

24 June 2019

---

## **INVESTMENT AND INTERVENTION FRAMEWORK AND TOOLKIT**

### **REPORT OF CLLR PETER FOX AND CLLR HUW THOMAS**

---

#### **Reason for this Report**

1. To present to Regional Cabinet a proposal to establish the Investment and Intervention Framework and Toolkit (IIF) providing an objective and robust evaluation procedure to assess and prioritise deliverable investment projects funded from the Wider Investment Fund. The report sets out that the Investment and Intervention Framework and Toolkit is part of the overall Assurance Framework and is the means through which the principles of the Assurance Framework can be practically applied.
2. To outline proposals for setting-up a new Investment Panel as part of the Investment and Intervention Framework and Toolkit and detail arrangements for the transition of the existing Programme Board.
3. To provide details of how the Investment and Intervention Framework and Toolkit is to be marketed and launched.

#### **Background**

4. The Cardiff Capital Region City Deal is a £1.229bn investment over twenty years that is expected to create 25,000 new jobs, leverage an additional £4bn of investment in the region and provide a 5% Gross Value Added (GVA) uplift.
5. There are two components to the Deal – the £734m investment in the South Wales Metro and the £495m Wider Investment Fund (WIF). The delivery of the Metro programme is being overseen by Transport for Wales and the deployment of the WIF is the responsibility of Regional Cabinet. When comparing the City Deal core aims and objectives with other comparable city deals in the UK, it is reasonable to assume that the targets are for the entirety of the City Deal funding and not only the WIF. Discussions are ongoing with UK Government to clarify this position.

6. Governance arrangements for the City Deal are set out in the Joint Working Agreement (JWA) which amongst other matters contained an Assurance Framework. The Assurance Framework was approved by UK Government, Welsh Government and by each of the ten local authorities comprising the CCRC when approving the JWA. The Assurance Framework provides an overarching process for funding decisions to be made by Regional Cabinet.
7. The Assurance Framework requires investment decisions to be guided by the JWA Business Plan and recommends that a 'Regional Impact Assessment Toolkit' (Investment and Intervention Framework and Toolkit) should be developed and supported by a 'Prospectus for Growth and Prosperity' (CCR Industrial and Economic Plan – endorsed by Regional Cabinet in February 2019). This approach was required due to timescales and the absence of a detailed pipeline of investment projects at the inception of the City Deal, and serve to provide an objective and robust evaluation procedure to assess and prioritise deliverable investment projects.
8. Building on the JWA and JWA Business Plan, the Investment and Intervention Framework and Toolkit (IIF) will further define the core aims and objectives of the WIF, establish the investment criteria and financial criteria and provide a tool for Regional Cabinet to formally evaluate and prioritise investment projects.

#### **Investment and Intervention Framework and Toolkit**

9. The 'Regional Impact Assessment Toolkit' as outlined in the Assurance Framework will be referenced and known as the Investment & Intervention Framework and Toolkit (IIF) – a strategic but practical 'how to' guide for the deployment of the WIF. The IIF will illustrate that the region is open for business and further, will clearly state how the region wishes to conduct its business.
10. The IIF is designed to evolve throughout the lifespan of the City Deal as local priorities change, the public funding landscape evolves, and lessons are learnt from early investments. As such the IIF will be kept under annual review, through the annual business planning process, to ensure it continues to meet the specified needs of Regional Cabinet. The IIF is based on an evergreen principle – an investment focus with return on investment high on the agenda. The return on investment will take one or more of three primary forms:
  - economic growth – delivering against the City Deal core aims and objectives of job creation, investment leverage and GVA uplift;
  - economic inclusion – creating opportunity for all and to distribute the dividends of increased prosperity fairly to encourage and enable participation in the economic life of the region as employers, entrepreneurs, consumers and citizens; and
  - financial return on investment – repayable investments – generating an evergreen investment fund for Regional Cabinet that is focussed on 'pull' investment and regenerative growth, enabling Regional Cabinet to live off the interest and not the capital.

11. The purpose of the IIF is to ensure the delivery of the core objectives of the City Deal (job creation, investment leverage, and GVA uplift); driving economic growth and economic inclusion across the region, enhancing productivity and prosperity by reducing the restrictions to economic growth, addressing economic disparities across the region, and delivering the priorities as set out in the CCR Industrial and Economic Plan.
12. Objective criteria, as set out in the Sift Questionnaire, will be used to initially assess and score a wide range of projects in an independent way providing Regional Cabinet with the best means of receiving clear and impartial advice on which projects to take forward for detailed consideration. Projects taken forward will then be evaluated following an appraisal process consistent with HM Treasury's Green Book and Business Case Appraisal Process, applied in a proportionate manner. The advice for Regional Cabinet will be via the CCR Director, the Economic Growth Partnership and Programme Board, all of which will be further advised by an Investment Panel – a mix of public and private sector representatives. Regional Cabinet will retain decision making responsibilities, for approving projects, as set out in the Assurance Framework and JWA. The key operating principles, key features and process for the IIF are outlined in appendices 2 and 4.
13. The approach of the IIF exemplifies the appraisal outlined in the Assurance Framework and is consistent with the HM Treasury's Green Book and Five Case Model. Advice has been sought from advisors on how we implement a proportional approach to the investment appraisal process to ensure that the principles of the Five Case Model are adhered to. We will assess proposals on a case-by-case basis taking into account scale, value and complexity – see Financial Implications. The judgement of the proportionality of the approach to the development of the Full Business Case will be taken when appraising the Strategic Outline Case.
14. The development of the IIF proposals have included discussions with both the Welsh and UK Governments, and both are supportive of the progressive principles that underpin the IIF. Both governments are also comfortable that the approach outlined is consistent with the governance arrangements set out in the JWA. The early and ongoing engagement with both Welsh and UK Governments has been imperative to manage and mitigate the risks of establishing and operationalising key aspects of the Assurance Framework.

### **Investment priority areas and indicative allocations**

15. In order to consider the range of projects across the investment portfolio, the IIF will have three interconnected investment priorities to allow fair and transparent comparison of projects to be undertaken, ensuring they are aligned to CCR priorities as outlined in the Industrial and Economic Plan. These are:
  - 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 sites;

- innovation priorities – propositions that focus on innovation that increases productivity from the foundational economy through to propositions that demonstrate unique Intellectual Property, market leadership and competitive strength; and,
  - challenge priorities – seeking to attract the best solutions for specific challenges faced by the region, and opportunities within the UK Industrial Strategy.
16. The evergreen principle applies to the fund as a whole across the three investment priority areas. It is acknowledged that not all projects will directly meet this criteria (that is, provide a financial return on investment), but such projects may be taken forward if they provide important returns such as economic growth and economic inclusion. With the Innovation priorities it is clear to see how the evergreen principle will apply, as these investments will be made via repayable instruments. There are also a number of potential alternative mechanisms available for deployment for innovative return on investments on infrastructure projects, for example, Investment Recovery Charge, Joint Venture Investments, and other fiscal income streams. The Challenge priorities return on investment will be through a mixture of repayable and risk investment returns by fostering a wider ecosystem development benefit.
17. The WIF has a total allocation of £495m, however, Regional Cabinet have resolved that up to 3% of the fund is to be ‘top-sliced’ to provide financial support to a range of Regional Bodies and to progress the detailed work on individual projects (Programme Development and Support). The balance (circa £480m) will need to be allocated across the three investment priorities. Following an initial assessment of what contributions the various investment priorities will make to the core aims and objectives of the City Deal the following indicative allocations are proposed:
- infrastructure priorities - £200m
  - innovation priorities - £200m
  - challenge priorities - £80m
18. These initial allocations are based on (i) the JWA Business Plan and (ii) a set of base assumptions around the contribution and deliverability that each investment priority of innovation, infrastructure and challenge will make to the City Deals core aims and objectives (jobs, leverage and GVA uplift) against the wider aims of the economic inclusion and financial return on investment. The current balance is considered appropriate at this stage. These allocations will need to be kept under review in light of actual projects approved by Regional Cabinet and the achievability of the core aims and objectives. Therefore it is fully envisaged that allocations from one priority area to another will change over time.
19. Appropriate investor readiness support will be signposted and provided to project proposers on a case-by-case basis to ensure that the investment propositions being considered by Regional Cabinet are mature and robust and ready for investment.

## **Sift Questionnaire**

20. The Sift Questionnaire (attached as appendix 1) will be used to assess the applicant's outline project proposal to determine its 'in principle' suitability for funding support from a strategic fit perspective. The questionnaire will identify the suitability of the applicant and project proposal against the core aims and objectives, alignment with the Industrial and Economic Plan, and deliverability of the proposal. Initial assessment work will be led by the Chief Officer (Investment) with support from the Office of the City Deal, under delegated authority provided to the Director in consultation with the Investment Panel.
21. The Strategic Outline Case in the Five Case Model will result from an assessment of the Sift Questionnaire and the applicant's outline project proposal.

### **Overarching Funding Agreement**

22. The Overarching Funding Agreement (attached as appendix 2) sets out in detail how the Investment and Intervention Fund and Toolkit will operate in practice, the delegations and processes required for it to be operationalised under the oversight of Regional Cabinet, how it refers back to the Assurance Framework and the JWA, and the duties of the Accountable Body.

### **Portfolio Leads for Regional Cabinet**

23. The Assurance Framework provided that, in order to focus activity and promote delivery, a portfolio arrangement would be introduced. At the time the Assurance Framework was prepared a number of portfolios were identified, some of which were shared. Given the work done on preparing the IIF it seems opportune to review and revise the Cabinet Portfolio areas. The proposed Cabinet Portfolios have been designed to align with the priorities identified and the implementation of the IIF. The proposed portfolios are set out in full at Appendix 5.
24. There are 9 new portfolio areas identified with the Chair having an open portfolio, reflecting the requirement for overall oversight, policy and strategy development and the need for liaison with UK and Wales Governments. It is suggested that one Council Leader is appointed to each portfolio (though two or more members could be appointed to a portfolio if they have a particular interest in that area) and that the portfolio appointments are reviewed at the first meeting of Regional Cabinet in each Municipal year, or at any other meeting of Regional Cabinet, upon request of a Cabinet Member. If the recommendations in this report are approved then a further report will be brought to the next meeting of Regional Cabinet to seek nominations for and agree the allocation of portfolios.
25. Under the terms of the JWA no individual member has decision making authority, decisions being made at meetings of Regional Cabinet or under delegation to an officer. It is not proposed to alter this, in the change to portfolio arrangements. The revision of the portfolio arrangements is not seen as a substantive amendment to the JWA and is within the remit of Regional Cabinet to agree, if members find the proposals acceptable

### **Investment Panel**

26. As part of the IIF, Regional Cabinet are asked to establish an advisory group, referred to as the Investment Panel to add further robustness to the advice received by the Director and Regional Cabinet when considering project applications. The Investment Panel will be advisory and will give independence, technical support and expertise to the process of project appraisal, including consideration of recommendations being made to the Regional Economic Growth Partnership and Programme Board. It will also have an active role in reviewing live projects ensuring deliverability against agreed criteria.
27. The Investment Panel will be made up of ten members; five from the Regional Economic Growth Partnership, and five representatives from public bodies with the relevant commercial and financial expertise. It is proposed that the Chief Executives Group/Programme Board will recommend the five public body representatives and the Regional Economic Growth Partnership will recommend its five representatives to the Director, who will approve their nominations in consultation with the Chair and Vice-Chairs of Regional Cabinet.
28. In addition to the core ten members of the Investment Panel, the Investment Panel will have the ability to co-opt members to the panel with specialist expertise to assist with their project appraisal as and when required – for example specialist expertise in transport for transport-related schemes.
29. The Investment Panel role is advisory to the Economic Growth Partnership, Programme Board and the Regional Director. The detailed meeting procedure rules and terms of reference for the Investment Panel are being developed but this Panel will not have any decision making powers and is not intended to be a sub-committee of Regional Cabinet. Due to its role in providing investment appraisal advice on specific project applications, where financially-sensitive information relating to third parties will be considered, it is likely that its meetings will not be open public meetings. The outcomes of its discussions will, however, be captured in the Quarterly Performance Reports of the Director to Regional Cabinet and in project specific reports to Regional Cabinet, to ensure transparency. The meeting rules will contain provision as regards conflict and declarations of interests.

### **Programme Board**

30. The role of the local authority Chief Executives will be formalised by becoming the core component of the Programme Board. This will provide additional assurance to the project appraisal process. The Terms of Reference for the Programme Board will be reviewed and updated as necessary upon establishment of the Investment Framework.

### **Procurement of External Advisors**

31. The project appraisal process will have a robust due diligence aspect, and external advisors will need to be procured via a framework agreement to call upon, as and when required, to provide in-depth specialist due diligence advice covering legal, financial, commercial and technical advice.
32. Due diligence will principally be undertaken at two stages of the project appraisal process. Initial due diligence will be undertaken as required to ensure that the Strategic Outline Case adequately assesses the Sift

Questionnaire and applicant's outline project proposal. Delegated authority to the City Deal Director is requested as part of this report to procure initial due diligence advice and where the estimated value of the appointments for any one project proposal does not exceed £100,000. Full due diligence costs will be a consideration of Regional Cabinet in approving the Strategic Outline Case.

### **Launch and Marketing of the Investment and Intervention Framework**

33. Subject to Regional Cabinet approval, it is proposed that the Investment and Intervention Framework and Toolkit is launched during Wales Festival of Innovation (15-29 June 2019) in a location within the Cardiff Capital Region. An Investment Fund manual will be developed to support stakeholder awareness, communication and engagement with the IIF.

### **Delegations**

34. In order to complete the IIF, the report recommends that delegated authority is granted to the City Deal Director to finalise the Overarching Funding Agreement Sift Questionnaire and other associated documentation, including completion of the following:

- Investment Manual – working draft included in appendix 3;
- KPI assessment model – to ensure that across the portfolio of projects funded from the IIF that appropriate and proportional contribution is made to the overall aims and objectives of the City Deal; and
- Sift Questionnaire – weightings and scores for each question,

subject to such delegation being exercised:

- (i) in consultation with the Chair of Regional Cabinet and the S151 Officer for Regional Cabinet; and
- (ii) such that the substance of the Overarching Funding Agreement and IIF approach shall not differ in any material respect to that outlined in this report.

35. To facilitate the IIF process this report seeks that delegated authority is granted to the Director to:-

- (i) procure and appoint a panel of advisers to provide in-depth specialist due diligence advice covering legal, financial, commercial and technical advice that may be required in order to assess a project that is being considered for CCRCD funding;
- (ii) engage any individual, person, firm, partnership or company (and determine the terms of the contract), where the estimated value of the appointments for any one project proposal does not exceed £100,000 and costs can be met from within approved budgets (and note that the delegation set out in Schedule 1 of the Joint working Agreement (Delegations Policy) paragraph 27 is so amended;

- (iii) to appoint, from time to time, the members of the Investment Panel, in accordance with the nomination process set out in paragraph 27 of this report; and
- (iv) carry out such tasks as are required and allocated to the Director under the Overarching Funding Agreement,

subject to such delegations being exercised: (i) in consultation with the Chair of Regional Cabinet and the S151 Officer for Regional Cabinet; and (ii) any resultant costs incurred being within approved budgets.

### **Reasons for Recommendations**

- 36. To seek Regional Cabinet's approval to establish the Investment and Intervention Framework and Toolkit as set-out in the WIF Assurance Framework.
- 37. To create the new Investment Panel as detailed in the Overarching Funding Agreement to support the implementation of the IIF and to transition the current Chief Executive's group to the Programme Board in order for Chief Executives to have a formal role in the process.
- 38. To seek approval of the IIF marketing and its launch.

### **Declarations of Interest**

- 39. The development and implementation of the IIF offers a timely opportunity to review and refresh process and practice around Declarations of Interest. In respect of Regional Cabinet, individual members are subject to their authority's respective Code of Conduct for members and declarations of interests are made via the policies and procedures in place with individual Councils. Advice on Declarations of Interest is to be sought from the individual Council's Monitoring Officer. At the start of every Regional Cabinet Meeting, provision is made to declare any interest held in relation to matters that are on the agenda for that meeting and to not take part (leave the meeting) where interests are 'prejudicial'. These same procedures also apply to the Regional Transport Authority as a sub-group of the Regional Cabinet.
- 40. For all partnerships that sit within the City Deal governance structure, particularly the Economic Growth Partnership, Declarations of Interest is one of the first items on every agenda with a paragraph to denote the responsibility placed upon the individual to make the necessary disclosures and what this involves – similar to the above process for Regional Cabinet.
- 41. The City Deal Director will undertake a review of current processes in conjunction with advice from the Accountable Body Monitoring Officer and will recommend enhancements and reinforcements as and where they are deemed necessary. Beyond proposing that disclosures are up-to-date and published in accordance with individual Council's own guidelines, this will also include re-issuing to members and partnerships alike, guidance from the Public Services Ombudsman for Wales and the enhanced Nolan Principles.



## Scrutiny

42. It will be a matter for joint scrutiny to determine if it wishes to carry out scrutiny of any proposed projects as it proceeds through the IIF. However, the City Deal Director will work with the Joint Scrutiny Committee to inform and shape its forward work programme.

## Wellbeing Future Generations Implications

43. In developing the IIF 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 CCRC) 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 objectives and in so doing achieve the national well-being goals.

The well-being 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 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 6.

## **Legal Implications**

44. External legal advice (from Pinsent Masons) has been sought on developing the Investment and Intervention Framework ('IIF') and toolkit, drafting of the Overarching Funding agreement, and on the holding of the fund (either as fund or series of funds).

### **Overarching Funding Agreement**

- A. The report seeks approval to the conclusion of the Overarching Funding Agreement (a comprehensive draft of which is attached at appendix 2 to this report) and to delegate authority to the City Deal Director to finalise the Overarching Funding Agreement and associated documentation.
- B. Put simply, the Overarching Funding Agreement confirms the procedure for the initial evaluation of applications for City Deal funding (SIFT); the process for implementing the Investment Framework (the framework for assessing and evaluating applications); the interplay between the Joint Committee and relevant parties; and confirmation of the decision making process.
- C. It is not practical in this legal advice to consider the agreement clause by clause and it is noted that the body of the report outlines the IIF process. The following points are, however, noted:-
- (I) As members will be aware, the Councils established the Cardiff Capital Region City Deal ("City Deal") and entered into the Joint Working Agreement on 1 March 2017 ("JWA") to formalise their respective roles and responsibilities in relation to the City Deal. The JWA, amongst other matters, established the Joint Committee ('Regional Cabinet') that is responsible for overseeing and co-ordinating the discharge of the Councils' obligations in relation to the City Deal and sets out the decision making powers of the Joint Committee. It is important to note that the Overarching Funding Agreement is not intended to replace the JWA. The Overarching Funding Agreement specifically provides that it shall not serve to amend or in any way take priority over the terms of the JWA.
  - (II) Decision making in respect of approving applications (including the decision to progress applications through various stages in the process) remains with Joint Committee.

- (III) The fund will continue to be held by the Accountable Body, targeted at the three investment priorities (Innovation, infrastructure and Challenge) referred to in the report.
- (IV) The Overarching Funding Agreement importantly sets out the investment criteria, which will be used to initially assess applications at the SIFT stage.
- (V) Applications taken forward for consideration will be the subject of detailed due diligence undertaken in accordance with the Assurance Framework and the Investment Framework, which framework is predicated on a 'Proportionate Business Case Development Process, which is in turn a due diligence process based on the HM Treasury Green Book (using the Five Case Model) as amended, on a proportionate basis to reflect the scale, nature and complexity of the relevant application.

It is appreciated that the Overarching Funding Agreement, which lists each Council as a party, may be seen as a complex way of dealing with matters and may beg the following questions:-

Whether the decision on to conclude the Overarching Funding Agreement needs to be referred back to each Council, given that each Council is named and will be requested to seal the document? Having considered matters with external legal advisers, the advice is that this matter falls within the remit of the Joint Committee and does not need to be reported back to each Council for decision, given the purpose of the agreement (see 2 (B) above) and the caveats contained in the agreement (see 2 (C) (i) above).

Whether matters could have been dealt with in a different manner, through the Annual Business Plan process? Clause 8 of the JWA providing that

*8.2 The Regional Programme Director shall procure the preparation of an Annual Business Plan for the development of the Cardiff Capital Region Wider Investment Fund(s), in accordance with Clause 7 (Business Plans and Progress Monitoring), to determine, amongst other matters, the following:-*

*8.2.1 the legal structure of the Cardiff Capital Region Wider Investment Fund and whether it shall comprise of a single or series of funds;*

*8.2.2 the investment criteria and investment policy;*

*8.2.3 the governance structure for the investment board;*

*8.2.4 the approach to performance reporting and the interplay with the Gateway Review; and*

*8.2.5 the procedure for the appointment of a fund manager*

In this case the advice received was that it was thought prudent to set matters out in an agreement, given the detail of the arrangements proposed and that the arrangements are anticipated to apply year on year and require longevity. That said, given the decision to conclude the Overarching Funding Agreement is a matter for the joint committee, it is always open to the Joint committee to determine at any time to revoke or amend the Overarching Funding Agreement.

## **Delegations**

45. The recommendations seek that delegated authority be granted to the City Deal Director in respect of a number of specified matters. The JWA provides that the Joint Committee may delegate any of the powers which are conferred on them under the JWA to such person (which would include officers), to such extent, in relation to such matters and on such terms and conditions as they think fit.

## **Financial Implications**

46. The attached report seeks approval of the Investment & Intervention Framework (IIF) and related documentation, to support the objective and robust evaluation of proposals seeking funding from the Cardiff Capital Region City Deal – Wider Investment Fund. The report outlines that the IIF seeks to address the current gaps in the Assurance Framework, and that consultation has taken place with both UK and Welsh Governments, regarding the proposed framework. This matter is important, as compliance with the Assurance Framework is a key condition of HM Treasury funding, which underpins the Wider Investment Fund.
47. HM Treasury funding is paid to the Accountable Body on behalf of the ten Cardiff Capital Region City Deal (CCRCD) constituent councils. The funding must be used solely to support the objectives of CCRCD through the implementation of projects and schemes agreed by the Regional Cabinet and in accordance with arrangements set out in its Joint Working Agreement, Wider Investment Fund, Assurance Framework, and the JWA Business Plan.
48. In line with the requirements of the Assurance Framework, the IIF will require proposals that have passed the ‘Sift Stage’ to be subject to a ‘Proportionate Business Case Development Process’ in line with the HM Treasury Green Book (5 Case Model). Clauses 3.5 (Appraisal Framework) and 3.7 (Business Case Development) of the Assurance Framework outlines the concept of ‘proportionality’.
49. The early stages of the IIF process will provide an initial view around how proportionality is to be addressed for each proposal on a ‘case-by-case’ basis, assessing matters such as project value, complexity, timescales etc. However, in all cases, the approach adopted will need be predicated on the principles (and robustness) delivered through the 5 Case Model, with proposals undergoing the necessary consultation with stakeholders at key intervals. This latter point is important to comply with the principles of good

governance and minimise the risk of non-compliance with HM Treasury funding terms and conditions.

50. At its meeting on 8<sup>th</sup> February 2019, Regional Cabinet approved 'The Wider Investment Fund – Annual Business Plan 2019/20' (ABP). The ABP includes a range of revenue and capital budgets in respect of the Wider Investment Fund (WIF) to support the project delivery pipeline. Budgets are set out for the current year and also cover the medium term, in line with the approved 5 year Joint Working Agreement Business Plan. In summary, resources have been approved to support:

**WIF Top-Slice** - through an annual sum of £742,500, which is allocated between known initiatives (forward commitments), with the balance (uncommitted sum) being available to fund new initiatives. The IIF outlines that the Sift Stage and the production of the Strategic Outline Case for a project proposal may require initial due diligence costs of up to £100,000 being incurred to support the City Deal Director's recommendation to Regional Cabinet in respect of new proposals. These sums will be met from the WIF Top-slice Budget. New proposals will be met from the balance of funding available against the uncommitted sum and once approved, will represent a forward commitment against this budget.

**In-principle Project** – 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 to support In-principle Projects. This budget available to meet cost of developing business cases, as well as carrying out the required level of due diligence as the proposal is developed and moves through the IIF process.

**Approved Project Budget** – projects that have satisfactorily met all the requirements of the IIF process and which are subsequently approved by Regional Cabinet i.e. 'Approved Project', will be allocated an 'Approved Project Budget', as set out in the 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. For example, there is £26.1m of capital resources available in 2019/20 to fund approved projects. In addition, resources amounting circa £120.0m have been included in the medium-term budget covering the following three financial years to 2022/23.

51. The reports seeks approval to identify or establish a framework agreement from which external advisors can be procured and that will support the IIF process. The cost of running the procurements will be met from within existing City Deal Office and Accountable Body resources. In addition, the City Deal Office has an approved budget in place to support the launch and marketing of the IIF.
52. Further financial advice will be provided throughout the year as proposals are brought forward for assessment under the IIF. In addition, the quarterly performance reports will provide Regional Cabinet with regular updates in respect of the sift stage, progress against proposals moving through the

business case development process as well as the position against approved 2019/20 WIF budgets.

## RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Regional Cabinet:

1. approve the establishment of the Investment and Intervention Framework ('IIF') and the priority investment strands of Infrastructure, Innovation, and Challenge on the basis set out in this report;
2. endorse the initial investment apportionment across the three investment priorities as set out in paragraph 17 of this report which will be reviewed annually as part of the annual business plan process;
3. approve the conclusion of the Overarching Funding Agreement (a draft of which is attached at appendix 2 to this report ) and delegate authority to the City Deal Director to finalise the Overarching Funding Agreement and associated documentation, including completion of the following:
  - Investment Manual – in development – to follow;
  - KPI assessment model – to ensure that across the portfolio of projects funded from the IIF that appropriate and proportional contribution is made to the overall aims and objectives of the City Deal;
  - Sift Questionnaire – weightings and scores for each question, and  
  
subject to such delegation being exercised: (i) in consultation with the Chair of Regional Cabinet and the S151 Officer for Regional Cabinet; and (ii) such that the substance of the Overarching Funding Agreement and IIF process shall not differ in any material respect to that outlined in this report.
4. Approve the establishment of the Investment Panel as an advisory board to the Cardiff Capital Region Director, as detailed in paragraph 26 of this report and delegate authority to the City Deal Director to appoint, from time to time, the members of the Investment Panel, in accordance with the nomination process set out in paragraph 27 of this report and subject to such delegations being exercised in consultation with the Chair and Vice Chairs of Regional Cabinet.
5. Approve the proposed revised Regional Cabinet Portfolio Roles as set out in Appendix 5 to this report.
6. Approve proposals for the launch and marketing of the Investment and Intervention Framework during the Wales Festival of Innovation.
7. To facilitate the effective operation of the IIF delegate authority to the City Deal Director to:-
  - (i) identify or establish a framework agreement from which external advisors can be procured as and when required, to provide in-depth specialist due diligence advice covering legal, financial,

commercial and technical advice in order to assess a project that is being considered for CCRCF funding;

- (ii) engage any individual, person, firm, partnership or company (and determine the terms of the contract), where the estimated value of appointments for any one project proposal does not exceed £100,000 and costs can be met from within approved budgets and note that the delegation set out in Schedule 1 of the Joint working Agreement (Delegations Policy) paragraph 27 is so amended, and
- (iii) carry out such tasks as are required and allocated to the Director under the Overarching Funding Agreement,

subject to such delegations being exercised: (i) in consultation with the Chair of Regional Cabinet and the S151 Officer for Regional Cabinet; and (ii) any resultant costs incurred being within approved budgets.

- 8. To note and endorse the work of the Cardiff Capital Region City Deal Director in undertaking a review of the process and procedures for Declarations of Interest.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**

- Appendix 1 Sift Questionnaire
- Appendix 2 Overarching Funding Agreement
- Appendix 3 *Investment Fund Manual – to follow*
- Appendix 4 Investment and Intervention Framework – Regional Cabinet Briefing 20 May 2019
- Appendix 5 Proposed Revised Cabinet Portfolios
- Appendix 6 Wellbeing of Future Generations Assessment

## CARDIFF CAPITAL REGION CITY DEAL

### DRAFT: FUNDING SUPPORT SIFT QUESTIONNAIRE

#### Introduction

This initial questionnaire ("**Questionnaire**") assesses the Applicant's outline Project Proposal to determine its 'in principal' suitability for funding support under the Cardiff Capital Region City Deal ("**City Deal**") under either the: 'Innovation', 'Infrastructure' or 'Challenge' investment priorities under the City Deal. This is intended to operate as an initial gateway process to enable the City Deal Partners to prioritise its resources around those projects that are sufficiently mature, developed and demonstrate strategic fit to warrant a detailed due diligence exercise (to be undertaken with external advisor support) and are most closely aligned with the City Deal's Core Objectives (as detailed in the Cardiff Capital Investment Prospectus).

The City Deal Partners are keen to stress that unsuccessful Applicants at this initial stage will be provided with feedback to hopefully enable a more developed/suitable application to be submitted to the City Deal in the future. Full details of the subsequent stages of the selection procedure are outlined in the Cardiff Capital Investment Prospectus.

In this questionnaire, the "**Applicant**" refers to the organisation or group of promoters that would, if successful, enter into the legally binding contractual agreement with the City Deal Partners (or their nominee).

No offer or request for funding is deemed to have been made or accepted until the relevant contractual documentation has been duly signed by all relevant parties and declared unconditional. No discussion or communication with the City Deal Partners whether prior to, during or subsequent to this selection procedure will imply acceptance of any offer or request for funding or constitute an indication that the Applicant will be awarded funding support. Once the Applicant's proposal has been formally approved following satisfactory conclusion of the subsequent evaluation stages, the City Deal Partners will issue a formal 'Funding Letter' to confirm its decision. Such decision shall be subject to the express terms of the 'Funding Letter' (to be issued by the City Deal Partners following formal approval of the detailed Project Proposal) and the relevant contractual documentation which will need to be agreed and signed for and on behalf of the relevant parties to have contractual and binding effect.

Any costs or expenses incurred by the Applicant (or any other person engaged by the Applicant) will not be reimbursed by the City Deal Partners and City Deal Partners will not be liable in any way to the Applicant or any other person for any costs, expenses or losses incurred by the Applicant or any other person in connection with this Questionnaire.

#### Background

Please refer to the 'Investment' section of the Cardiff Capital Region City Deal website for further details of the City Deal and the Funds.

The City Deal Partners will need to be satisfied that the Applicant has the appropriate qualities, financial standing, track record and resources to successfully deploy City Deal funds and deliver upon its stated objectives. The City Deal Partners reserve the right to reject any Applicant that fails to satisfy and fully comply with the requirements of the selection process set out in this Questionnaire. If you misrepresent any factual information in completing this Questionnaire, there may be significant consequences and you may be excluded from submitting another application for City Deal support for 2 (two) years.

To reduce the administrative burden of this selection procedure, **documentary evidence is not required when this Questionnaire is submitted**. However, the City Deal Partners reserve the right to ask any Applicant at any time during the selection process to submit all or part of the evidence if considered necessary to verify any statement made and to ensure the proper conduct of the application procedure. **As a minimum, such information/documentary evidence will be provided prior to entry into any funding commitment with the City Deal Partners.**



## Structure of Questionnaire

This Questionnaire is divided into the following sections:-

- **Section A: Details of the Applicant** - provided for information only;
- **Section B: Suitability of the Applicant and Project Proposal** – compliance pass/fail requirement;
- **Section C: Details of the Project Proposal and Funding Support Requirements** – to be scored in accordance with Section D below and the City Deal Partners reserve the right to reject any Applicant that fails to achieve a minimum overall score of 6 (Satisfactory); and
- **Section D: Scoring and Evaluation Framework** – scoring methodology and relevant weighting for each Section C question.

### Section A: Details of the Applicant

Please answer the following questions in full.

Question number	Question	Response
A1	Full name of the Applicant <sup>1</sup>	
A2	Registered office or principal office	
A3	Registered website address (if applicable)	
A4	Trading status:-  (i) Public limited company  (ii) Limited company  (iii) Limited liability partnership  (iv) Other partnership  (v) Sole trader  (vi) Local authority / public body / Further Education or Higher Education Institutions  (vii) Third sector  (viii) Other (please specify)	
A5	Date of registration in country of origin (if applicable)	
A6	Company registration number (if applicable)	
A7	Charity registration number (if applicable)	
A8	Registered VAT number (if applicable)	

<sup>1</sup> In the case of a local authority or other public body Applicant, please also provide details of the senior officer leading the application.

Question number	Question	Response
A9	Status of Applicant:- (i) Single Applicant (ii) Consortium (iii) Other joint venture	
A10	Are you considered to be a small, medium or micro enterprise (ie SME where the number of employees does not exceed 250)?	
A11	Please provide details of 'Persons of Significant Control' (PSC) <sup>2</sup> , where appropriate:- <ul style="list-style-type: none"> <li>• Name</li> <li>• Date of birth</li> <li>• Nationality</li> <li>• Country, state or part of the UK where the PSC usually lives</li> <li>• Service address</li> <li>• Date s/he became a PSC in relation to the company (for existing companies the 6 April should be used)</li> <li>• Which conditions for being a PSC are met:-               <ul style="list-style-type: none"> <li>• over 25% and up to (and including) 50%</li> <li>• more than 50% but less than 75%</li> <li>• 75% or more</li> </ul> </li> </ul> Please enter N/A if not applicable	
A12	Please provide full details of your immediate parent company and, if applicable, full details of your ultimate parent / holding company.	
A13	Please confirm your annual turnover for each of the previous financial accounting years.	
A14	Please provide full details of all key personnel nominated by the Applicant to support the development of and implementation of the Project Proposal (to include full CVs).	

<sup>2</sup> Please refer to Companies House Website for fuller details.

Question number	Question	Response
A15	<p>Please refer to the background/supporting documents referred to above and confirm which of the City Deal's three specific investment priorities (or combination thereof) your Project is most closely aligned and outline the rationale and justification for the selection:</p> <ul style="list-style-type: none"> <li>• Innovation</li> <li>• Infrastructure</li> <li>• Challenge</li> </ul>	

### Section B: Suitability of the Applicant & Project Proposal

Please note that your response to this section shall be evaluated on a compliance pass/fail basis such that any negative response may entitle the City Deal Partners to reject the application.

Question number	Question	Response
<b>Financial Standing</b>		
B1	<p>Please provide a statement of any material litigation or other legal proceedings (pending, threatened or determined) relating to the Applicant or any Relevant Party within the last 3 years that may affect the Applicant's ability to deliver this Project.</p>	
B2	<p>Please confirm that the Applicant or any Relevant Party has not, within the past 5 years, been convicted anywhere in the world of any of the following offences:-</p> <ul style="list-style-type: none"> <li>• participation in a criminal organisation</li> <li>• corruption</li> <li>• fraud</li> <li>• terrorist offences or offences linked to terrorist activities</li> <li>• money laundering or terrorist financing</li> <li>• child labour or any other form of trafficking in human beings</li> </ul>	
B3	<p>Please confirm that the Applicant is not (and nor is any Relevant Party) bankrupt or is not the subject of insolvency or winding up proceedings, where the organisation's assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any</p>	

Question number	Question	Response
	analogous activities arising from a similar procedure under the laws and regulations of any state.	
<b>Conflicts</b>		
B4	Please identify any actual or potential conflicts of interests that may arise if the Applicant were successful in securing City Deal funding support for the Project and, if any, how any such conflicts will be dealt with. In particular, please declare any interest with any City Deal Partner (including any employee or member) and provide full disclosure of the nature of such interest.	
<b>Alignment with City Deal</b>		
B5	Please confirm and provide details of how your Project will contribute towards the objectives under the Welsh Government Wellbeing of Future Generations (Wales) Act 2015 (full details are accessible via [redacted] <sup>3</sup> ).	
B6	Please outline how and to what extent the Project is aligned with and will help to promote the furtherance of City Deal's Core Objectives. In particular, please outline the specific demonstrable benefits you anticipate the Project will deliver to the City Deal region.  Max 2 page limit.	

### Section C: Details of the Project Proposal and Funding Support Requirements

Please note your response to the following questions will each be scored (0-10) and then weighted in accordance with the terms of the Scoring and Evaluation Framework set out at Section D. Please note that the following questions are not equally weighted and greater emphasis has been placed on certain questions to reflect the broad and diverse nature of the Applicants across the City Deal's stated investment priorities. Once a score has been awarded for each question, weighting will be applied in order to calculate the weighted score for that question. The sum of these weighted scores will be added to calculate the total weighted score for the Project Proposal.

The City Deal Partners are keen to attract the widest pool of Applicants and recognise that certain investment priorities (e.g. Challenge) may require a greater degree of intervention and naturally attract less experienced Applicants. With that in mind, weightings have been applied to the questions below to help diversify and promote Project Proposals of varying scale and complexity across each of the City Deal's investment priorities.

Any incomplete response will score nil for the relevant question and the City Deal Partners reserve the right to request further clarification in the event of any ambiguity or inconsistency/conflict. [The City Deal Partners reserve the right to reject any Applicant that fails to score a minimum overall score of 6 (Satisfactory)]<sup>4</sup>.

<sup>3</sup> PM: Council to advise how fuller details may be accessed (e.g. City Deal or Welsh Government Websites).

<sup>4</sup> PM: To be tested and confirmed against the proposed weightings.

Question number	Question	Response
C1	<p>Please provide an outline business plan detailing the core elements of the Project and, in particular, highlight any perceived barriers that may impact on successful delivery and identify the metrics by which success will be measured. Please include the following within your business plan:-</p> <ul style="list-style-type: none"> <li>• Project objectives and deliverables</li> <li>• Evidence of market demand and/or market failure for your Project</li> <li>• Outline delivery/contractual structure (to include proposed corporate structure, all relevant stakeholders, contractors/sub-contractors and supply chain members)</li> <li>• Resourcing and management structure (to include details of all key personnel and relevant experience of delivering similar projects)</li> <li>• Outline risk register (highlighting key delivery risks and mitigation measures)</li> <li>• Alignment with the City Deal's Core Objectives and the identified specific investment priority (pursuant to your response to Question B6 above)</li> <li>• Total sums requested and indicative drawdown profile (together with a breakdown of the capital and, if applicable, revenue split)</li> <li>• Anticipated payback period and return on investment</li> <li>• An indicative drawdown profile and details of the repayment profile</li> <li>• Target market and competitors</li> <li>• Marketing plan (if applicable)</li> <li>• Implementation strategy (to include anticipated build phase and operational phase, if applicable)</li> <li>• Anticipated Economic Inclusion Benefits (as defined in the Cardiff Capital Investment Prospectus)<sup>5</sup></li> </ul>	

<sup>5</sup> PM: Councils to confirm suitable definition has been included in the Prospectus and advise how this shall be measured/assessed.

Question number	Question	Response
	<ul style="list-style-type: none"> <li>Summary of all assumptions upon which the Business Plan is based</li> </ul> <p>Max 10 page limit.</p>	
C2	Please outline the Project's anticipated total capital investment requirements and detail how such investment is anticipated to be contributed via equity, shareholder/external loans and City Deal investment element over the Project term.	
C3	Please provide details of the track record and previous experience of the key personnel nominated by the Applicant to develop/implement the Project (pursuant to your response to question A.14 above).	
C4	Please provide details of the Applicant's experience of raising finance on relevant projects over the past five years (by completing the following table):	

Project Name/Description	Finance Raised (£m)	Lender Details	Type of Finance (bank/bond)	Date of Financial Close

Question number	Question	Response
C5	Please outline the value of the total investment the Applicant has made to date into the development of the Project and, in particular, what level of external advisor support has been commissioned and tangible outputs (eg due diligence reports, site surveys, legal opinions).	
C6	Please provide details of engagement (if any) with external/alternative finance sources and explain the reasons why the Project cannot be delivered (or detail any perceived barriers to delivery) in the absence of City Deal support.	
C7	Please detail the anticipated optimal structure for the City Deal funding support (eg form, term, repayment provisions and security package) cognisant of the City Deal Partner's wider state aid and regulatory requirements.	
C8	Please refer to the Cardiff Capital Investment Prospectus and outline the anticipated tangible and measurable outcomes the Project will deliver to the City Deal region in furtherance of the City Deal's Core Objectives and full details of the assumptions upon which such statement is	

	<p>based.</p> <p>In particular and to the extent applicable, please set out:</p> <ul style="list-style-type: none"> <li>• impact on jobs (i.e. number of new jobs created and/or safeguarded);</li> <li>• leverage of external funding and private/public sector value/mix;</li> <li>• anticipated [GVA uplift]<sup>6</sup>.</li> </ul> <p>Please note it is the City Deal Partners' clear expectation that such assumptions and proposed outcomes will be robustly tested and verified during the subsequent evaluation stages and further details of the methodology for such verification (which may include, amongst other measures, a GVA model) will be provided to the Applicants during the next evaluation stage.</p>	
C9	<p>Please provide a Project Delivery Plan detailing the timeline to conclude the due diligence exercise; secure all required funding; award all contracts following any required procurement exercise; and target completion date. Please include within such Project Delivery Plan the anticipated level and timings for City Deal engagement and participation in the due diligence exercise and contract finalisation stage.</p>	
C10	<p>Please refer to the guidance/practice notes accessible via <a href="#">[insert website link to State Aid Practice Notes (reference BIS/15/417)]</a> and provide details of your assessment of any applicable State Aid considerations and how such matters may be addressed within the Project Proposal.</p>	

## Section D: Scoring and Evaluation Framework

Section C of this Questionnaire will be evaluated by the City Deal Partners and each question will be scored (0-10) and then weighted in accordance with the terms of the Scoring and Evaluation Framework set out below to arrive at an overall score for the Project Proposal. [The City Deal Partners will determine if a minimum overall score of 6 (Satisfactory) has been achieved. The City Partners reserve the right to reject an Applicant that fails to achieve that score mindful that it must prioritise applications for funding support and not deploy the required external resources to commence the detailed due diligence stage of the selection procedure until the Project Proposal is reasonably mature and developed.]

<sup>6</sup> PM: Councils to provide further details and metrics to assess the achievement of City Deal KPIs.

**Scoring Table<sup>7</sup>**

Score	Term	Explanation
0	Unacceptable	Insufficient or incomplete response received. Overall proposal is entirely underdeveloped or unacceptable to the City Deal Partners. The City Deal Partners would not be willing to support the Project on this basis.
2	Poor	The information submitted does not demonstrate: (i) a sufficiently mature investment proposition; and/or (ii) the City Deal Partners have serious concerns about supporting the Project on this basis.
4	Fair	The information submitted contains unsupported / unrealistic assumptions or risk positions that demonstrate only limited: (i) maturity of the investment proposition and/or grounds to accept the risk profile; or (ii) little evidence of alignment with the City Deal's Core Objectives.
6	Satisfactory	The submission confirms: (i) a reasonably mature investment proposition that does not expose the City Deal Partners to an unreasonable risk profile; and (ii) reasonable supporting evidence demonstrating a reasonable basis for alignment with the City Deal's Core Objectives.
9	Very Good	The submission confirms (i) an acceptance and mature investment proposition that provides an acceptable risk profile for the City Deal Partners; and (ii) good evidence demonstrating a strong alignment with the City Deal's Core Objectives.
10	Excellent	The submission provides (i) a strong investment proposition supported by a detailed due diligence report / supporting information which demonstrates deliverability and provides an acceptable risk profile for the City Deal Partners; and (ii) clear and unambiguous evidence demonstrating a strong alignment with the City Deal's Core Objectives and/or individual investment priority.

**Weightings for each Section C Question:**

Question	Relative Weighting <sup>8</sup>
C1 (Outline Business Plan)	25%
C2 (Capital requirements / risk profile)	5%
C3 (Key Personnel track record / previous experience)	10%
C4 (Experience of raising finance)	5%
C5 (Investment in the Project Proposal)	10%
C6 (Engagement external/alternative finance)	5%

<sup>7</sup> PM: Councils to assess if generic scoring framework is sufficient or whether bespoke scoring required to certain questions.

<sup>8</sup> PM: Relative weightings to be confirmed by the Councils and scenario tested to ensure no unintended outcomes.



C7 (Loan Structure)	5%
C8 (City Deal KPIs)	25%
C9 (Delivery Plan)	5%
C10 (State Aid)	5%

PM Draft: 30.05.19

DATED

2019

---

- (1) **BLAENAU GWENT COUNTY BOROUGH COUNCIL**
- (2) **BRIDGEND COUNTY BOROUGH COUNCIL**
- (3) **CAERPHILLY COUNTY BOROUGH COUNCIL**
- (4) **THE COUNTY COUNCIL OF THE CITY AND COUNTY OF  
CARDIFF**
- (5) **MERTHYR TYDFIL COUNTY BOROUGH COUNCIL**
- (6) **MONMOUTHSHIRE COUNTY COUNCIL**
- (7) **NEWPORT CITY COUNCIL**
- (8) **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL**
- (9) **TORFAEN COUNTY BOROUGH COUNCIL**
- (10) **THE VALE OF GLAMORGAN COUNCIL**

---

**OVERARCHING FUNDING AGREEMENT**  
in relation to funding support for approved projects under the  
Cardiff Capital Region City Deal

---



Pinsent Masons

## CONTENTS

<b>Clause</b>		
1	DEFINITIONS AND INTERPRETATION	4
2	COMMENCEMENT, DURATION AND TERMINATION	8
3	PRINCIPLES AND KEY OBJECTIVES	8
4	INVESTMENT FRAMEWORK AND FUNDS	8
5	THE ACCOUNTABLE BODY	8
6	DUTIES OF THE ACCOUNTABLE BODY	9
7	APPLICATION APPROVAL PROCESS	10
8	INVESTMENT BOARD	12
9	DUE DILIGENCE COSTS	13
10	LIABILITY OF THE COUNCILS	13
11	CONFIDENTIALITY AND ANNOUNCEMENTS	14
12	CONTRACTS (THIRD PARTY RIGHTS)	15
13	DISPUTE RESOLUTION	15
14	DATA PROTECTION LEGISLATION	16
15	FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION	17
16	NOTICES	18
17	GOVERNING LAW	19
18	ASSIGNMENTS	19
19	WAIVER	19
20	ENTIRE AGREEMENT	19
21	COUNTERPARTS	19
22	RELATIONSHIP OF COUNCILS	19
23	STATUTORY RESPONSIBILITIES	20
	SCHEDULE 1 - INVESTMENT FRAMEWORK	21
	SCHEDULE 2 - SIFT QUESTIONNAIRE	22
	SCHEDULE 3 - INVESTMENT BOARD TERMS OF REFERENCE	23
	SCHEDULE 4 - CONFLICTS OF INTERESTS DECLARATION	24

**BETWEEN**

- (1) **BLAENAU GWENT COUNTY BOROUGH COUNCIL** of Municipal Offices, Civic Centre, Ebbw Vale, Gwent, NP23 6XB;
- (2) **BRIDGEND COUNTY BOROUGH COUNCIL** of Civic Offices, Angel Street, Bridgend, CF31 4WB;
- (3) **CAERPHILLY COUNTY BOROUGH COUNCIL** of Penallta House, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG;
- (4) **THE COUNTY COUNCIL OF THE CITY AND COUNTY OF CARDIFF** of County Hall, Atlantic Wharf, Cardiff, CF10 4UW (the "**City of Cardiff Council**");
- (5) **MERTHYR TYDFIL COUNTY BOROUGH COUNCIL** of Civic Centre, Castle Street, Merthyr Tydfil, CF47 8AN;
- (6) **MONMOUTHSHIRE COUNTY COUNCIL** of County Hall, The Rhadyr, Usk, NP15 1GA;
- (7) **NEWPORT CITY COUNCIL** of Civic Centre, Newport, NP20 4UR;
- (8) **RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL** of The Pavilions, Cambrian Park, Clydach Vale, Tonypany, CF40 2XX;
- (9) **TORFAEN COUNTY BOROUGH COUNCIL** of Civic Centre, Pontypool, NP4 6YB;  
and
- (10) **THE VALE OF GLAMORGAN COUNCIL** of Civic Offices, Holton Road, Barry, CF63 4RU,

(together referred to as "**the Councils**" and individually as a "**Council**").

**BACKGROUND**

- (A) The Councils established the Cardiff Capital Region City Deal ("**City Deal**") and entered into the joint working agreement on 1 March 2017 ("**JWA**") to formalise their respective roles and responsibilities in relation to the City Deal.
- (B) The JWA, amongst other matters, established the Joint Committee that is responsible for overseeing and co-ordinating the discharge of the Councils' obligations in relation to the City Deal. The JWA further provides that sub-committees may be established to delegate any of the Joint Committee's powers relating to the City Deal (provided the scope of such delegation follows, as far as they are applicable, the decision making provisions under the JWA).
- (C) The Councils have determined that the City Deal's objectives will be best served through the establishment of the Fund to target the 'Innovation', 'Infrastructure' and 'Challenge' investment priorities (as contemplated under Clause 8 (Cardiff Capital Region Wider Investment Fund(s)) of the JWA). The Fund will initially be established under this Agreement as a ring-fenced 'block of finance' held by the Accountable Body with the intention to evolve over time into a corporate 'evergreen' fund structure which will enable the funds deployed to be recycled and re-invested via the Fund at a greater pace (on terms to be agreed by the Joint Committee).
- (D) This Agreement confirms the procedure for the evaluation and approval by the Joint Committee of all Approved Projects and the allocation of investment support under the Fund in furtherance of the City Deal objectives. In particular, this Agreement outlines

the respective evaluation stages for each Application; the process for implementing the Investment Framework; the interplay between the Joint Committee and relevant parties; and confirmation of the decision making process. This Agreement shall not serve to amend or in any way take priority over the terms of the JWA.

- (D) The Councils have agreed to appoint the City of Cardiff Council to act as the Accountable Body for and on behalf of the Councils and to discharge the Councils' obligations in relation to the management of the Fund and the investment into any Approved Projects under this Agreement.
- (E) [The Councils wish to enter into this Agreement in furtherance of the objectives of the City Deal pursuant to the powers conferred on them by Sections 101, 102, 111 and 113 of the Local Government Act 1972, Section 1 of the Local Authority (Goods & Services) Act 1970, Section 25 of the Local Government (Wales) Act 1994, Section 2, 19 and 20 of the Local Government Act 2000, Section 9 of the Local Government Wales Measure 2009 and all other enabling powers now vested in the Councils.]

## 1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement and the Recitals, unless, the context otherwise requires the following terms shall have the meaning given to them below:-

<b>"Accountable Body"</b>	means the Council appointed under Clause 5 (Accountable Body) who shall be responsible for receiving and investing funds into Approved Projects via the Fund for and on behalf of the Councils in accordance with Clause 6 (Duties of the Accountable Body) or such replacement Accountable Body appointed in accordance with Clause 5.2 or 5.3 (as applicable)
<b>"Applicant"</b>	means any person or body who submits an Application and may include (without limitation) an individual, corporate entity, Council(s), college, university or other public body
<b>"Application"</b>	means any application for investment by an Applicant via the Fund
<b>"Application Budget"</b>	means the budget approved by the Joint Committee for undertaking the Proportionate Business Case Development Process (above the threshold approved under Clause 4.3(a)) in relation to an Application pursuant to Clause 7.8 and shall be drawn from the relevant Budget
<b>"Approved Project"</b>	means any project proposed pursuant to an Application and approved by the Joint Committee following a recommendation by the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder) pursuant to Clause 7.17
<b>"Assurance Framework"</b>	has the meaning given to it in the JWA
<b>"Budget"</b>	means the City Deal budget held under the JWA and comprising of the following:  (a) <b>'WIF Top Slice Budget'</b> from which the initial budget of up to £100,000 (one thousand pounds)

pursuant to Clause 4.3(a) will be drawn;

(b) '**In-Principle Budget**' from which the Application Budget will be drawn; and

(c) '**Approved project Budget**' from which the funds for any Approved Project will be drawn,

provided such funds are uncommitted and made available pursuant to the terms of the JWA

<b>"Business Day"</b>	means any day other than a Saturday or Sunday or a public or bank holiday in England and/or Wales
<b>"Cardiff Capital Investment Prospectus"</b>	means the investment prospectus for the Fund attached at Schedule 5
<b>"CEDR"</b>	means the Centre for Dispute Resolution
<b>"Chief Officer of Investment"</b>	means such person appointed to that post from time to time (or in the absence of the Chief Officer of Investment such other person formally instructed by the Regional Programme Director to carry out the tasks of the Chief Officer of Investment during such absence)
<b>"Commencement Date"</b>	means the date of this Agreement
<b>"Confidential Information"</b>	all know-how and other information relating to the subject matter of this Agreement (including any information contained in or relating to an Application) whether commercial, financial, technical or otherwise relating to the business, affairs or methods of all or any Council or third party, which is contained in or discernible in any form whatsoever (including without limitation software, data, drawings, films, documents and computer-readable media and all personal data within the meaning of the Data Protection Legislation) whether or not marked or designated as confidential or proprietary or which is disclosed orally or by demonstration and which is described at the time of disclosure as confidential or is clearly so from its content or the context of disclosure
<b>"Data Protection Legislation"</b>	means all legislation and regulatory requirements in force from time to time relating to the protection and handling of personal data and the privacy of electronic communications, including, without limitation (i) any data protection legislation from time to time in force in the UK including the Data Protection Act 2018 or any successor legislation, as well as (ii) the General Data Protection Regulation ((EU) 2016/679) and any other directly applicable European Union regulation relating to data protection and privacy (for so long as and to the extent that the law of the European Union has legal effect in the UK)
<b>"Financial Criteria"</b>	means the merit based assessment criteria forming part of the Investment Framework which shall be applied as part of the overall assessment and due

diligence exercise to determine if an Application should proceed to the next stage or, as applicable, be recommended to the Joint Committee as an "Approved Project"

<b>"Fund"</b>	means the single ring-fenced 'block of finance' fund held by the Accountable Body pursuant to the terms of this Agreement and which shall target the following three investment priorities:  (a) 'Innovation';  (b) 'Infrastructure'; and  (c) 'Challenge',  each as more particularly described in the Cardiff Capital Investment Prospectus
<b>"Funding Letter"</b>	means the funding letter confirming the Joint Committee's decision and the terms upon which it has agreed to invest into an Approved Project
<b>"Investment Board"</b>	means as defined in Clause 8.1 (Investment Board)
<b>"Investment Criteria"</b>	means the minimum requirements for any Application as assessed pursuant to the terms of the Sift Questionnaire and forming part of the Investment Framework
<b>"Investment Framework"</b>	means the framework for the Councils to assess and evaluate Applications and which, in accordance with the Assurance Framework, will be predicated on a business case approach (applied in a proportionate manner) in accordance with the Proportionate Business Case Development Process and shall include, amongst other matters, the Investment Criteria and the Financial Criteria, and is attached at Schedule 1 to this Agreement
<b>"Joint Committee"</b>	means the joint committee set up by the Councils pursuant to Clause 10 (Joint Committee) of the JWA
<b>"Local Authority"</b>	means a principal council (as defined in Section 270 of the Local Government Act 1972) or any body of government of Wales established as a successor of a principal council
<b>"Matter Reserved to the Councils"</b>	has the meaning given to it in the JWA
<b>"Proportionate Basis"</b>	has the meaning given to it in the JWA
<b>"Proportionate Business Case Development Process"</b>	means the detailed due diligence process for an Application to be undertaken in accordance with the Assurance Framework and the Investment Framework, based on the HM Treasury Green Book (using the Five Case Model) as amended on a proportionate basis to reflect the scale, nature and complexity of the relevant Application and as

determined by the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder and having due regard to the recommendations of its advisors)

**"Regional Programme Director"**

means such person appointed to that post from time to time or in the absence of the Regional Programme Director such other person formally instructed by the Joint Committee to carry out the tasks of the Regional Programme Director during such absence

**"Sift Questionnaire"**

means the questionnaire attached at Schedule 2 (Sift Questionnaire) as may be amended from time to time with the approval of the Joint Committee following a recommendation by the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder)

## 1.2 Interpretation

In this Agreement, except where the context otherwise requires:-

- 1.2.1 the singular includes the plural and vice versa;
- 1.2.2 a reference to any clause, sub-clause, paragraph, Schedule, recital or annex is, except where expressly stated to the contrary, a reference to such clause, sub-clause, paragraph, schedule, recital or annex of and to this Agreement;
- 1.2.3 any reference to this Agreement or to any other document shall include any permitted variation, amendment or supplement to such document;
- 1.2.4 any reference to legislation shall be construed as a reference to any legislation as amended, replaced, consolidated or re-enacted;
- 1.2.5 a reference to a public organisation (to include, for the avoidance of doubt, any Council) shall be deemed to include a reference to any successor to such public organisation or any organisation or entity which has taken over either or both functions and responsibilities of such public organisation;
- 1.2.6 a reference to a person includes firms, partnerships and corporations and their successors and permitted assignees or transferees;
- 1.2.7 the schedule, clause, sub-clause and (where provided) paragraph headings and captions in the body of this Agreement do not form part of this Agreement and shall not be taken into account in its construction or interpretation;
- 1.2.8 words preceding "include", "includes", "including" and "included" shall be construed without limitation by the words which follow those words; and
- 1.2.9 any reference to the title of an officer or any of the Councils shall include any person holding such office from time to time by the same or any title substituted thereafter or such other officer of the relevant Council as that Council may from time to time appoint to carry out the duties of the officer referred to.

## 1.3 Schedules

The Schedules to this Agreement form part of this Agreement.



## **2. COMMENCEMENT, DURATION AND TERMINATION**

### **2.1 Duration of the Agreement**

This Agreement shall continue in full force and effect from the Commencement Date until the earlier of the following dates:-

- 2.1.1 the Councils agree to the establishment of a corporate evergreen fund(s) which will superseded and replace the Fund under this Agreement (in whole or in part);
- 2.1.2 all the Councils agree in writing to its termination; or
- 2.1.3 the JWA is terminated for any reason.

## **3. PRINCIPLES AND KEY OBJECTIVES**

- 3.1 The Councils intend this Agreement to be legally binding.
- 3.2 The Councils agree to work together to discharge the obligations delegated to them by the Joint Committee in relation to the Fund pursuant to and in accordance with this Agreement.
- 3.3 Without prejudice to the terms of this Agreement, the Councils agree that they shall conduct their relationship in accordance with the objectives and principles set out in the JWA and, in the event of any conflict or inconsistency relating to the subject matter of this Agreement, the terms of the JWA shall prevail.

## **4. INVESTMENT FRAMEWORK AND THE FUND**

The Councils have agreed, with effect from the Commencement Date, to:-

- 4.1 adopt and comply with the terms of the Investment Framework to evaluate and prioritise Applications;
- 4.2 adopt the Sift Questionnaire and apply such questionnaire to any Application;
- 4.3 commission advisors, as determined by the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder), from time to time to:
  - (a) help evaluate a Sift Questionnaire response and any initial due diligence exercise considered necessary prior to the commencement of the Proportionate Business Case Development Process provided such costs do not exceed £100,000 (one hundred thousand pounds);
  - (b) undertake detailed due diligence on any Application which has satisfactorily passed the Sift Questionnaire as part of the Proportionate Business Case Development Process provided that the Joint Committee has approved such Application to proceed and authorised the Application Budget.

## **5. THE ACCOUNTABLE BODY**

- 5.1 The Councils (acting severally) have agreed, with effect from the Commencement Date, the City of Cardiff Council will act as the Accountable Body responsible for discharging the Councils' obligations in relation to the Fund pursuant to and in accordance with this Agreement and the JWA for and on behalf of the Councils and

the City of Cardiff Council agrees to act in that capacity subject to and in accordance with the terms and conditions of this Agreement.

- 5.2 If the Accountable Body withdraws from the City Deal for any reason pursuant to the terms of the JWA, then a replacement Accountable Body will be appointed by the Joint Committee pursuant to the terms of the JWA.
- 5.3 The Councils agree and acknowledge that the long term nature of this Agreement should entitle the City of Cardiff Council to withdraw from its role as Accountable Body without having to withdraw from the City Deal by providing not less than 12 months written notice to each of the Councils to that effect and such notice shall expire on the last Business Day of the relevant financial year and, in such case, the Councils shall agree and nominate a replacement Accountable Body to assume that role without any interruption.
- 5.4 Where a replacement Accountable Body is appointed pursuant to Clause 5.2 or 5.3 above, any reference to the City of Cardiff Council (in its capacity as the initial Accountable Body) shall be read with reference to the replacement Accountable Body.

## 6. DUTIES OF THE ACCOUNTABLE BODY

- 6.1 For the duration of this Agreement, the Accountable Body shall:
- 6.1.1 act as the Accountable Body to hold any funds received directly or indirectly from the Welsh Government, the UK Government (if any), the European Regional Development Fund (if any), the Councils and/or any other sources (if any) in relation to the City Deal which have been allocated for investment via the Fund in accordance with the terms of the JWA and only release such funds as permitted in accordance with the terms of this Agreement;
- 6.1.2 to ring-fence and hold any funds allocated pursuant to Clause 6.1.1 within its wider financial management for and on behalf of itself and the Councils for investment strictly in accordance with the terms of this Agreement;
- 6.1.3 directly invest monies held in the Fund into Approved Project once approved by the Joint Committee in accordance with the terms of this Agreement;
- 6.1.4 receive the returns from the investments in the Approved Projects and to re-invest such funds in further Approved Projects;
- 6.1.5 unless another Council is nominated and agrees to fulfil this role on behalf of itself and the other Councils, issue the Funding Letter and enter into the loan/contractual documentation with any Applicant for an Approved Project (on terms approved by the Joint Committee pursuant to Clause 7.17 provided always that such terms shall not expose the Accountable Body/nominated Council to any risks not otherwise shared by the Councils under this Agreement and/or the JWA) to give effect to the decision of the Joint Committee;
- 6.1.6 regularly report to the Joint Committee on a quarterly basis on:
- (a) the performance of the Fund;
  - (b) the progress of any Approved Projects;
  - (c) the status of any Applications Budgets; and
  - (d) the status of the Budgets.

## 7. APPLICATION APPROVAL PROCESS

- 7.1 The Chief Officer of Investment will undertake a preliminary appraisal of any Application to determine whether it is suitably developed and appropriate for consideration by the Investment Board and the Regional Programme Director. If the Chief Officer of Investment is so satisfied, s/he shall issue the Sift Questionnaire to the Applicant and provide any supporting information considered relevant to the Application.
- 7.2 If, at any time, the Chief Officer of Investment is concerned that s/he could be seen as 'sponsoring the Application' then the functions of the Chief Officer of Investment in respect of such Application shall be assumed and undertaken by the Regional Programme Director (following written notice to that effect from the Chief Officer of Investment).
- 7.3 Prior to completing any Sift Questionnaire, the Applicant shall be required to complete a conflict of interests declaration in the form attached at Schedule 4 to this Agreement. If an actual or potential personal or financial interest relating to any Council(s) or any individual (including for this purpose the Chief Officer of Investment and the Regional Programme Director) is declared then, unless the Joint Committee declares otherwise (having considered the nature and extent of such interest), representatives from that Council(s) and the relevant individual(s) (if applicable) shall be excluded from any discussions or decision making relating to that Application.
- 7.4 The Sift Questionnaire shall be completed by the Applicant and duly returned to the Chief Officer of Investment for evaluation in consultation with the Regional Programme Director and under the oversight of the Investment Board.
- 7.5 The Chief Officer of Investment may (acting at the direction of the Regional Programme Director and subject to Clause 4.3) seek advice from any advisor(s) before making a recommendation to the Regional Programme Director to approve or reject the Application pursuant to the terms of the Sift Questionnaire. The Regional Programme Director may seek further advice (subject always to Clause 4.3) if considered necessary to assess the recommendation.
- 7.6 As part of assessing such recommendation, the Regional Programme Director shall consult with the relevant lead cabinet portfolio holder and shall request an initial view from the advisor(s) on the scope of the Proportionate Business Case Development Process to be undertaken if the Applicant satisfactorily passes the Sift Questionnaire stage. Such initial view shall include an opinion on:
- 7.6.1 how many formal stages may be required prior to final approval (i.e. strategic outline case, outline business case and/or financial business case); and
  - 7.6.2 the level of detail that may be required under each of the 'Five Cases' and a view on whether an options appraisal is appropriate / relevant and how the preferred option represents value for money
- 7.7 If the Regional Programme Director (in conjunction the relevant lead cabinet portfolio holder) rejects the Application for any reason, s/he shall instruct the Chief Officer of Investment to provide reasonably detailed feedback to the Applicant to enable him/her to understand the grounds for rejection and areas where improvements may be made to the Application. The Regional Programme Director shall also report to the Joint Committee on the reasons for such rejection.
- 7.8 If the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder) approves the Application to proceed to the next stage, s/he shall present such recommendation, along with full details of the proposed Proportionate Business Case Development Process and the required budget ("**Application Budget**"), to the Joint Committee for a decision.

- 7.9 If the Joint Committee rejects the Application for any reason, it shall instruct the Regional Programme Director to provide reasonably detailed feedback to the Applicant to enable him/her to understand the grounds for rejection and areas where improvements may be made to the Application.
- 7.10 If the Joint Committee approves the Application to proceed to the Proportionate Business Case Development Process and the Application Budget (with or without any conditions), the Regional Programme Director shall commission such exercise.
- 7.11 The Regional Programme Director shall not:
- 7.11.1 proceed to any subsequent stage within the Proportionate Business Case Development Process;
  - 7.11.2 permit any material variation to the terms of the Application; or
  - 7.11.3 exceed the approved Application Budget,
- without the prior approval of the Joint Committee.
- 7.12 The Regional Programme Director shall, subject to Clause 7.11.3, commission such advisor support (to include any FCA authorised regulatory advice) as is considered appropriate to undertake such Proportionate Business Case Development Process to satisfy the terms of the Financial Criteria and the Investment Framework.
- 7.13 The Regional Programme Director shall regularly report to the Investment Board and the Joint Committee on the progress of the Proportionate Business Case Development Process.
- 7.14 Following conclusion of the Proportionate Business Case Development Process for the Application, the Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder) shall evaluate the Application in accordance with the Financial Criteria and the terms of the Investment Framework. The Regional Programme Director may, subject to Clause 7.11.3, request further clarification from the Applicant or instruct further advisor input as part of the final evaluation of the Application.
- 7.15 The Regional Programme Director (in conjunction with the relevant lead cabinet portfolio holder) shall provide a written recommendation to the Joint Committee following such evaluation to confirm whether, based on the outcome of the Proportionate Business Case Development Process and the Investment Framework, the Application should be recommended to the Joint Committee as an Approved Project.
- 7.16 The Joint Committee shall consider the Regional Programme Director's recommendation and determine whether or not the Application should proceed as an Approved Project.
- 7.17 If the Joint Committee approves the Application as an Approved Project, it shall:
- 7.17.1 instruct the Accountable Body (or any other nominated Council) to issue the Funding Letter to confirm the decision and the terms upon which the investment shall be made;
  - 7.17.2 instruct the Regional Programme Director to settle the loan/contractual documentation to give effect to terms contained in the Funding Letter; and
  - 7.17.3 delegate authority to the Accountable Body (or any other nominated Council) to enter into such loan/contractual documentation (subject always to Clause 6.1.5).

7.18 The Regional Programme Director shall notify the Joint Committee immediately upon it becoming aware of:

7.18.1 any breach by the Applicant of the terms of the Funding Letter or the Investment Framework;

7.18.2 any material change to the terms of the Application;

7.18.3 any new information that may impact on the decision to approve the Application as an Approved Project,

and following such notification, the Joint Committee may:

(a) reconfirm its decision to approve the Application as an Approved Project;

(b) revoke its decision to approve the Application as an Approved Project; or

(c) impose any additional conditions on the decision to approve the Application as an Approved Project.

7.19 If the Joint Committee reject the Application for any reason, it shall instruct the Regional Programme Director to provide reasonably detailed feedback to the Applicant to enable him/her to understand the grounds for rejection and areas where improvements may be made to the Application or, where considered appropriate, instruct the Regional Programme Director to repeat or undertake further stages under the Proportionate Business Case Development Process to help further develop the Application or address any areas of concern (and in which case Clauses 7.12 to 7.18 shall be repeated).

## 8. INVESTMENT BOARD

### Constitution and Role of the Investment Board

8.1 The Councils shall, with effect from the Commencement Date, form the advisory investment board ("**Investment Board**") for the purpose of:

8.1.1 overseeing the evaluation of the Sift Questionnaire;

8.1.2 monitoring the progress of the Proportionate Business Case Development Process;

8.1.3 monitoring the performance of the Fund and any Approved Projects ; and

8.1.4 carrying out the role set out in Schedule 3 (Investment Board Terms of Reference).

8.2 The Investment Board shall only operate in an advisory capacity and shall not have any decision making function in relation to the Fund or any Application.

8.3 The Investment Board shall comprise of up to 10 (ten) representatives appointed by the Regional Programme Director following consideration of:

8.3.1 up to 5 (five) nominations for suitable senior officers from the Councils (in consultation with the chair and vice-chair of the Joint Committee); and

8.3.2 up to 5 (five) nominations for suitable members from the Regional Economic Growth Partnership.

- 8.4 The chairperson shall be the Regional Programme Director or such other representatives as the Investment Board may determine from time to time.
- 8.5 The nominating party may, subject to the approval of the Regional Programme Director, replace their representatives (and their respective deputies, if applicable) appointed to the Investment Board provided that such replacement shall be on the same basis as the original appointed.
- 8.6 The Investment Board shall meet as and when required to fulfil their role pursuant to this Agreement and, in any event, at appropriate times and on reasonable notice (to be issued through the Regional Programme Director). Unless otherwise determined by the Regional Programme Director, such meetings shall be open and papers shall be published (unless commercially sensitive).

9. **DUE DILIGENCE COSTS**

**General**

The Councils agree that, subject always to the terms of the JWA, all costs associated with the assessment and evaluation of any Application in accordance with this Agreement shall be drawn from the relevant Budget.

10. **LIABILITY OF THE COUNCILS**

- 10.1 The Accountable Body shall indemnify and keep indemnified each of the other Councils to this Agreement against any losses, claims, expenses, actions, demands, costs and liability suffered by that Council to the extent arising from any wilful default or breach by the Accountable Body of its obligations under this Agreement (and wilful in this context shall, for the avoidance of doubt, not include matters which are outside the reasonable control of the Accountable Body or matters arising from any negligent act or omission in relation to such obligations).
- 10.2 No claim shall be made against the Accountable Body to recover any loss or damage which may be incurred by reason of or arising out of the carrying out by the Accountable Body of its obligations under this Agreement unless and to the extent such loss or damage arises from a wilful default or breach by the Accountable Body under Clause 10.1 (Liability of Councils).
- 10.3 Each of the other Councils (acting severally) shall indemnify and keep indemnified the Accountable Body against all losses, claims, expenses, actions, demands, costs and liabilities which the Accountable Body may incur by reason of or arising out of the carrying out by the Accountable Body of its obligations under this Agreement for that Council or arising from any wilful default or breach by a Council of its obligations under this Agreement (and wilful in this context shall, for the avoidance of doubt, not include matters which are outside the reasonable control of that Council or matters arising from any negligent act or omission in relation to such obligations) unless and to the extent that the same result from any breach by the Accountable Body of any such obligations.
- 10.4 The Councils agree and acknowledge that the amount to be paid to the Accountable Body by any of the other Councils under Clause 10.3 (Liability of Councils) shall be borne by each of the Councils to the extent of its responsibility, however in the event that the responsibility is a shared one between the Councils (so that it is not reasonably practicable to ascertain the exact responsibility between the Councils) then the amount to be paid shall be divided between the Councils on a Proportionate Basis.
- 10.5 In the event of a claim under this Clause 10 (Liability of Councils) in which it is not reasonably practicable to determine the extent of responsibility as between the Councils (including the Accountable Body), then the amount shall be divided amongst the Councils (including the Accountable Body) on a Proportionate Basis. For the

avoidance of doubt, any claim arising otherwise than through the wilful default or breach by the Accountable Body or the other Councils shall be divided amongst the Councils (including the Accountable Body) on a Proportionate Basis.

- 10.6 A Council who receives a claim for losses, expenses, actions, demands, costs and liabilities shall notify and provide details of such claim as soon as is reasonably practicable the other Councils.
- 10.7 No Council shall be indemnified in accordance with this Clause 10 (Liability of Councils) unless it has given notice in accordance with Clause 10.6 (Liability of Councils) to the other Council(s) against whom it will be enforcing its right to an indemnity under this Agreement.
- 10.8 Each Council ("**Indemnifier**") shall not be responsible or be obliged to indemnify the other Councils (including the Accountable Body) ("**Beneficiary**") to the extent that any insurances maintained by the Beneficiary at the relevant time provide an indemnity against the loss giving rise to such claim and to the extent that the Beneficiary recovers under such policy of insurance (save that the Indemnifier shall be responsible for the deductible under any such policy of insurance and any amount over the maximum amount insured under such policy of insurance).

## 11. **CONFIDENTIALITY AND ANNOUNCEMENTS**

- 11.1 Each Council ("**Covenanter**") shall, both during the currency of this Agreement and at all times following its termination or expiry, keep private and confidential and shall not use or disclose (whether for its own benefit or that of any third party) any Confidential Information relating to any other Council or third party (including any Applicant) which has come to its attention as a result of or in connection with this Agreement.
- 11.2 The obligation set out in Clause 11.1 (Confidentiality and Announcements) shall not relate to information which:-
- 11.2.1 comes into the public domain or is subsequently disclosed to the public (other than through default on the part of the Covenanter or any other person to whom the Covenanter is permitted to disclose such information under this Agreement); or
  - 11.2.2 is required to be disclosed by law; or
  - 11.2.3 was already in the possession of the Covenanter (without restrictions as to its use) on the date of receipt; or
  - 11.2.4 is required or recommended by the rules of any governmental or regulatory authority including any guidance from time to time as to openness and disclosure of information by public bodies; or
  - 11.2.5 is necessary to be disclosed to provide relevant information to any insurer or insurance broker in connection with obtaining any insurance required by this Agreement.
- 11.3 Where disclosure is permitted under Clause 11.2.4 or 11.2.5, the recipient of the information shall be subject to a similar obligation of confidentiality as that contained in this Clause 11 (Confidentiality and Announcements) and the disclosing Council shall make this known to the recipient of the information.
- 11.4 No Council shall (and shall procure that no Applicant shall) make any public statement or issue any press release or publish any other public document relating, connected with or arising out of this Agreement, any Approved Project or any other agreement relating to the Fund (and shall procure that no Applicant shall) without the prior written consent of the other Councils.

## 12. **CONTRACTS (THIRD PARTY RIGHTS)**

The Councils as parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

## 13. **DISPUTE RESOLUTION**

- 13.1 Any dispute arising in relation to any aspect of this Agreement shall be resolved in accordance with this Clause 13 (Dispute Resolution). The Councils undertake and agree to pursue a positive approach towards dispute resolution which seeks (in the context of this partnership) to identify a solution which avoids legal proceedings and maintains a strong working relationship between the Councils.
- 13.2 In the event of any dispute or difference between the Councils relating to this Agreement (whether this may be a matter of contractual interpretation or otherwise) then save in relation to disputes or disagreements relating to a Matter Reserved To The Councils, the matter shall be dealt with as follows by referral in the first instance to the Joint Committee who shall meet within ten (10) Business Days of notification of the occurrence of such dispute and attempt to resolve the disputed matter in good faith.
- 13.3 In relation to a dispute or disagreement relating to a Matter Reserved To The Councils, or if the Joint Committee fails to resolve a dispute or disagreement within five (5) Business Days of meeting pursuant to Clause 13.2 (Dispute Resolution), or fails to meet in accordance with the timescales set out in Clause 13.2 (Dispute Resolution), then the Councils in dispute or the Joint Committee (as the case may be) may refer the matter for resolution to:-
- 13.3.1 the Chief Executive(a) or Council Leader(s) (as appropriate) of the Councils;  
or
  - 13.3.2 mediation by such party as the Councils may agree; or
  - 13.3.3 the exclusive jurisdiction of the Courts of England and Wales otherwise.
- 13.4 Any dispute and/or disagreement to be determined by the Chief Executive(s) or Council Leaders (as appropriate), mediation or the Courts of England and Wales or such other body as agreed by the Councils (as the case may be) under this Agreement shall be promptly referred for determination to them.
- 13.5 The Councils shall on request promptly supply to the Chief Executive(s) or Council Leaders or mediator or the Courts of England and Wales (as the case may be) all such assistance, documents and information as may be required for the purpose of determination and the Councils shall use its reasonable endeavours to procure the prompt determination of such reference.
- 13.6 If a mediator is appointed to determine in dispute pursuant to Clause 13.3 (Dispute Resolution), then the mediator shall be deemed to act as an expert and not as an arbitrator and his determination shall (in the absence of manifest error) be conclusive and binding upon the Councils.
- 13.7 The costs of the resolution of any dispute and/or disagreement between the Councils under this Agreement shall be borne by the Councils on a Proportionate Basis to the dispute in question save as may be otherwise directed by the Chief Executive(s) or Council Leaders (as appropriate), the mediator or the Courts of England and Wales (as the case may be).



## 14. DATA PROTECTION LEGISLATION

14.1 Each Council shall at all times comply with all applicable Data Protection Legislation relating to the activities to be performed in connection with this Agreement.

14.2 [Each Council:<sup>1</sup>

14.2.1 shall process Personal Data belonging to any other Council only on the instructions of that Council (subject to compliance with applicable law);

14.2.2 shall only undertake processing of Personal Data reasonably required in connection with the City Deal and shall not transfer any Personal Data to any country or territory outside the European Economic Area; and

14.2.3 shall use its reasonable endeavours to procure that all relevant professional advisers, sub-contractors and third parties comply with this Clause 14.2 (Data Protection). For the avoidance of doubt a relevant sub-contractor is one which processes Personal Data belonging to the one or any of the Councils.

14.3 The Councils shall not disclose Personal Data to any third parties other than:

14.3.1 to employees, external professional advisers and sub-contractors and third parties to whom such disclosure is reasonably necessary in order for the Councils to discharge the Councils' obligations in relation to this Agreement; or

14.3.2 to the extent required under a court order or to comply with any applicable laws including (but not limited to) any statute, bye law, European Directive or regulation.

provided that any disclosure to any external professional adviser, sub-contractor or any third parties under Clause 14.3.1 (Data Protection) shall be made subject to written terms substantially the same as, and no less stringent than, the terms contained in this Clause 14 (Data Protection) and that the Councils shall give notice in writing to all other Councils of any disclosure of Personal Data belonging to them which they or a sub-contractor or third parties are required to make under Clause 14.3.2 (Data Protection) immediately they are aware of such a requirement.

14.3.3 The Councils shall bring into effect and maintain and shall use its reasonable endeavours to ensure that all relevant sub-contractors and any third parties have in effect and maintain all reasonable technical and organisational measures necessary to prevent unauthorised or unlawful processing of Personal Data and accidental loss or destruction of, or damage to, Personal Data including but not limited to taking reasonable steps to ensure the reliability and probity of any employee or agent of a relevant sub contractor or any third parties having access to the Personal Data.

14.3.4 Any Council may, at reasonable intervals, request a written description of the technical and organisational methods employed by any other Council and the relevant professional adviser/sub-contractors referred to in Clause 14.2.3 (Data Protection) Within five (5) Business Days of such a request, the Council requested to do so shall supply written particulars of all such measures as it is maintaining detailed to a reasonable level such that the requesting Council can determine whether or not, in connection with the Personal Data, it is compliant with the DPA. All Councils shall use its reasonable endeavours to ensure that the professional advisers,

---

<sup>1</sup> To be reviewed against GDPR obligations to assess if applicable or if general catch-all obligation suffices.

sub-contractors and any third parties also comply with such request from any other Council.

14.4 All Councils shall ensure that any Personal Data they obtain and provide to any other Council has been lawfully obtained and complies with the DPA and that the use thereof in accordance with this Agreement shall not breach any of the provisions of the DPA.

14.5 If:-

14.5.1 under the DPA any Council is required to provide information to a data subject (as defined in the DPA) in relation to Personal Data when such data is in the possession or under control of any other Council; and

14.5.2 the required Council informs the controlling Council in writing that this is the case,

then the controlling Council shall guarantee reasonable and prompt co-operation to the required Council in meeting its obligations under the DPA including making copies of the relevant Personal Data to the extent the same are in its possession.

14.6 Each Council shall provide the other as soon as reasonably practicable, with such information in relation to Personal Data and their processing as the other Council may reasonably request in writing and the party asked to provide the relevant data may reasonably be able to provide in order for the other Council to:-

14.6.1 comply with its obligations under this Clause and the DPA; and

14.6.2 assess whether the processing of the relevant Personal Data in connection with this Agreement is breaching or may breach the DPA in a manner which is material and not effectively sanctioned by any guidance statement issued by the Information Commissioner.

14.7 The Councils shall each take reasonable precautions (having regard to the nature of their respective obligations under this Agreement) to preserve the integrity of any Personal Data.

14.8 The Councils shall continually review any existing information sharing protocols being used in relation to this Agreement to ensure they remain relevant to the subject matter of this Agreement and to identify which Personal Data needs to be processed and on what basis to ensure compliance with this Clause 14 (Data Protection).]

## 15. **FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION**

15.1 Each Council acknowledges that the other Councils are subject to the requirements of the Freedom of Information Act 2000 ("**FOIA**") and the Environmental Information Regulations 2004 ("**EIR**") and the Councils shall comply with the Accountable Body's policy on FOIA in respect of these information disclosure obligations to the extent they relate to the subject matter of this Agreement.

15.2 Where a Council receives a request for information under either the FOIA or the EIR in relation to information which it is holding on behalf of any of the other Councils in relation to this Agreement, it shall:

15.2.1 transfer the request for information to the Accountable Body as soon as practicable after receipt and in any event within two (2) Business Days of receiving a request for information;

15.2.2 provide the Accountable Body with a copy of all information in its possession or power in the form the Accountable Body reasonably requires within ten

(10) Business Days (or such longer period as the Accountable Body may specify) of the Accountable Body requesting that information; and

15.2.3 provide all necessary assistance as reasonably requested by the Accountable Body to enable the Accountable Body to respond to a request for information within the time for compliance set out in the FOIA or the EIR.

15.3 The Councils agree and acknowledge that the Accountable Body shall be responsible for co-ordinating any response on behalf of the relevant Councils to the extent they relate to this Agreement and all costs incurred shall be accounted for as Joint Committee Costs under the JWA.

15.4 The Accountable Body shall be responsible for determining in their absolute discretion whether any information requested under the FOIA or the EIR:

15.4.1 is exempt from disclosure under the FOIA or the EIR;

15.4.2 is to be disclosed in response to a request for information.

15.5 Each Council acknowledges that the Accountable Body may be obliged under the FOIA or the EIR to disclose information:

15.5.1 without consulting with the other Councils where it has not been practicable to achieve such consultation; or

15.5.2 following consultation with the other Councils and having taken their views into account.

## 16. **NOTICES**

16.1 Any notice or demand in connection with this Agreement to any Council shall be in writing and may be delivered by hand, prepaid first class post, special delivery post or email, addressed to the recipient at their principal office as the case may be or such other recipient address as may be notified in writing from time to time by any of the Parties to this Agreement to all the other Councils to this Agreement.

16.2 Any notice or demand in connection with this Agreement to the Joint Committee shall be in writing and may be delivered by hand, prepaid first class post, special delivery post or email, addressed to the Regional Programme Director at the address as the case may be notified in writing from time to time by the Regional Programme Director to all the Councils to this Agreement.

16.3 The notice or demand shall be deemed to have been duly served:-

16.3.1 if delivered by hand, when left at the proper address for service;

16.3.2 if given or made by prepaid first class post or special delivery post, forty-eight (48) hours after being posted (excluding days other than Business Days);

16.3.3 if given or made by email, at the time of transmission,

provided that, where in the case of delivery by hand or email such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

16.4 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

17. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in all respects in accordance with the laws of England and Wales. Subject to Clause 13 (Dispute Resolution), the English and Welsh Courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

18. **ASSIGNMENTS**

18.1 The rights and obligations of the Councils under this Agreement shall not be assigned, novated or otherwise transferred (whether by virtue of any legislation or any scheme pursuant to any legislation or otherwise) to any person other than to any public body (being a single entity) acquiring the whole of the Agreement and having the legal capacity, power and authority to become a party to and to perform the obligations of the relevant Council under this Agreement being:

18.1.1 a Minister of the Crown pursuant to an Order under the Ministers of the Crown Act 1975; or

18.1.2 any Local Authority which has sufficient financial standing or financial resources to perform the obligations of the relevant Council under this Agreement.

19. **WAIVER**

19.1 No failure or delay by any Council to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or some other right, power or remedy unless a waiver is given in writing by that Council.

19.2 Each Council shall pay their own costs incurred in connection with the preparation, execution, completion and implementation of this Agreement.

20. **ENTIRE AGREEMENT**

This Agreement contains all the terms which the Parties have agreed in relation to the subject of this Agreement and supersedes any prior written or oral agreements, representations or understandings between the Councils relating to such subject matter. No Council has been induced to enter into this Agreement or any of these documents by statement or promise which they do not contain, save that this Clause shall not exclude any liability which one Council would otherwise have to the other in respect of any statements made fraudulently by that Council.

21. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts each of which so executed shall be an original but together shall constitute one and the same instrument.

22. **RELATIONSHIP OF COUNCILS**

Each Council is an independent body and nothing contained in this Agreement shall be construed to imply that there is any relationship between the Councils of partnership or (except as expressly provided in this Agreement) of principal/agent or of employer/employee. No Council shall have the right to act on behalf of another nor to bind the other by contract or otherwise except to the extent expressly permitted by the terms of this Agreement. In particular for the avoidance of doubt, none of the provisions relating to the principles of working in partnership shall be taken to establish any partnership as defined by The Partnership Act 1890.

23. **STATUTORY RESPONSIBILITIES**

Notwithstanding anything apparently to the contrary in this Agreement, in carrying out their statutory duties, the discretion of any Council shall not be fettered or otherwise affected by the terms of this Agreement.

**AS WITNESSED** the duly authorised representatives of the Councils have signed this Agreement as a deed on the date written at the beginning of this Agreement.

**SCHEDULE 1**  
**INVESTMENT FRAMEWORK**

**SCHEDULE 2**  
**SIFT QUESTIONNAIRE**

**SCHEDULE 3**  
**INVESTMENT BOARD TERMS OF REFERENCE**



**SCHEDULE 4**  
**CONFLICTS OF INTERESTS DECLARATION**

**SCHEDULE 5**  
**CARDIFF CAPITAL INVESTMENT PROSPECTUS**

The Common Seal of **BLAENAU GWENT** )  
**COUNTY BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **BRIDGEND COUNTY** )  
**BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **CAERPHILLY COUNTY** )  
**BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **THE COUNTY** )  
**COUNCIL OF THE CITY & COUNTY OF** )  
**CARDIFF** was hereunto affixed in the )  
presence of:- )

The Common Seal of **MERTHYR TYDFIL** )  
**COUNTY BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **MONMOUTHSHIRE** )  
**COUNTY COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **NEWPORT** )  
**CITY COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **RHONDDA CYNON** )  
**TAFF COUNTY BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **TORFAEN COUNTY** )  
**BOROUGH COUNCIL** was )  
hereunto affixed in the presence of:- )

The Common Seal of **THE VALE OF** )  
**GLAMORGAN COUNCIL** was )  
hereunto affixed in the presence of:- )

**Draft – No Status**

# Investment and Intervention Framework and Toolkit

Regional Cabinet Briefing 20 May 2019

# Purpose of session

- 1) Why we need the Investment and Intervention Framework
- 2) Journey so far
- 3) Clarity & focus
- 4) Key operating principles
- 5) Cabinet leadership; role, touchpoints and decision-making
- 6) Delegations and role for portfolio 'lead' Leaders
- 7) Investment Panel and governance enhancements
- 8) Role of key officers
- 9) Link into Gateway Review & evaluation & monitoring
- 11) Conflicts of interest

# Why we need an Investment & Intervention Framework

- Currently a gap in the Assurance Framework
- Have not set out **how** we are going to do business
- Open to speculative & mis-aligned ‘applications’
- Give confidence we are acting strategically and in evidence-based way...
- ...to achieve our GVA, leverage and jobs growth targets
- Set expectations in terms of ambition, priorities & timeframes
- Without such an approach, impossible to ‘size the wider pot’ and think beyond £495m and to build portfolio approach
- ‘Evergreen’ – living off interest, not capital

# Journey to date

- Joint Working Agreement establishes an enabling framework - the Assurance Framework
- Assurance Framework is approved document and aligns with JWA Business Plan
- Requires that investment decisions appraised through a 'Regional Impact Assessment Toolkit' (***Investment and Intervention Framework & Toolkit***) and supported by a 'Prospectus for Growth and Prosperity' (***CCR Industrial and Economic Plan***)
- Required due to the absence of detailed pipeline of investment projects at the inception of the City Deal. Provides an objective and robust evaluation procedure to assess and prioritise deliverable investment projects



# Clarity & focus

- Industrial and Economic Growth Plan – priorities:
  - CSC
  - Fintech
  - Life sciences
  - Cyber and digital
  - Creative
  - Public services & foundational economy
- Political and industrial leadership
- Economic inclusion and place-sensitive approach
- Wealth creation – wealth distribution - whole of region and not just parts of it
- Clusters and connections
- Evergreen, co-investment, leverage & challenge approach – building resilience
- Range of ‘live projects’ developed/ developing in spirit of principles – Metro Plus, Graduate Scheme, SIPF, CSC & Housing Catalyst Fund
- Backed by Govts & foregrounds ‘three streams’ – Innovation, Infrastructure & Challenge

# Key Operating Principles

- Will need the ability to evolve throughout the life of the City Deal as local priorities change, public funding landscape shifts and lessons learnt from early investments
- Formulation of objective criteria that is capable of assessing and scoring a wide range of projects in an independent way
- Best means of giving clear & impartial advice to Regional Cabinet as ONLY decision-makers in process
- Investment Panel (advisory) to be established to assess and make recommendations to Regional Cabinet
- CEX Board becomes Programme Board (additional assurance)
- Provides confidence all investments aligned to City Deal stated goals and core objectives

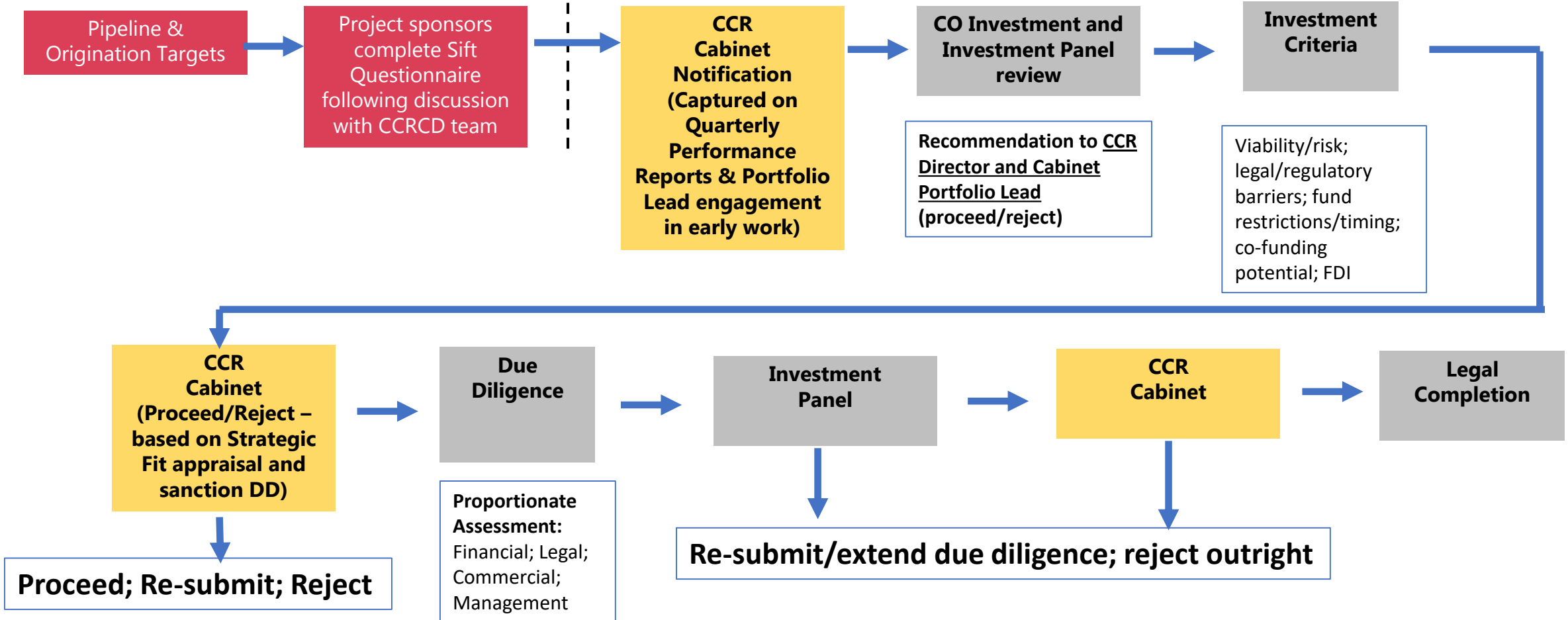
# Key Features – Cabinet role

- Project pipeline – formally enter the process by completion of Sift Questionnaire to be reviewed by Chief Investment Officer and Investment Panel.
- Initial exploration needed by the Investment Officer/ Panel to inform sift process (up to set £ amount) to be agreed by Director in conjunction with lead Portfolio Leader – delegated provision
- **Project notification to Regional Cabinet** via Quarterly Performance Report
- Should project ‘pass’ sift and align with an investment priority (Innovation, Infrastructure & Challenge) – **full report to Regional Cabinet to endorse and sign off due diligence costs**
- CIO and Investment Panel oversee technical assessment process
- Use of informal **Cabinet briefings** to engage and inform as required
- **Leadership role of lead portfolio leader** – ongoing
- Investment Panel advises Director who makes **recommendations to Regional Cabinet**
- **Final report to Regional Cabinet to approve/ reject project** (initiate legal completion and award of funds)

# Process

Informal engagement / pre-IIF

Formal IIF engagement



**CCR Cabinet – full line of sight via Quarterly Performance Reports, Informal Cabinet Briefings, and role of Portfolio Lead**

# Investment Guidelines

Investment Priority	CCR Targets	ROI	Audience	% Investment (indicative)	Indicative Range	Investment
<b>Innovation £200m</b>  Unique IP/ Market Leadership	Jobs, growth & leverage	Direct	<ul style="list-style-type: none"> <li>Private sector led</li> <li>R&amp;D Organisations</li> <li>HE</li> <li>FDI</li> </ul>	10-30%	£15-£50m	Repayable instruments
<b>Infrastructure £200m</b>  Foundations to enable private sector success & Civic Benefit	Leverage, jobs & indirect growth, address economic disparities	Indirect	<ul style="list-style-type: none"> <li>Public Sector led</li> <li>Public-private schemes</li> <li>FE &amp; HE (skills)</li> </ul>	50% Max	£10-£50m	Repayable through fiscal, income streams/ gain-share/other socio-economic benefits
<b>Challenge £100m</b>  Competitive, aligned to CCR Priorities	New market creation, shaping places, IP Commercialisation	Enhance	<ul style="list-style-type: none"> <li>R&amp;D intensive businesses</li> <li>HE/FE</li> <li>Social Enterprise</li> <li>Foundational Economy</li> </ul>	10-50%	£2-£10m	Repayable and/or risk investment returns

**Enhance Productivity & Economic Inclusion**

**Reduce Economic Growth Inhibitors**

**Address Place based disparities & spatial benefit**

# Role of Cabinet & Lead Portfolio-holders

- Take advice, evidence and input from experts and make decisions
- Strategic leadership role
- Appropriate space between Cabinet and technical and operational assessment processes
- But opportunity to get into detail if/ when needed – Investment Panel are **your** advisors
- Requires more strategic role of portfolio leads
- You can still say NO

# Investment Panel & Governance

- Gives independence, technical support and expertise and balance
- Advising on suitability of investments, overseeing assessment process and ongoing monitoring and review of live projects
- Proposed 10 strong membership
- 5 LA (or public body) reps – with commercial/ financial pedigree and expertise
- 5 Regional Economic Growth Partnership reps
- Nominations to be sought from CEX Group and REGP and submitted to Director
- Representation to be agreed by Cabinet Chair and Vice Chairs
  
- CEX board to become Programme Board – formal role for CEXs

# Role of key officers

- Appropriate separation of duties
- Clear water between roles of Director/Deputy and Chief Investment Officer
- In order to provide separation across technical and strategic/ policy advisory roles and support
- Legal and professional advice taken to ensure synergies are maximised in small team environment, but at same time, proper distance & impartiality is preserved
- Probity – accountability – clarity



# Gateway Review

- Endorsement of Wales and UK Govts
- Flagged up by WAO in 18/19 audit review as key factor
- Central to local evaluation framework
- Recognised as good practice, setting right principles and foundations and 'self aware'
- Demonstrates science to approach
- Ongoing monitoring and evaluation – built in rather than after thought

# Conflicts of Interest

- Process relies upon Register of Interest in individual LAs
- Refresh and review with commencement of Investment Process
- Process for Partnerships, in particular, REGP
- Open register is suggested and signing up to enhanced Nolan Principles
- Small region with connections across the place – open, up-front and visible

**CCR Regional Cabinet Portfolios**

<b>Current Portfolio Area</b>	<b>Current Leader/s</b>	<b>Revised Portfolio Area</b>	<b>Proposed Leader</b>
Housing and Planning	Cllr D Poole Cllr J Thomas / Cllr Neil Moore	<b>Housing, Planning &amp; Clean Growth</b> <b>Includes:</b> <ul style="list-style-type: none"> <li>• Strategic Development Plan</li> <li>• Sites and Premises</li> <li>• Housing Investment Fund</li> <li>• TRI</li> <li>• Low carbon future</li> <li>• Climate change</li> <li>• LEV &amp; EV</li> <li>• Energy mission and net zero carbon</li> </ul>	?
Work and Skills	Cllr Debbie Wilcox	<b>Learning, Skills and Talent</b> <b>Includes:</b> <ul style="list-style-type: none"> <li>• Regional Skills Partnership</li> <li>• Skills for Future</li> <li>• GW4</li> <li>• HE and FE engagement</li> <li>• TERCW/ curriculum change</li> <li>• Employability and welfare to work</li> </ul>	?
Business and Innovation	Cllr Peter Fox and Cllr Anthony Hunt	<b>Innovation, Research and Business</b> <b>Includes:</b> <ul style="list-style-type: none"> <li>• Research base</li> <li>• Innovation and R&amp;D programmes</li> <li>• Knowledge economy</li> <li>• Sectors</li> <li>• Business engagement</li> </ul>	?

Current Portfolio Area	Current Leader/s	Revised Portfolio Area	Proposed Leader
		<ul style="list-style-type: none"> <li>• Business Council and REGP</li> <li>• Digital economy</li> </ul>	
Business and Growth	Cllr Huw Thomas	<b>Economic Strategy &amp; Internationalisation</b> Includes: <ul style="list-style-type: none"> <li>• Industrial Growth Plan</li> <li>• Sectors analysis &amp; data</li> <li>• Business Council and REGP</li> <li>• Expert panels</li> <li>• UKRI and WG strategy</li> <li>• Internationalisation strategy</li> <li>• Investment prospectus</li> </ul>	?
Transport	Cllr Huw David	<b>Transport and Infrastructure</b> Includes: <ul style="list-style-type: none"> <li>• Regional Transport Authority</li> <li>• Digital connectivity</li> <li>• Sustainable transport</li> <li>• Active travel</li> <li>• Air quality</li> <li>• Environment</li> <li>• Transport Plan</li> <li>• JTA</li> </ul>	
Governance	Cllr Kevin O'Neil	<b>Governance, Assurance &amp; Local Evaluation</b> Includes: <ul style="list-style-type: none"> <li>• Joint committee governance/ JWA</li> <li>• Delegations</li> <li>• 5 year business plan</li> <li>• Annual business plan</li> <li>• Scrutiny</li> <li>• Gateway Review</li> </ul>	?

Current Portfolio Area	Current Leader/s	Revised Portfolio Area	Proposed Leader
		<ul style="list-style-type: none"> <li>• Assurance Framework and Investment Framework</li> </ul>	
Finance	Cllr Nigel Daniels	<b>Resources and Risk</b> <ul style="list-style-type: none"> <li>• Financial planning</li> <li>• Audit and risk</li> <li>• People</li> <li>• Back office</li> <li>• Risk Plan</li> <li>• Funding T&amp;Cs</li> <li>• Fiscal levers</li> </ul>	?
Chair – City Deal Oversight	Cllr Andrew Morgan	<b>Chair</b> <b>Carries no portfolio – role is one of oversight, leadership overall, direction and policy/ cabinet</b>	?
		<b>Engagement, Marketing and Communications</b> Includes: <ul style="list-style-type: none"> <li>• Marketing plan</li> <li>• Branding</li> <li>• Events</li> <li>• Civic engagement</li> <li>• Communications</li> <li>• Partnerships and networks</li> <li>• Social media</li> </ul>	?
		<b>Inclusive Growth</b> Includes: <ul style="list-style-type: none"> <li>• Foundational economy</li> <li>• Wellbeing of Future Generations</li> <li>• Place based strategies</li> <li>• Economic inclusion</li> <li>• Anti-poverty</li> <li>• Mutuals/ co-ops</li> <li>• Economic vibrancy and ‘better lives’</li> <li>• Shared prosperity</li> </ul>	?

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>Setting out the new Investment and Intervention Framework that aligns with Regional Industrial and Economic Growth Plan and thus, completes the full Assurance Framework.</p>
<p><b>Proposal: Investment and Intervention Framework</b></p>	<p><b>Date Future Generations Evaluation form completed: 28 May 2019</b></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.

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The IIF sets out the framework for testing, assessing and appraising proposals in an independent, fair and balanced way, in order to ensure the proposals that develop are those that best contribute to wealth creation and prosperity.</p>	<p>The proposal is predicated on the principles of 'good growth' and has enshrined within in it, criteria focused on economic inclusion.</p> <p>An Investment Panel will be convened enabling a balance of expertise and inputs across public and private sectors.</p>



<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The IIF is underpinned by the four Industrial Strategy Grand Challenges, included in which is clean growth.	Assessment process will be focused on green and clean growth and it is envisaged that proposal coming forward will be in this territory – Metro Plus is but one example.
<b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood	Developing the conditions, through new links and networks – and opportunities for future engagement – will make a contribution to prosperity, which in turn will support wellness and wellbeing.	Inclusive growth and sharing prosperity are key principles.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.	ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The IIF has regard to the wider factors required to support a vibrant and responsible economy	
<b>A Wales of vibrant culture and thriving Welsh language</b> 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.	
<b>A more equal Wales</b> 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	The ‘spread’ and targeting of City Deal benefits in a place-based and place-led way.

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?
	gains – but importantly how this will convert as tools for improving people’s lives.	

**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>	The IIF is relevant to today, but focused on foresight and what comes, tomorrow.	Continued work on data/ evidence and generating in equal measure, insight and foresight.
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	The report sets out the different partners and sectors engaged in this work	City Deal will be delivered by a multiplicity of diverse partners.
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	The report sets out the different partners and sectors engaged in this work	



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>Putting resources into preventing problems occurring or getting worse</p>	<p>The framework operationalizes the process for stimulating economic activity in the region creating opportunities to engage people in work and develop the prosperity needed to ensure people are more economically self reliant and self sufficient.</p>	
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This will be undertaken on a case by case basis through the new assessment process.</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	As with all those categories below – the impacts will relate to specific delivery that underpins the execution and operation of this Plan	None arising at this time.	
Disability	As above	As above	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
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		

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

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

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 data from other cities, regions and countries
- New data emerging from the ISCF and Innovate UK about engagement
- Arloesiadur
- Previous report of Economic Growth and Competitiveness Commission
- Examples of frameworks from other regions
- Proposals developed to date

### 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?

*As above, the main implications will be in the delivery of this work.*

### 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:

Quarterly 2019/20