

**15 JULY 2019**

---

**2019-20 ANNUAL BUSINESS PLAN - QUARTER 1 PERFORMANCE REPORT**

**REPORT OF CARDIFF CAPITAL REGION DIRECTOR**

**AGENDA ITEM: 4**

---

**Reason for this Report**

1. To inform key stakeholders, principally, Regional Cabinet and also, Wales and UK Governments of the Quarter 1 reporting position against the 2019/20 City Deal Business Plan, thus discharging the reporting requirements of the Assurance Framework and providing a comprehensive overview of progress.
2. To provide regional Cabinet with an update of actual expenditure as at Quarter 1 against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year 2019/20.
3. To recommend that Regional Cabinet approve the Quarter 1 report, in order for formal submission to government partners.
4. To note the continued changes to the format, structure and shape of the report, in order to provide a 'balanced scorecard' approach relevant to the performance targets set – and their dates for completion/ achievement – as set out in Annual Business Plan.

**Background**

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

priority areas such as Programme Delivery and Pipeline – which are relevant to the new Investment and Intervention Framework. Also included are priorities around Partnerships, Communications, Influence/ Engagement and Culture, Capacity and Leadership.

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

- A revised version of the 'balanced scorecard' that relates to the targets specifically set for delivery in the relevant quarterly period – in this case – Q1;
- A copy of Q1 Performance on the Compound Semi-conductor (CSC) Project – the single 'live' investment of CCRDCD. This Q1 update is in the format required by National Evaluation Leads, SQW and is presented as an update to the agreed Logic Model. This will keep reporting consistent, connected into all main reporting outlets – Cabinet, CSC Foundry Board and SQW;
- From Q2 onwards, and subject to submissions to the Investment and Intervention Framework, a 'Pipeline Scheme' Tracker will be included to record all live submissions to the Investment Framework, enabling Regional Cabinet and partners, to understand their progress, status and early investment needs;
- Progress tracker for 'in principle' projects – Skills for Future, Digital, Metro Plus, Metro Central and Housing Investment Fund;
- A RAG rating system to evaluate the degree to which objectives are on target for delivery; and
- A rolling tracker of progress overall, that shows the quarterly delivery targets in the context of the objectives of the Annual Business Plan – in order to provide both a backwards and forwards-looking assessment of progress

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

- Develop the International presence – UKRI/ Innovate UK, Ser Cymru, support for hosting of Taiwanese Semiconductor delegation, MIPIM and Wales in London Week 2020 planning, developing UK-wide links, planning a programme of activity with UK Dept for International Trade and contributing to the WG Internationalisation Strategy;
- Cultivate inward investment opportunities – developing the Compound Semiconductor Cluster and CS Connected; Electric Vehicle transmissions centre, AI and Data and Cyber;
- Origination of proposals and projects and creation of 'dealflow' for the Investment Framework;
- Respond to challenges and opportunities – WEFO 'Institutional capacity' call; supporting the Taskforce for Ford; 5G, developing the Medical Tools and Diagnostics Cluster and Strength in Places bid;
- Participating in and contributing to national, regional and UK-wide networks and events – Chief Scientists Panel and Research and Innovation Strategy; the Learned

Society and Royal Society; Ministerial Valleys Taskforce; Ministerial Foundation Economy Advisory Board; Regional Investment Board and Fintech Wales;

- Partnership and collaborative development, through co-ordinating, supporting and aligning the activity plans of the Regional Economic Growth Partnership, the Regional Skills Partnership and the Regional Business Council. This includes the Regional Business Council's Business Plan, engagement activity with businesses across the region and event management; the commissioning of Research, support to the Investment Panel and development of the Investment framework documentation and Investment Prospectus.

10. The detail attached to the report, sets out the core activity in priority areas:

- Appendix 1: CCR City Deal Quarter 1 Performance 'Balanced Scorecard'
- Appendix 2: CCR City Deal CSC Project Quarter 1 Logic Model
- Appendix 3: AGS Quarter 1 Update
- Appendix 4: Wider Investment Fund Quarter 1 Finance Update
- Appendix 5: Wellbeing of Future Generations Assessment

## **Legal Implications**

11. The report sets out the Quarter 1 performance and is submitted to Regional Cabinet for consideration pursuant to the reporting requirements within the Cardiff Capital Region City Deal Assurance Framework. As regards individual projects referred to in the attached, then legal advice on those projects will be reflected in the relevant reports as and when such matters are reported to Regional Cabinet.

## **Wellbeing of Future Generations**

12. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:

(a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;

(b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief, and;

(c) the Well Being of Future Generations (Wales) Act 2015. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In

discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

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

Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at appendix 6.

## **Financial Implications**

13. Regional Cabinet approved its 2019/20 Annual Business Plan and its associated budgets at its meeting of 18<sup>th</sup> February 2019. Appendix 4 provides an update as at Quarter 1, which, in summary, projects that the total Wider Investment Fund budget of £29.234M will be fully spent by the end of the financial year.
14. Wider Investment Fund expenditure has been minimal (£64.5k) during the first Quarter, whilst work the Investment & Intervention Framework (IIF) was finalised and approved, it is expected that the rate of spend will start to increase from Quarter 2 onwards as proposals are received and these progress through the IIF process.
15. In terms of Approved Projects, i.e. those that are in delivery stage, a sum of £1,381,600 is in place against the CSC Foundry Ltd.'s approved capital budget. The final programme of works for this project are expected to be completed during the latter part of 2019/20 and therefore the budget sum is expected to be fully drawn down. There is also a budget of £143,550 in place to complete the Graduate Pilot Scheme which is currently expected to be fully spent by the end of the financial year.
16. In addition to this, the Annual Business Plan contains currently uncommitted revenue and capital resources of £0.856 million and £26.110 million respectively. These resources are in place to provide Regional Cabinet with a level of flexibility to approve additional expenditure during the year in the event that In-Principle and/or emerging projects find themselves in a position to be allocated approved project funding during 2019/20.

17. It is important to note Paragraph 16 of Appendix 4 of this report which draws attention to the fact that, depending upon the nature and timing of any in-year project expenditure approvals, the components of the 'funding mix' may vary and subsequently impact upon the funding requirements of the Partner Authorities. The established stakeholder networks will be used to provide updates on this as and when necessary.
18. Regional Cabinet will be provided with regular project performance reports, supplemented by quarterly budget monitoring statements, where matters such as progress against the Project Delivery Pipeline and associated budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.

## **RECOMMENDATIONS**

It is recommended that the Cardiff Capital Region Joint Cabinet:

- a) Note the overall progress at Quarter 1 2019/20, including the budget position reported at Appendix 5
- b) Consider and if deemed acceptable, approve the Quarter 1 performance report
- c) Authorise the Director of the Cardiff Capital Region City Deal to formally submit the Quarter 1 performance report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet;

**Kellie Beirne**  
**Cardiff Capital Region Director**  
**15 July 2019**

Appendices:

- Appendix 1: CCR City Deal Quarter 1 Performance 'Balanced Scorecard'
- Appendix 2: CCR City Deal CSC Project Quarter 1 Logic Model
- Appendix 3: AGS Quarter 1 Update
- Appendix 4: Wider Investment Fund Quarter 1 Finance Update
- Appendix 5: Wellbeing of Future Generations Assessment

### Appendix 1 - Annual Business Plan Balanced Scorecard

73% of Activities on Schedule

27% of Activities In progress with some issues

0% of Activities Failing to Progress

QTR/Year		QTR 1 2019/20					
Theme	Deliverable	Code	Activity Due	Responsible	Accountable	Trend/Comments by Exception	Remedial Actions (not on target)
Strategy and Direction	Produce final version of 'State of Region' evidence report & Data Dashboard	SD1/a	Q1 2019/20 Sectoral Analysis	City Deal Office supported by Cardiff University	Director & Regional Economic Growth Partnership (REGP)	Second report has been received by Cardiff University. Both to be published under the banner of the REGP. Chair to publish article.	
	Adopt Regional Economic and Industrial Plan/ Convert to 'Local Industrial Plan'	SD2/a	Approve and adopt REGP plan by Q1 2019/20	Director supported by REGP	Regional Cabinet	CCR Plan adopted in full. Awaiting receipt of WG regional economic plan, to co-ordinate and align frameworks. Note there are further steps due in QTR3.	
	Establish the Investment and Intervention Framework & Toolkit; Develop and Launch the Three funds	SD4/a	Draft in Q1 2019/20	City Deal Office & REGP Investment Panel	Director, REGP, Cabinet	Complete - Launched in QTR1	
Finance, Governance and Assurance	Develop Work Programme and Forward Planner for 2019/20	FGA9/a	Approve in QTR1	City Deal Office	Director	Forward work planner in place, meeting dates set for the forthcoming year. To set - dates for investment panel under IIF	Strategic Procurements process in QTR2 will enable investment panel dates to be set
Programme Pipeline and Project Delivery	See Appendix 2 - Detailed Work Programme Update						
Partnerships	Regional Economic Growth Partnership, support for activities a range of activities	PA21/a, PA21/d, PA21/e	Publication of Growth plan QTR1/2 2019/20. Quarterly updates from UKRI QTR1. Securing KESS Studentships QTR1	Chair of REGP, Leaders of Cardiff and Monmouthshire Councils and City Deal Director	Regional Cabinet	Completed sectoral analysis. Secured Kess studentships. Investment Framework launched. Work has commenced on investment prospectus. Work to commission an assessment of fiscal levers and incentives has begun.	
	Regional Business Council Support for Council to deliver a range of activities.	PA22/a	Foster Alignment structures for greater synergy with REGP	Chair of RBC and Director and Leaders of Monmouthshire and Cardiff	Regional Cabinet	Full business plan received and ready for adoption. Planning for MIPIM 2020 underway, plan agreed for Wales in London week 2020. Full programme of business roadshows across the region in process, to address SQW findings regarding business engagement.	Continue to support the Regional Business Council, including a programme of Roadshows underway in July.
Communications, Marketing and Reach	Drive a 10% increase in City Deal articles and interest generated; a 10% increase in website engagement; 10% in number of tweets and 'sentiment impact'	CMR25/a	Throughout the year with monitoring through quarterly reporting	City Deal Office	City Deal Director	In the Year to Date, 62 Articles directly generated, 81 indirectly generated. Website: 4,886 unique visitors 19,731 page views 474 contact page visits Twitter: 2,763 Followers 338.9K Impressions 255 Tweets 685 Retweets	
Influence/Engagement	Developing networks and opportunity radar through participation and representation on various influential groups and partnerships	IE33/a	Throughout 2019/20	City Deal Director and Chair of REGP	City Deal Director	Contributed to the 'What work' Centre review of economic inclusion. Hosted the UK 2070 commission on inclusive growth. Sponsored CS connected in the USA. Supported ESTNet awards. Gave evidence to the OECD commission on regional economic governance in Wales. Took part in the Wales festival of innovation. Sought candidates for the Board positions of UKRI and Innovate uk. Contributed to WG Task Force on Ford Bridgend. Further activities have included: <ul style="list-style-type: none"> <li>o Speech to CBI lunch</li> <li>o Article in trade press on City Deal overview via Cushman and Wakeman</li> <li>o Energy and Clean Growth Summit – supported by 50 organisations</li> <li>o Keynote at CIH conference</li> <li>o Keynote at CLAW conference</li> <li>o Participation in Royal Society workshops on energy and R&amp;D target</li> <li>o Contributions to Metro and Me</li> <li>o Evidence to OECD Economic Governance Review</li> </ul>	
Culture, Capacity and Leadership	Seek approval for new structure and resourcing plan for City Deal Office	CCL36/a	Approval - Q1 2019/20	City Deal Director	Regional Cabinet	Structure and resourcing approved by Regional Cabinet.	
	Establish new City Deal office and hub/ front of house at Innovation and Technology Centre, Tredomen	CCL37a	Implemented Q1 2019/20	City Deal Director	City Deal Director	Complete.	
	Implement KES Studentship programme for PHD data work	CCL38a	PhD students in place by Q1 2019/20	City Deal Director and REGP	City Deal Director	Commencing in September. Delay to programme start dates.	Work with Cardiff University to ensure selection process delivers appropriate candidates for the roles.

## Appendix 2(a) - Detailed Work Programme Update

Deliverable	Responsible	Accountable	Trend/Comments by Exception
Skills	City Deal Office	Director	Scope of existing project reworked by NESTA and now completed. Work underway to translate to outline project proposals around sector specific apprenticeship scheme, a data insight unit, a future ready fund and a challenge fund. To be shared with Programme Board in September. The Graduate scheme is on target for delivery. Over 100 businesses directly engaged, 14 live posts with spread across the region with 3 further posts pending pending. Additional marketing and engagement process underway.
Digital	City Deal Office	Director	Update report to Cabinet in July re: propped way forward. Capital resources required to be confirmed
Housing Revenue Fund	City Deal Office	Director	Initial meeting took place with WG, Savills and KPMG 21st June. City Deal funding element proposed £15m, with match from WG.
Metro Plus	City Deal Office	Director	Individual schemes are now moving through the delivery phases - i.e. Weltag process.
Metro Central	City Deal Office	Director	Awaiting funding notification from UK Government (CITY Deal funding element £40m of proposed £160m fund)
WEFO Funding	City Deal Office	Director	Submitted OLT, awaiting feedback from WEFO

## Appendix Two: CCR City Deal Quarter 4 detailed Work Programme Update

<b>Logic model title</b>	Compound Semiconductor Cluster
<b>Logic model type</b>	Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity
<b>Interventions / projects covered by logic model</b>	Compound Semiconductor Project

### Theory of change

Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.

It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).

Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.

Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.

Inputs	Activities	Outputs	Outcomes
<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> <li>£38.4m</li> </ul> <p><u>Other inputs (including staffing and in-kind)</u></p> <ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Construction activities in relation to development of a clean room facility for the production of compound semiconductors at the former LG site between Cardiff and Newport</li> <li>Establishment of a Special Purpose Vehicle for the site</li> </ul>	<ul style="list-style-type: none"> <li>Ha land acquired (LS)</li> <li>Ha land assembled for commercial development</li> <li>Commercial floor space developed (5,900 sq m)</li> <li>Construction years of employment</li> <li>No. of learners enrolling/ completing course (i.e. apprentices in construction) (LT)</li> <li>Direct creation of new jobs at the site (501) – achieved</li> </ul>	<p><b>Theme-specific outcomes</b></p> <ul style="list-style-type: none"> <li>Private sector leverage up to the value of £375m for kit out of the facility (LS)</li> <li>Secure a £50m investment from the Compound Semiconductor Catapult (LS)</li> <li>Increase in premises with access to connectivity infrastructure (one) – <i>Celtic Way, Newport has since seen improved road infrastructure and fibre connectivity</i></li> <li>Positive property market sentiment survey</li> <li>Uplifted commercial sale value (£6m)</li> <li>Land value uplift</li> <li>Floorspace occupied by firms at the facility</li> </ul>



- over time – [61 direct jobs created to date]
- Safeguarding jobs (156 at head lessee company, 550 jobs at wafer fabrication plant)
  - Growth in employment of business located in the facility by number of employees
  - Growth in turnover of business located in the facility
  - Improved business survival rate of business located in the facility
  - Increased expenditure on business R&D (tenant + subsequently in wider sector)
  - Increase in exports (tenant + subsequently in wider sector)
  - New/improved processes adopted (tenant + subsequently in wider sector)
  - New/improved products entering the market (tenant + subsequently in wider sector)
  - Intellectual Property (IP) registered (e.g. patents) within the cluster
  - Improved attractiveness as a location for inward investment

#### **Broader outcomes**

- Return on investment up to the value of £33,108,000 (LS) [anticipated that tenant will exercise option to purchase ahead of year 6 with full return of investment resulting]
- Indirect and induced jobs of 1,088 (LS) [168 indirect jobs created to date – 85 construction jobs, 55 Catapult jobs, 8 project/site management, 1 CCRCD and 19 supply chain]
- Enhancement of local innovation ecosystems
- Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)
- Improved productivity of firms in the cluster, i.e. in terms of GVA per worker

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

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

#### **Relationship to other interventions**

---

Other Investment Fund logic models:

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

Other non-Investment Fund activities:

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

### **Appendix 3: AGS 2018/19 Action Plan**

The table below outlines the actions have been captured as part of a formal 2018/19 Action Plan, with a responsible officer and review period being identified in respect of each action. There are no actions that have a target date for completion as at Qtr 1, but an update on progress has been captured for completeness.

In summary, as at Qtr 1 the 3 standalone AGS actions are all on target for completion by their respective 'Target Dates'.

Table 1. AGS 2018/19 Action Plan – Qtr 1 Update

<b>Action No</b>	<b>Assurance Statement</b>	<b>Agreed Action</b>	<b>Responsible Officer/s</b>	<b>Target Date</b>	<b>Progress Update</b>
<b>1</b>	<b>Statement 15</b> – We ensure effective counter-fraud and anti-corruption arrangements are developed and maintained.	City Deal Office to arrange for the completion of Cardiff Council's e-learning on 'effective counter fraud and anti-corruption arrangements' when rolled out during the year.	City Deal Director	Qtr 4	<b>On Target</b> - Initial discussions have taken place with Internal Audit (Investigations) that are leading on this matter, with a view to agreeing an appropriate roll-out within City Deal.
<b>2</b>	<b>Statement 3</b> - We are committed to openness and acting in the public interest.	Work with WAO to deliver refresher sessions in respect of WAO's role and remit within the wider regional and economic investment context.	City Deal Director	Qtr 2	<b>On Target</b> - Refresher session scheduled to be delivered on the 15 <sup>th</sup> July.
<b>3</b>	<b>Statement 14</b> - We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance.	Develop wider Risk Management Strategy to build on Risk work completed to-date.	City Deal Director	Qtr 3	<b>On Target</b> - Completion of the City Deal Office restructure will provide the capacity to allow the next stage of the Risk Management Strategy to be developed.

## Appendix 4 - 2019/20 Wider Investment Fund Budget: Quarter 1 Update

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

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

	2019/20 £'000	Medium Term Overview		
		2020/21 £'000	2021/22 £'000	2022/23 £'000
<b><u>Indicative Programme Expenditure</u></b>				
Wider Investment Fund Top-Slice	743	743	743	743
Approved Projects - Revenue	144	0	0	0
Approved Projects - Capital	1,382	0	0	0
Revenue Resources Available	856	1,600	1,000	1,000
Capital Resources Available	26,110	31,325	42,964	45,663
<b>Total Resources</b>	<b>29,234</b>	<b>33,668</b>	<b>44,707</b>	<b>47,406</b>
<b><u>Funded by</u></b>				
HMT Contribution (Revenue)	-1,743	-1,743	-1,743	-1,743
HMT Contribution (Capital)	0.0	0.0	-22,000	-22,000
<b>Total HMT Contribution</b>	<b>-1,743</b>	<b>-1,743</b>	<b>-23,743</b>	<b>-23,743</b>
LA Contribution (£120M)	-6,418	-9,073	-7,964	-7,964
LA Funding 'Cost of Carry'	-21,074	-21,052	-11,146	-11,146
CSC Loan Funding Repayment	0.0	-1,800	-1,854	-4,553
<b>Total Funding</b>	<b>-29,234</b>	<b>-33,668</b>	<b>-44,707</b>	<b>-47,406</b>

### Wider Investment Fund Top-Slice

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies, as well as including a range of budgets in respect of Programme Development & Support activity.
3. At the time when the budget was set, known commitments were identified which totalled £504,417, with the balance (£283,083) being available to fund new initiatives approved during the year.
4. The actual expenditure at Quarter 1 against the WIF Top-Slice budget is £64,500, which can be broken down as £50,000 towards MIPIM 2020 costs as agreed by Regional Cabinet at its meeting of 10<sup>th</sup> June 2019 and £14,500 for ongoing work relating to the Metro Plus project.

5. The relatively low level of expenditure incurred to date for 2019/20 reflects the fact that progress against the Project Delivery Pipeline during this period has been held back, whilst the City Deal's Investment and Intervention Framework (IIF) and Toolkit was being finalised.
6. The IIF was approved by Regional Cabinet at its meeting of 10<sup>th</sup> of June 2019, and therefore, the approved budget can now be utilised to support the sift stage and, if appropriate, the development of Outline Business Cases for proposals received from Qtr 2 onwards. Therefore, it is anticipated that this budget will be spent in full by the end of the financial year.

### **Approved Projects (Revenue & Capital)**

7. Table 2 below sets out the budgets for Approved Revenue and Capital Projects for 2019/20. These are projects which are in their delivery stage.

	<b>2019/20 Budget £'000</b>	<b>2019/20 Q1 Actual £'000</b>	<b>2019/20 Outturn £'000</b>	<b>2019/20 Variance £'000</b>
Graduate Pilot Scheme (Revenue)	143.6	26.6	143.6	0.0
CSC Foundry Site Funding (Capital)	1,381.6	0.0	1,381.6	0.0
<b>Total</b>	<b>1,525.2</b>	<b>26.6</b>	<b>1,525.2</b>	<b>0.0</b>

8. The 2019/20 Annual Business Plan included a budget of £143,600 to fund the remaining aspect of the Graduate Pilot Scheme, which was approved during 2018/19. Recruitments have now been completed and officers are in post, while marketing and publicity work to advertise the scheme to both employers and graduates is underway. As a result of this, it is currently anticipated that this year's allocation will be fully spent by the end of the financial year.
9. A budget amounting to £1.382M was approved in respect of the CSC Foundry Ltd project for 2019/20 and represents the final balance of the £38.5M total project budget approved by Regional Cabinet in July 2017. The final programme of works for this project are expected to be completed during the latter part of 2019/20 and therefore the budget sum is expected to be fully drawn down.

### **Status of Delivery Pipeline and Revenue & Capital Resources Available**

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

## **Revenue Resources Available**

12. Proposals which have secured Regional Cabinet approval to proceed, subject to the preparation and approval of their business cases, are categorised as In-principle Projects. There are revenue resources amounting to £856,000 available in 2019/20 set aside to support In-principle Projects. This budget will meet the cost of developing business cases, as well as carrying out the required level of due diligence as proposals are developed and move through the IIF process.
13. It should be noted that Regional Cabinet does has further flexibilities to supplement its in-year revenue resources via the HM Treasury Grant funding, should this need arise.

## **Capital Resources Available**

14. Projects that have satisfactorily met all the requirements of the IIF process and which are subsequently approved by Regional Cabinet i.e. 'Approved Projects', will be allocated an 'Approved Project Budget', as set out in the project's accompanying 'Funding Letter'. Approved Project Budgets will be met from resources allocated over the medium term as most projects are likely to straddle a number of financial years. There is £26.1M of capital resources available in 2019/20 to fund projects during the year, whilst the sums available over the Medium Term amount to a further £120.0M.

## **Funding Strategy**

15. The projected out-turn position outlined above (on target with budget at Quarter 1) indicates that the 2019/20 approved budgets will be spent in full. Where additional project expenditure is approved during the year, future year budget allocations will be updated accordingly to reflect each new approval's indicative spend profile. This will assist Regional Cabinet in monitoring the overall impact on medium term resources and ensuring that the fund remains affordable and within its approved envelope at all times, as proposals move through the IIF process.
16. Based on the projected programme of activity as set out in Table 1, the total projected expenditure for the 2019/20 Wider Investment Fund is £29,234,100. The Annual Business Plan assumes that this level of expenditure will be funded as follows:
  - Draw down of HM Treasury Revenue Grant - £1,742,500
  - Draw down of Council Contributions - £6,417,800
  - Temporary Borrowing – 'Cost of Carry' - £21,073,800
17. Finally, it should be noted that the actual funding applied will be dependent on the nature and timing of project expenditure incurred and may differ from the 'funding mix' outlined above. Close dialogue will be maintained with the ten partnering authorities, through established stakeholder networks, to ensure they are kept up to date on the medium term budget requirements and any associated implications.

18. Regional Cabinet will be provided with regular project performance reports, supplemented by quarterly budget monitoring statements, where matters such as progress against the Project Delivery Pipeline and associated budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.

# 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 substantive performance and progress against the approved annual business plan for 2019/20.</p>
<p><b>Proposal: Quarter 1 Performance</b></p>	<p><b>Date Future Generations Evaluation form completed: 2<sup>nd</sup> July 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>Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Reporting progress in this way contributes to a growing sense of self awareness.</p>	<p>Proposals to improve progress against each of the projects currently in progress – are set out in the report. This report does not seek to simply report progress – but to address the actions needed to drive it.</p>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>References to submissions around the ‘Energy Revolution’ challenge fund are described in the report. Also recent submissions around EV and work to underpin the roll out of LEV. In addition, the development of the Metro Plus scheme is critical to embodying resilience and sustainability.</p>	<p>This activity will be driven up in future. In addition as physical infrastructure schemes enter delivery – more comprehensive assessments will need to be carried out in full.</p>



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood</p>	<p>A number of the interventions in train – Skills, Housing and Transport improvements seek to make a contribution to the way the region ‘works’, how it promotes opportunity and unlocks potential</p>	
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>The place-shaping component of our City Deal is set out in the report</p>	<p>A greater contribution will be made to this by the aforementioned data capability, sectoral analysis and place assessments.</p>
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Attending MIPIM, Wales in London week and CS Mantech to promote the CCR will see us play a stronger part in developing the economic wellbeing of our region and country, thus impacting social and community objectives. It will help make our country feel more connected and outward looking.</p>	<p>Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth.</p>
<p><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</p>	<p>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.</p>	
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people’s lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all. New role around Inclusive Growth will make a contribution to this as well as work to support the Foundational Economy.</p>	<p>The new Investment Framework is underpinned by criteria that focuses on economic inclusion – seeking to achieve shared prosperity and the spread of benefits across the region.</p>

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The report describes performance in the round. It sets out short-term interventions and balances these against the long-term delivery of major programmes.</p>	<p>The plan has been iterated to reflect a more co-ordinated format. This is now followed up in the production of the Annual Business Plan 2019/20.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>A cornerstone of our process is the strength of partnership working. An update on governance is set out in the report.</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Communications and engagement remain a feature of our work.</p>	<p>More needs to be done to develop engagement platforms – beyond formal partnerships – to reach communities, hard to reach groups and those who currently have a limited understanding of City Deal. Improving social media, web presence and marketing materials will increasingly make a contribution to this.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>This is set out in the REGP work on the developing Regional Economic and Industrial Plan.</p>	<p>This will be an increasing focus of scheme and programme delivery.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>City Deal seeks to make a contribution on place and to improving the life chances of people in the region.</p>	

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	The report is an overview of performance in all of the relevant aspects of projects, partnership, governance and investment. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.	None arising at this time.	As plans develop and unfold as discrete activities requiring decisions – impacts will be comprehensively assessed.  As with this and all the categories below, as work continues on data development and data analysis, we will glean better insights into our employment base and working demographic profiles.
Disability	As above	As above	
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		

<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>
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above	Not at this time but the situation will be kept under review.	

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

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

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

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

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

<b>The impacts of this proposal will be evaluated on:</b>	
---	--