Director to also sign the Annual Governance Statement on **page 59 of Appendix A** and the Letter of Representation to the Wales Audit Office for 2017/18 (**Appendix C**); and
- iv. the Accountable Body to publish the final, audited Statement of Accounts and to make arrangements for the necessary public notifications as soon as possible.

5. 2019/20 Month 04 Joint Committee Revenue Budget Monitoring Position

- (1) Christopher Lee presented his report.

It was **RESOLVED** that the Cardiff Capital Region Regional Cabinet:

- notes the actual expenditure, income and projected full year out-turn position as at 31st July 2019 (Month 04), against its approved 2019/20 Revenue Budget.

6. Valleys Regional Park

Phil Lewis joined the meeting; Gareth Nutt dialled in.

- (1) Mark Shephard introduced the report.
- (2) Phil Lewis provided an update of the Valleys Regional Park's launch on 11 September.

It was **RESOLVED** that the Cardiff Capital Region Regional Cabinet:

- i. notes the progress to date in establishing the VRP as outlined above;
- ii. agrees to receive further reports on progress at appropriate stages.

Phil Lewis left the meeting; the conference call with Gareth Nutt was closed.

7. Regional Transport Authority Delegations

- (1) Kellie introduced the report .
- (2) Cllr Huw Thomas asked for an update relating to the appendix on the Metro Plus scheme summary as regards two of the items referred to. Kellie said there was an issue with land acquisition in Merthyr Tydfil which was expected to be resolved shortly and that Transport for Wales would be taking forward the feasibility study in respect of the proposed scheme at Abertillery. The current ratings were thus notional and indicated where each of the ten schemes were currently in progress.

It was **RESOLVED** that the Cardiff Capital Region Regional Cabinet:

- 1 notes the updates on the Metro Plus Programme and the 10 projects in scope;
- 2 notes and supports the need for the Regional Transport Authority to finalise and approve the CAF at its November meeting in order to establish the framework against which the requested delegations can apply;
- 3 Amend the Regional Transport Authority's Terms of Reference (under the paragraph headed 'Functions') to include the following additional functions and delegated authority:

- [A] Delegate authority to the Regional Transport Authority ('RTA') to make decisions as regards:
- (1) the allocation of City Deal monies to individual Metro Plus projects within the envelop of the approved budget of up to £15m and
 - (2) all associated matters required to facilitate the implementation of the Metro Plus Projects within the envelop of the approved budget of up to £15m;
- [B] Delegate authority to the City Deal Director in consultation with the Chair of the RTA (or in his absence the Vice Chair of the RTA), the Accountable Body S151 Officer and the local RTA Member to authorise spend on individual approved Metro Plus projects up to the sum approved by the RTA in respect of the Metro Plus project concerned (pursuant to the above delegation) and to deal with all associated matters required to facilitate the implementation of the Metro Plus Project PROVIDED Always that in exercising any delegated powers all decisions made should:
- i. consider the broader aims and objectives of the Common Assessment framework;
 - ii. be made in accordance with the requirements of the Joint working Agreement in relation to the delivery of the Cardiff Capital Region City Deal;
 - iii. be within approved budgets and comply with any legal requirement and
 - iv. a full record (report) of the exercise of such powers shall be kept by the City Deal Director in respect of each decision taken and update reports provided to the RTA outlining decisions taken.

8. Supporting Local Sustainable Growth – Bridgend

- (1) Kellie presented the report.
- (2) Cllr Young thanked the Committee on behalf of Bridgend CBC for considering this matter and stated he would not take part in any further discussion on this item.
- (3) Cllr Richard Young, in his capacity as a Cabinet Member for Bridgend CBC, had noted a potential conflict of interest in item 8 (given the item related to proposed funding to Bridgend County Borough Council) and indicated that he would not exercise his right to vote on this matter.
- (4) Cllr Huw Thomas asked if the CCR Regional Cabinet would be writing formally to the Minister in respect of the match funding sought; Kellie confirmed that this was in hand but confirmation of match funding was awaited.
- (5) In respect of this issue, Cllr Andrew Morgan noted a lack of substantive

contact from Welsh Government and hoped some jointly funded projects could be taken forward in the coming months. It was suggested that a letter be sent to the Economy Minister, Ken Skates, setting out the CCR position and confirming the availability of £50,000 for proposal development.

It was **RESOLVED** that the Cardiff Capital Region Regional Cabinet:

- supports and approves the identification and allocation of £50,000 worth of investment from the Wider Investment Fund Programme Development Support Budget, in 2019/20 in order to develop proposal and business case propositions which can be used as the basis of driving forward place-based economic activity to mitigate and offset the proposed Ford Bridgend closure subject to securing the 'match' contribution of £50,000 from Welsh Government.

9. Strength in Places Submission of Full Business Place for CS Connected

Mark Shephard, Cllr Sean Morgan and Cllr Clark having declared personal interests left the room whilst this item was considered.

- (1) Cllr Fox introduced the report and thanked all officers who had been involved in preparing the bid. Cllr Fox reminded members that Appendices 1, 2, 3 and 5 were exempt from publication for the reasons stated on the report and agenda.
- (2) Cllr Andrew Morgan sought clarification that funding would not be drawn down until all dependent funding streams were in place.
- (3) Kellie thanked the consortium of partners who worked on the bid and confirmed the submission date of 18 September.
- (4) Cllr Thomas asked for clarity as regards comments made in respect of the bid being 'Brexit-proof' as Welsh Government had identified the CS sector as the most at risk; Kellie said Welsh Government may be referring to the impact on exchange rates and the cap-ex costs associated with construction such as imports of steel and palladium. The key trading partners and market was not Europe-based but in North America, Canada and South East Asia.
- (5) Cllr Moore queried the ratification process for the bid given it was critical that it received the highest levels of endorsement and what further support could be offered in the interim; Kellie confirmed it would be going to the CCR Investment Panel for review and consideration and a letter of support drafted. Notification of the bid would be received in February or March 2020.

It was **RESOLVED** that the Cardiff Capital Region Regional Cabinet:

ACTION

- 1) notes and approves the proposed bid/ business plan submission by the CCR Consortium on 18 September 2019 to the SIPP aimed at growing the CS Cluster;
- 2) notes the request for a financial contribution and 'match funding' from CCRCDC of an indicative £3.3m to build the £43.3m investment package. To further note that this proposed contribution will be subject to the due diligence and decision-making process under the Investment Framework; the legal position regarding the Development Agreement for Lease (which may require renegotiation with IQE to carve out the CS Connected HQ 'site'); and State Aid considerations, should the bid be successful and compliance with all other relevant legal requirements;
- 3) endorses the commissioning of Yole to the value of £25k (from the approved Projects Development Fund) in order to secure independent data and evidence to supplement the bid and inform the future narrative around targeted regional cluster development;
- 4) approves the principle of exploring options with regards to land acquisition potential (as detailed in the report) and seeking of all relevant professional advice. To note that any formal proposal constructed will be subject to the Investment Framework process and full cabinet decision-making and
- 5) notes progress made with WG regarding joint support for the sector and future growth of the cluster.

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Cardiff Capital Region City Deal Special Regional Cabinet Meeting

9.30am on Monday 21 October 2019
Ebbw Room, Penallta House, Caerphilly County Borough Council,
Tredomen Park, Ystrad Mynach, CF82 7FQ

Minutes

Present

Leaders and Chief Executives

| | | |
|----------------------------|--------------------|---------------------------|
| Cllr Nigel Daniels | Leader | Blaenau Gwent CBC |
| Michelle Morris | Chief Executive | Blaenau Gwent CBC |
| Cllr Huw David | Leader | Bridgend CBC |
| Mark Shephard | Chief Executive | Bridgend CBC |
| Cllr Barbara Jones | Interim Leader | Caerphilly CBC |
| Cllr Sean Morgan | Cabinet Member | Caerphilly CBC |
| Christina Harrhy | Chief Executive | Caerphilly CBC |
| Cllr Caro Wild | Cabinet Member | Cardiff Council |
| Cllr Kevin O'Neill | Leader | Merthyr Tydfil CBC |
| Ellis Cooper | Assistant Director | Merthyr Tydfil CBC |
| Cllr Peter Fox | Leader | Monmouthshire CC |
| Paul Matthews | Chief Executive | Monmouthshire CC |
| Cllr Debbie Wilcox | Leader | Newport CC |
| Will Godfrey | Chief Executive | Newport CC |
| Cllr Andrew Morgan (Chair) | Leader | Rhondda Cynon Taf CBC |
| Chris Bradshaw | Chief Executive | Rhondda Cynon Taf CBC |
| Cllr Anthony Hunt | Leader | Torfaen CBC |
| Alison Ward | Chief Executive | Torfaen CBC |
| Cllr Neil Moore | Leader | Vale of Glamorgan Council |
| Rob Thomas | Chief Executive | Vale of Glamorgan Council |

Officers

| | | |
|-------------------|--|------------------|
| Jenna Walters | Solicitor | Accountable Body |
| Anil Hirani | Accountancy Manager | Accountable Body |
| Gareth Gates | Accountant | Accountable Body |
| Christopher Lee | Section 151 Officer | Accountable Body |
| Kellie Beirne | Director | City Deal Office |
| Rhys Thomas | Chief Operating Officer | City Deal Office |
| Nicola Somerville | Head of Inclusive Growth & Business Development | City Deal Office |
| Liz Fitzgerald | Business Development & Partnerships Officer | City Deal Office |
| Mari Lowe | Business Development & Partnerships Officer | City Deal Office |
| Nicola Butler | Business Support | City Deal Office |

Guests and Observers

| | | |
|-------------------------|--|---------------------------|
| Victoria Robinson | Operational Manager for Planning & Building Control | Vale of Glamorgan Council |
| Alastair Milburn | Managing Director | Effective |
| Ffion Pocock | Senior Account Manager | Effective |
| David Rosser | Regional Manager | Welsh Government |
| Dr Angharad Penny Evans | South East Regional Team | Welsh Government |

Apologies

| | | |
|--------------------|-----------------|--------------------|
| Cllr Huw Thomas | Leader | Cardiff Council |
| Paul Orders | Chief Executive | Cardiff Council |
| Cllr Kevin O'Neill | Leader | Merthyr Tydfil CBC |

ACTION

1. Welcome and Apologies

- (1) Cllr Andrew Morgan opened the meeting and apologies were noted.
- (2) Attendees observed a minute's silence for the anniversary of the Aberfan disaster.

2. Declarations of Interest

- (1) Cllr Sean Morgan declared his interests as a member of the Regional Transport Authority and CSC Foundry Boards.
- (2) Michelle Morris, Rob Thomas and Paul Matthews declared their interests as members of the CCR Investment Panel.
- (3) Cllr Barry declared his interest in respect of the Metro.
- (4) Mark Shephard declared a personal interest as a Director of CSC Foundry having been appointed to that body by his authority, Bridgend CBC.
- (5) Cllr Jones apologised to all members of the City Deal for any inconvenience caused by the actions of the Member for Caerphilly CBC.

3. Minutes of the Previous Meeting

- (1) The minutes of the meeting held on 12 September 2019 were agreed as accurate.

4. Disclosure of Interests – Addressing Proposals Related to WAO Audit of Financial Statements 2018-19

- (1) Kellie Beirne introduced the report. The WAO had written to Kellie and Christina Harray. The response sets out what the WAO had said and that regard must be had to proper processes and disclosures of

KB

ACTION

interest. Members and officers are reminded of their responsibilities under the Code of Conduct.

- (2) The CCR Regional Cabinet fully endorsed all the recommendations and suggestions. Training for officers and members was recommended.
- (3) Christina advised that the authority had dealt with the issues formally and robustly.

CDO

- (4) Kellie confirmed that paragraph 5 in the Joint Working Agreement would be updated to take account of the WAO's explicit recommendations. Kellie said that the Accountable Body had advised that as it was not a substantive matter it did not require authorisation by the CCR Regional Cabinet.

- (5) It was **RESOLVED** that the Cardiff Capital Region Joint Cabinet:

- (1) considered and noted the recommendations made by the WAO in respect of Registrations of Interest;
- (2) endorsed and approved the proposed responses and actions set out above in respect of addressing the recommendations made;
- (3) agreed to receive updates as part of ongoing quarterly performance monitoring in respect of progress on the key proposed actions set out above and;
- (4) approved the proposed amendment to the JWA as set out in paragraph 5 to the report.

5. Investment Panel Recommendations to Regional Cabinet – Sift Approvals to Next Stage

- (1) Cllr Morgan reminded members that Appendix 2 was exempt.
- (2) Kellie introduced the report. There was a brief discussion around projects and progress.
- (3) It was **RESOLVED** that the Cardiff Capital Region Joint Cabinet:
 - approved the Terms of Reference for the Investment Panel, which are in line with the previously agreed 'advisory' function of the group;
 - approved the recommendations made by the Investment Panel (set out in full in the attached Recommendation Log) in respect of approving the three projects at SIFT phase;
 - in respect of the proposals to develop i) a Housing Investment Fund and ii) Transport Interchange at Cardiff 'Metro Central';
 - (1) noted and approved the attached conditions and

- (2) approved the release of £198,000 of Programme Development Support Budget to enable the commencement of due diligence and the next phase of business case development;
- in respect of the proposal to fibre enable Core Valleys Lines noted further details on any proposals would be reported back to the Regional Cabinet;
- endorsed the need for a member of the Investment Panel to attend in an observational capacity, meetings of the Regional Transport Authority in respect of the process of assessing investment submissions against the Common Assessment Framework and,
- considered and agreed the proposal of Investment Panel to nominate the Chief Executive of Cardiff Council as the new representative of the Chief Executive's Group/ Programme Board in order to complete the line-up and ensure constancy and continuity.

Cllr David joined the meeting.

6. Regional Response to Welsh Government Consultation on Draft National Development Framework 2020-2040

- (1) Vicky Robinson introduced the report.
- (2) Kellie clarified the recommendations as some last-minute changes had been made. She confirmed a letter would be sent to the Minister on behalf of the Portfolio Lead to highlight items at a regional level.
- (3) Discussions took place around concerns that the consultation did not address all the issues of the region or that matters were not adequately joined up. Whilst some authorities would be writing to the Minister directly, Cllr Morgan agreed to draft a letter on behalf of the CCR Regional Cabinet.
- (4) It was **RESOLVED** that the Cardiff Capital Region Joint Cabinet:
 - noted the content of this report and the discussion paper at Appendix 1 and endorsed the CCR Chair and Portfolio Lead, Cllr Neil Moore, in responding formally to the consultation with the CCR response.
- (5) Cllr Morgan noted that this was Cllr Wilcox's last formal meeting as she would be attending the House of Lords full-time from 1 December. Cllr Morgan thanked Cllr Wilcox for all her support and efforts for the CCR City Deal. Cllr Wilcox in turn thanked colleagues for their support and the progress and direction of the CCR City Deal; she hoped that the regional working that had been established would continue to grow.



CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

20 January 2020

TITLE: FORWARD WORK PROGRAMME, TRAINING AND SCHEDULE OF MEETINGS

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

Reason for Report

1. The purpose of the report is:
 - a) To develop a Forward Work Programme (FWP) of items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee (JOSC);
 - b) To ask the JOSC to identify any invitees to attend future meetings to contribute to discussions and deliberations;
 - c) To identify any training requirements required by the JOSC and;
 - d) To agree a schedule of meetings of the JOSC

Background

2. An effective FWP will identify the issues that the JOSC wishes to focus on throughout the year and provide a clear rationale as to why particular issues have been selected, as well as the approach that will be adopted.
3. The FWP will remain flexible and will be revisited at each JOSC meeting with input from Members and officers on suggested topics for consideration.

Proposal

4. Attached at **Appendix A** is the JOSC Draft Forward Work Programme. The JOSC is asked to first consider and determine an item to be considered at their next meeting to be held in March 2020. It is proposed that the JOSC agrees one item for consideration to each meeting to allow sufficient time for possible training sessions, Forward Work Programme planning, site visits and/or presentations from Officers at CCRCD. Members should also consider what further detail they would like the report to detail, including a list of potential questions they wish to be addressed, and who they would like to invite to attend the meeting to assist Members in their investigation.
5. Attached at **Appendix B** is a scrutiny criteria form which Members can use to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The criteria form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits those in the CCRCD areas. Members are requested to complete the criteria form and return it to the scrutiny officer with any suggested items they wish to consider at a future meeting. Completed criteria forms will then be considered by the JOSC at its next meeting.

Training requirements

6. To assist Members in their role as a JOSC Member the Members are requested to consider any training requirements they have in relation to the Cardiff Capital Region City Deal. Scrutiny Officers will develop a schedule of training for JOSC Members which will also remain flexible and brought back to each meeting for consideration and scheduling.

Future Meetings

7. Members have requested that where possible the location of future meetings of the JOSC should be held, where possible throughout the regional offices of those Authorities that are part of the CCRCD, taking into consideration that all meetings of the JOSC are to be held in public. Based on what the JOSC agree for their Forward Work Programme, officers will look at appropriate timings for these items and look to schedule them in calendars in the near future. The number of meetings to be held in 2019/20 has been increased to 4. The number of meetings and budget for the JOSC will be considered on an annual basis.

Financial Implications

8. The 2018/19 Joint Cabinet Budget contains a contingency budget in the sum of £69,500, an element of which has been set aside to meet the cost of developing the Joint Scrutiny Committee arrangements. Based on initial estimations provided for the first year, it was agreed that an amount of £25,000 would be allocated to the Host Authority to carry out the Joint Scrutiny role. From 2019/20 the budget headings will be realigned to separately identify the pre-determined sum from the remaining contingency budget.

Legal Implications

9. General advice:

In considering this matter regard should be had, amongst other matters, to:

- (i) The Councils' duties under the Well-being of Future Generations (Wales) Act 2015 and;
- (ii) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief.

Reason for Recommendations

To determine a clear Forward Work Programme, schedule of future meetings, and training requirements for the JOSOC.

Recommendations

The JOSOC is recommended to:

- (i) Consider and discuss items to include on their FWP taking into consideration the draft Forward Work Programme attached at **Appendix A**
- (ii) Identify further items for consideration on their FWP using the criteria form attached at **Appendix B** including identifying invitees for future meetings;
- (iii) Consider and develop a schedule of training requirements for the JOSOC.

- (iv) Consider the schedule of future meetings of the JOSC including frequency of meetings and location of venue.

Kelly Watson

Chief Officer – Legal, HR and Regulatory Services

Contact Officer: Andrew Rees

Telephone: 01656 643147

Email: scrutiny@bridgend.gov.uk

Postal Address Bridgend County Borough Council,
Civic Offices,
Angel Street,
Bridgend.
CF31 4WB

The following Appendices are attached:-

Appendix A – Draft Forward Work Programme

Appendix B – Scrutiny Criteria Form

The following background papers have been taken into account:-

CCRCD Joint Cabinet Report on the Governance Arrangements for the Regional Scrutiny Committee 20 November 2017

Cardiff Capital Region City Deal - Forward Work Programme

CCRCD Joint Scrutiny Forward Work programme

| Date | Item | Information Request/Purpose/ Rationale | Invitees |
|--------------|---|---|--|
| 24 June 2019 | CCRCD Governance Structure | <ul style="list-style-type: none"> Report detailing the structure and governance arrangements, including who sits where, what and where responsibilities lie and how the decision making process takes place. | |
| 24 June 2019 | CCRCD End of Year/Quarter 4 Performance Report | <ul style="list-style-type: none"> To monitor and scrutinise the CCRCD end of year/Quarter 4 Performance report. | |
| 24 June 2019 | Investment and Intervention Framework | <ul style="list-style-type: none"> The 'Investment and Intervention Framework' report – to receive detailed information on targets, PIs and expected outcomes for CD | |
| 23 Sep 19 | Transport Authority – Metro Plus | <ul style="list-style-type: none"> Training/ Briefing Session | <p>Kellie Beirne Cllr Andrew Morgan CCR Transport Authority for Wales Cllr Huw David</p> |
| 23 Sep 19 | Skills Partnership – Developing a Skilled Workforce and Tackling Unemployment | <ul style="list-style-type: none"> A key part of the CCRCD remit is to add 5% to GVA for the region, increase productivity and promote equality of outcomes so that the benefit of growth is shared more equally within the population. This will not be possible without developing a skilled workforce and tackling unemployment. How will this be achieved? Education – How are CCRCD liaising with schools, colleges and universities to ensure that students are aware of the potential opportunities and apprenticeships available to them <i>(Skills Partnership Business Plan? – What are targets? Expected outcomes? etc)</i> | <p>Kellie Beirne Cllr Andrew Morgan</p> |

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| 23-Sep-19 | Q1 Performance Report Information only | <ul style="list-style-type: none"> To monitor and scrutinise the CCRCQ1 Performance report. | |
| January 2020 TBC | Economic Growth Partnership – Industrial and Economic Growth Plan | <ul style="list-style-type: none"> Business Plan as approved by Cabinet on 18 February 2019 What are targets? Expected outcomes? etc | Frank Holmes Chair. Founding Partner, Gambit Corporate Finance LLP |
| January 2020 TBC | Q2 Performance Report | <ul style="list-style-type: none"> To monitor and scrutinise the CCRCQ2 Performance report. | |
| Late March 2020 TBC | Q3 Performance Report | <ul style="list-style-type: none"> To monitor and scrutinise the CCRCQ3 Performance report. | |
| Late March 2020 TBC | Regional Business Council | <ul style="list-style-type: none"> <i>Business Plan?- What are targets? Expected outcomes? etc)</i> | |
| Late March 2020 TBC | Supporting Enterprise and Business Growth | <ul style="list-style-type: none"> How do we achieve an increase in productivity and business growth while maximising equality outcomes More information on what activity is being undertaken regarding the £4bn of private leverage | |
| TBC | Terms of Reference | <ul style="list-style-type: none"> For the Committee to approve their revised terms of reference. | |
| TBC | South Wales Metro | Report to include the following: <ul style="list-style-type: none"> Timescales, CCRCQ , implementation plan Outline Plans – concern that some more rural areas are not included within the plan What investment opportunities are available? | |
| TBC | Housing Development Fund | <ul style="list-style-type: none"> £30million investment. Is this enough to meet housing development targets? | |

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| | | <ul style="list-style-type: none"> • Where are the priority areas? • £30m does not seem a lot when all LA's in the JWA have targets to meet with regards to housing development. | |
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Other areas for further exploration

- Town centres appear to be suffering across the region. Is there anything planned to invest in these areas?
- Alternative methods for energy such as hydro and solar as these are cost saving potentials.
- There is great potential across the region to increase tourism and this also links into the infrastructure.
- Education
- Marketing

Training Requirements

The Committee requested that a future workshop be held to revisit and reconsider their own Terms of Reference and processes with the view to improving the ways of working of the Joint Committee. This is being progressed with Public Governance Wales.

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| Potential items proposed for the Forward Work Programme - questions to consider | |
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| Proposed Item | |
| Is this item within the remit of the JOSC? | |
| Is it a public interest item? | |
| What are the questions that need answering? | |
| Then: | |
| What is the expected outcome from receiving the item? | |
| What can be achieved? | |
| What impact can Members have on this area? | |
| What information should be reported to the JOSC? I.e. data, case studies, examples of outcomes, challenges etc. | |
| How should information be presented at the meeting? I.e. PowerPoint/Prezi presentation, audio/visual formats, photos, graphics, charts, maps etc. | |
| Who should be invited to contribute to achieve a representative picture? I.e. Cabinet Members, Directors, Senior Officers, External partners and Organisations | |
| What is the proposed rationale for prioritising this item? | |

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