

20 JANUARY 2020

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

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 5

Reason for this Report

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

Background

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

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

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

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

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

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

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

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

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

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

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

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

Well-being of Future Generations (Wales) Act 2015

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

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

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

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

Equality Act 2010

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

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Scrutiny Committee:

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

Kellie Beirne
Director, Cardiff Capital Region
19 December 2019

Appendices

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