Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

Cardiff Capital Region City Deal
Regional Cabinet Meeting

10.30am-12.30pm on Monday 9 March 2020
ICC Newport, The Coldra, Catsash Road, Caerleon, Newport NP18 1HQ

Agenda

1.	Welcome and Apologies	
2.	Declarations of Interest	
3.	Minutes of the meeting held on 19 December 2019	Attached
4.	2019/20 Month 10 Joint Committee Revenue Budget Monitoring Position	Attached
5.	2019/20 Annual Business Plan Quarter 3 Performance Report	Attached
6.	Investment Framework Reports & Recommendations of Investment Panel	Attached

a) CCR Future Ready Skills Framework and Full Business Case for Scaling up the Graduate Scheme

b) Homes for all the Region – Full Business Case For a CCR Housing Investment Fund

c) Cardiff Capital Region Digital Infrastructure Framework and Strategic Outline Cases for Fibre Provision Programme & Wales 5G Programme

d) Strategic Framework for Medical Devices and Diagnostics and Strategic Outline Case for Life Sciences Park, Lower Taf Valley

e) Metro Central – Technical Works Report

Kellie Beirne
CCR Director
9 March 2020

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

Bargen Ddinesig Prifddinas-Ranbarth Caerdydd
Cyfarfod Cabinet Rhanbarthol

10.30am-12.30pm Ddydd Iau 9 Mawrth 2020
ICC Newport, The Coldra, Catsash Road, Caerleon, Newport NP18 1HQ

Agenda

1.	Croeso ac Ymddiheuriadau	
2.	Datgan Buddiannau	
3.	Cofnodion y cyfarfod a gynhaliwyd ar 19 Rhagfyr 2019	Atodedig
4.	Sefyllfa Monitro Cyllideb Refeniw Cydbwyllgor Mis 10 2019/20	Atodedig
5.	Cynllun Busnes Blynyddol 2019-20 Adroddiad Perfformiad Chwarter 3	Atodedig
6.	Adroddiadau'r Fframwaith Buddsoddi ac Argymhellion y Panel Buddsoddi	Atodedig

a) Fframwaith Sgiliau Parod ar gyfer y Dyfodol dros Gynyddu'r Cynllun Graddedigion

b) Cartrefi i bawb yn y Rhanbarth – Achos Busnes Llawn ar gyfer Cronfa Buddsoddi mewn Tai P-RC

c) Fframwaith Seilwaith Digidol Rhanbarth Prifddinas Caerdydd ac Achosion Amlinellol Strategol ar gyfer Rhaglen Darparu Ffibr a Rhaglen 5G Cymru

d) Fframwaith Strategol ar Gyfer Dyfeisiau Meddygol a Diagnosteg ac Achos Amlinellol Strategol ar Gyfer y Parc Gwyddorau Bywyd, Dyffryn Taf Isaf

e) Metro Canolog – Adroddiad Gwaith Technegol

Kellie Beirne
Cyfarwyddwr P-RC
9 Mawrth 2020

Cardiff Capital Region City Deal
Regional Cabinet Meeting

10.30am-12.30pm on Thursday 19 December 2019
Ebbw Room, Penalta House, Caerphilly County Borough Council,
Tredomen Park, Ystrad Mynach, CF82 7FQ

Minutes

Present

Leaders and Chief Executives

Cllr Huw David	Leader	Bridgend CBC
Mark Shephard	Chief Executive	Bridgend CBC
Cllr Philippa Marsden	Interim Leader	Caerphilly CBC
Cllr Kevin O'Neill	Leader	Merthyr Tydfil CBC
Ellis Cooper	Chief Executive	Merthyr Tydfil CBC
Cllr Peter Fox	Leader	Monmouthshire CC
Paul Matthews	Chief Executive	Monmouthshire CC
Cllr Jane Mudd	Leader	Newport CC
Sheila Davies	Interim Chief Executive	Newport CC
Cllr Andrew Morgan (Chair)	Leader	Rhondda Cynon Taf CBC
Chris Bradshaw	Chief Executive	Rhondda Cynon Taf CBC
Cllr Anthony Hunt	Leader	Torfaen CBC
Alison Ward	Chief Executive	Torfaen CBC
Cllr Neil Moore	Leader	Vale of Glamorgan Council

Officers

Anil Hirani	Accountancy Manager	Accountable Body
Hrjinder Singh	Accountant	Accountable Body
Gareth Gates	Accountant	Accountable Body
Christopher Lee	Section 151 Officer	Accountable Body
Jenna Walters	Solicitor	Accountable Body
Jon Day	Economic Development	Cardiff Council
Kellie Beirne	Director	City Deal Office
Rhys Thomas	Chief Operating Officer	City Deal Office
Nicola Somerville	Head of Inclusive Growth & Business Development	City Deal Office
Rob O'Dwyer	Head of Infrastructure	City Deal Office
Suzanne Chesterton	Marketing & Communications Lead	City Deal Office
Liz Fitzgerald	Business Development & Partnerships Officer	City Deal Office

Guests and Observers

David Pendlebury	Manager, Deal Advisory Infrastructure Advisory Group	KPMG
Alastair Milburn	Managing Director	Effective

Ffion Pocock	Senior Account Manager	Effective
David Rosser	Regional Manager	Welsh Government
Jenna Dillon	South East Regional Team	Welsh Government

Apologies

Cllr Nigel Daniels	Leader	Blaenau Gwent CBC
Michelle Morris	Chief Executive	Blaenau Gwent CBC
Christina Harrhy	Chief Executive	Caerphilly CBC
Rob Thomas	Chief Executive	Vale of Glamorgan Council
Cllr Huw Thomas	Leader	Cardiff Council
Paul Orders	Chief Executive	Cardiff Council

1. Welcome and Apologies

Cllr Morgan opened the meeting and apologies were noted.

2. Declarations of Interest

Kellie advised that she had been appointed to the Board of UK Research & Innovation for Research England; she had taken Monitoring Officer advice and was able to continue overseeing City Deal business in relation to the Investment Panel and any project bids.

3. Minutes of the meeting held on 21 October 2019

The minutes of the meeting held on 21 October 2019 were agreed as accurate subject to correction of Ellis Cooper's title (from Assistant Director to Chief Executive) and removing Will Godfrey's name from the attendance list.

4. 2019/20 Month 08 Joint Committee Revenue Budget Monitoring Position

Christopher introduced the report. There was a brief discussion around the reserve figure.

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

(1) noted the actual expenditure, income and projected full year out-turn position as at 30 November 2019 (Month 08) against its approved 2019/20 Revenue Budget.

Item 7 – Proposed 2020/21 Joint Committee Revenue Budget – was discussed after item 4 to allow Christopher to leave the meeting early.

Christopher Lee left the meeting.

5. 2019-20 Annual Business Plan - Quarter 2 Performance Report

Kellie introduced the report.

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

(1) noted the overall progress at Quarter 2 2019/20, including the budget position reported at Appendix 5;

(2) approved the Quarter 2 performance report;

(3) authorised the Director of the Cardiff Capital Region City Deal to formally submit the Quarter 2 performance report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet.

6. The Wider Investment Fund - Annual Business Plan 2020/21

Kellie introduced the report and provided background to the formulation of the Annual Business Plan.

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

(1) endorsed and approved the Annual Business Plan 2020/21 and

(2) noted the self-assessment and the principle of ongoing self-evaluation ahead of gateway 1.

7. Proposed 2020/21 Joint Committee Revenue Budget (discussed after item 4)

Christopher introduced the report.

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

(1) the Joint Committee costs set out in Table 1 of this report and amounting to £1,690,431;
(2) the proposed 2020/21 Annual Budget of £1,104,817, funded by partner contributions as outlined in this report, to meet part of the Joint Committee costs and which represent an increase of 1.42% against the previous year's budget; and
(3) that the balance (£585,614) of the Joint Committee costs be met from the Cardiff Capital Region Wider Investment Fund (namely that part of the HMT contributions referred to in this report as the 'WIF Top-Slice').

8. Investment Panel Recommendations to Regional Cabinet

Kellie introduced the report and outlined the key points and rationale for the recommendations. The sift 1as were pre-SOC and were undergoing due diligence before being presented to Regional Cabinet. The significant amount of progress that had been made was noted. The volume of documentation was discussed and it was agreed to add bookmarks to PDF documents to allow easier navigation.

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

(1) noted the Recommendation logs from the meetings of Investment Panel on 19 November 2019 and 11 December 2019, respectively;

(2) approved the recommendations made by the Investment Panel (set out in full in the 19 November Recommendation Log at Appendix 1) in respect of:

i. All of the Stage 1a proposals which are now at entry stage of the Investment Framework;
ii. The CS Connected Project and City Deal co-investment of £50,000 in hosting the CS Connected Team in partnership with WG and CS Connected Members - noting and approving the attached conditions; and,
iii. The CS Connected proposed land acquisition and the £40,000 cost of technical due diligence relating to the site and services and power supply – noting and approving the attached conditions;

(3) approved the recommendations made by the Investment Panel (set out in full in the 11 December Recommendation Log at Appendix 2) in respect of:

i. All of the Stage 1a proposals which are now at the entry stage of the Investment Framework as well as those deemed unsuitable at this time;
ii. The principle of establishing a Local Wealth Building (foundational economy) Challenge Fund a full proposal which should now be shaped and developed, in accordance with expert advice and endorsement of HMT in respect of any changes to funding terms and conditions;
iii. Notes the status update on the Investment and Intervention Framework Pipeline – set out in Appendix 3;
iv. The Housing Investment Fund OBC (Appendix 4i) and the proposed conditions attached in the Recommendation Log (Appendix 2);

(4) noted the following items in relation to the Housing Investment Fund:

i. The need to participate in a political leaders workshop in January to consider key issues in order to finally inform the Full Business Case for the Housing Investment Fund to be received in the New Year which establishes the principal Viability Gap fund and feasibility of a second SME Fund; the key priority sites, criteria and assessment process and a full and final state aid position;
ii. The need to seek an urgent meeting with WG to confirm the final funding position in respect of its contributions and funding T&Cs;

(5) further approved the following items in relation to the Housing Investment Fund:

iii. the FBC cost envelope of up to £75,000;

iv. to increase CCR funding contribution from £15m to up to £30m to scale impact;

(6) noted the early progress made in respect of the first Metro Plus schemes and the outline approvals awarded to Cardiff and RCT by the Regional Transport Authority's exercising of delegated powers at its meeting on 28 November 2019.

9. Strength in Places Fund – Wave 2 EoI Submission Medical Devices And Diagnostics

Kellie introduced the report which notified Regional Cabinet that the submission had been formally made and outlined the rationale for the application to the SIPF. Further comprehensive work would be undertaken on stakeholder engagement. It was agreed it would be a way for the region to lead the way in the medical devices and diagnostics sector and would increase support for businesses across the region. Kellie confirmed that the application was joined up with Welsh Government who had participated in the process and had provided support during the writing of the bid.

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

(1) noted the EOI submitted to UKRI's Strength in Places Fund by industry lead Creo Medical Group Ltd which cites CCR as a consortium partner;

(2) noted the support awarded to the Fintech SEW and Clwster submissions – both of which reflect core priority sectors for the Cardiff Capital Region

(3) agreed to receive a further report on next steps post June 1 2020, when notifications are expected from UKRI.

10. CCR Energy Vision and Delivery Approach - Early Work

Rhys introduced the report which set out how energy delivery across the region could be transformed alongside and as part of the decarbonisation agenda. Discussion took place around the impact on workforce resilience. It was agreed that the region needed to properly map the energy needs across the region and compre review network capacity.

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

(1) noted the Energy Vision and the next steps of the process regarding stakeholder engagement, economic modelling and the development of the plan; and

(2) noted the final outcomes of this work along with a fully costed plan to support and co-ordinate delivery and implementation will be reported to the Regional Cabinet.

11. CCR Pilot Graduate Scheme Update

David Rosser left the meeting.

Kellie introduced the report which was designed to request a continuation of the scheme which would allow greater business engagement and capitalise on existing commitment from business contacts.

The Regional Cabinet supported the scheme and hoped to see it scaled up. There was some concern about targeting as the majority of placements were in Cardiff. The wider region needed to be targeted, particularly across the Valleys. It was suggested that local authorities should take on graduates to demonstrate leadership. A short evaluation would happen at the next Regional Cabinet meeting.

Nicola confirmed that engagement with local businesses was ongoing; Brexit had had an impact on take-up but there was a lot of positive feedback. Sessions had been booked post-Christmas with local authority economic development officers to determine how best to co-ordinate and streamline the processes. Kellie advised that a housing association session would also be held. It was suggested that the Regional Business Council would help with engagement.

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

(1) note the progress, lessons learned and interim evaluation gauged from the first 8 months of the initial pilot period;

(2) approve a continuation period, up until the end of April 2021 in order to deliver fully on the benefits and target outcomes set out in this report and allow the better alignment of timescales, objectives and opportunities;

(3) approve the revenue funding envelope of an additional £161,000 in 2020-21 for the costs associated with the continuation period, which will be met from the CCR City Deal Wider Investment Fund; and,

(4) agree to receive a full scheme evaluation including a clear exit strategy ahead of Gateway Review in April 2021.

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

Bargen Ddinesig Prifddinas-Ranbarth Caerdydd
Cyfarfod Cabinet Rhanbarthol

10.30am-12.30pm Ddydd Iau 19 Rhagfyr 2019
Ystafell Ebwy, Tŷ Penalltau, Cyngor Bwrdeistref Sirol Caerffili,
Parc Tredomen, Ystrad Mynach, CF82 7FQ

Cofnodion

Presennol

Arweinwyr a Phrif Weithredwyr

Y Cynghorydd Huw David	Arweinydd	CBS Pen-y-bont ar Ogwr
Mark Shephard	Prif Weithredwr	CBS Pen-y-bont ar Ogwr
Y Cynghorydd Philippa Marsden	Arweinydd Dros Dro	CBS Caerffili
Y Cynghorydd Kevin O'Neill	Arweinydd	CBS Merthyr Tudful
Ellis Cooper	Prif Weithredwr	CBS Merthyr Tudful
Y Cynghorydd Peter Fox	Arweinydd	CS Sir Fynwy
Paul Matthews	Prif Weithredwr	CS Sir Fynwy
Y Cynghorydd Jane Mudd	Arweinydd	CS Casnewydd
Sheila Davies	Prif Weithredwr Dros Dro	CS Casnewydd
Y Cynghorydd Andrew Morgan (Cadeirydd)	Arweinydd	CBS Rhondda Cynon Taf
Chris Bradshaw	Prif Weithredwr	CBS Rhondda Cynon Taf
Y Cynghorydd Anthony Hunt	Arweinydd	CBS Torfaen
Alison Ward	Prif Weithredwr	CBS Torfaen
Y Cynghorydd Neil Moore	Arweinydd	Cyngor Bro Morgannwg

Swyddogion

Anil Hirani	Rheolwr Cyfrifeg	Corff Atebol
Hrjinder Singh	Cyfrifydd	Corff Atebol
Gareth Gates	Cyfrifydd	Corff Atebol
Christopher Lee	Swyddog Adran 151	Corff Atebol
Jenna Walters	Cyfreithiwr	Corff Atebol
Jon Day	Datblygu Economaidd	Cyngor Caerdydd
Kellie Beirne	Cyfarwyddwr	Swyddfa'r Fargen Ddinesig
Rhys Thomas	Prif Swyddog Gweithredol	Swyddfa'r Fargen Ddinesig
Nicola Somerville	Pennaeth Twf Cynhwysol a Datblygu Busnes	Swyddfa'r Fargen Ddinesig
Rob O'Dwyer	Pennaeth Seilwaith	Swyddfa'r Fargen Ddinesig
Suzanne Chesterton	Arweinydd Marchnata a Chyfathrebu	Swyddfa'r Fargen Ddinesig
Liz Fitzgerald	Swyddog Datblygu Busnes a Phartneriaethau	Swyddfa'r Fargen Ddinesig

Gwesteion ac Arsylwyr

David Pendlebury	Rheolwr, Grŵp Cynghori Seilwaith Ymgynghorol y Fargen	KPMG
Alastair Milburn	Rheolwr Gyfarwyddwr	Effective
Ffion Pocock	Uwch Reolwr Cyfrifeg	Effective
David Rosser	Rheolwr Rhanbarthol	Llywodraeth Cymru
Jenna Dillon	Tîm Rhanbarthol y De-ddwyrain	Llywodraeth Cymru

Ymddiheuriadau

Y Cynghorydd Nigel Daniels	Arweinydd	CBS Blaenau Gwent
Michelle Morris	Prif Weithredwr	CBS Blaenau Gwent
Christina Harrhy	Prif Weithredwr	CBS Caerffili
Rob Thomas	Prif Weithredwr	Cyngor Bro Morgannwg
Y Cynghorydd Huw Thomas	Arweinydd	Cyngor Caerdydd
Paul Orders	Prif Weithredwr	Cyngor Caerdydd

1. Croeso ac Ymddiheuriadau

Agorodd y Cynghorydd Morgan y cyfarfod a nodwyd yr ymddiheuriadau.

2. Datgan Buddiannau

Dywedodd Kellie ei bod wedi cael ei phenodi i Fwrdd Ymchwil ac Arloesi'r DU Research England; roedd wedi cymryd cyngor Swyddog Monitro ac roedd yn gallu parhau i oruchwylio busnes y Fargen Ddinesig mewn perthynas â'r Panel Buddsoddi ac unrhyw gynigion prosiect.

3. Cofnodion y cyfarfod a gynhaliwyd ar 21 Hydref 2019

Cytunwyd bod cofnodion y cyfarfod a gynhaliwyd ar 21 Hydref 2019 yn gywir, yn amodol ar gywiro teitl Ellis Cooper (o 'Cyfarwyddwr Cynorthwyol' i 'Prif Weithredwr') a thynnu enw Will Godfrey oddi ar y rhestr bresenoldeb.

4. Sefyllfa Monitro Cyllideb Refeniw Cydbwyllgor Mis 08 2019/20

Cyflwynodd Christopher yr adroddiad. Cafwyd trafodaeth fer ynghylch y ffigur wrth gefn.

PENDERFYNWYD y byddai Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) yn nodi'r gwir wariant, incwm a'r sefyllfa alldro blwyddyn lawn a ragwelir ar 30 Tachwedd 2019 (Mis 08) yn erbyn ei Gyllideb Refeniw gymeradwy o 2019/20.

Eitem 7 – Cy**llideb Refeniw Cydbwyllgor Arfaethedig 2020/21** – trafodwyd ar ôl eitem 4 i ganiatáu i Christopher adael y cyfarfod yn gynnar.

Gadawodd Christopher Lee y cyfarfod.

5. Cynllun Busnes Blynyddol 2019-20 – Adroddiad Perfformiad Chwarter 2

Cyflwynodd Kellie yr adroddiad.

PENDERFYNWYD y byddai Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) yn nodi'r cynnydd cyffredinol yn Chwarter 2 2019/20, gan gynnwys sefyllfa'r gyllideb a adroddwyd yn Atodiad 5;

(2) yn cymeradwyo'r adroddiad perfformiad Chwarter 2;

(3) yn awdurdodi Cyfarwyddwr Bargen Ddinesig Prifddinas-Ranbarth Caerdydd i gyflwyno'n ffurfiol adroddiad perfformiad Chwarter 2, gan gynnwys gwybodaeth wrth gefn i Lywodraeth y DU ac i Lywodraeth Cymru, ac i randdeiliaid eraill yn ôl yr angen, ar ran y Cabinet Rhanbarthol.

6. Cronfa Fuddsoddi Ehangach - Cynllun Busnes Blynyddol 2020/21

Cyflwynodd Kellie'r adroddiad a rhoddodd gefndir i'r gwaith o lunio'r Cynllun Busnes Blynyddol.

PENDERFYNWYD y byddai Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) yn ardystio a chymeradwyo Cynllun Busnes Blynyddol 2020/21 a

(2) nodi'r hunanasesiad a'r egwyddor o hunanwerthuso parhaus cyn porth 1.

7. Cyllideb Refeniw Cydbwyllgor Arfaethedig 2020/21 (trafodwyd ar ôl eitem 4)

Cyflwynodd Christopher yr adroddiad.

PENDERFYNODD Cyd-gabinet Prifddinas-Ranbarth Caerdydd ar:

(1) gostau'r Cydbwyllgor a nodir yn Nhabl 1 o'r adroddiad hwn, sy'n cyfateb i £1,690,431;
(2) Cyllideb Flynyddol arfaethedig 2020/21 o £1,104,817, wedi'i hariannu gan gyfraniadau'r partneriaid fel y'u hamlinellir yn yr adroddiad hwn, i gwrdd â rhan o gostau'r Cydbwyllgor ac sy'n gynnydd o 1.42% o gymharu â chyllideb y flwyddyn flaenorol; a
(3) bod y balans (£585,614) o gostau'r Cydbwyllgor yn cael ei dalu o Gronfa Fuddsoddi Ehangach Prifddinas-Ranbarth Caerdydd (sef y rhan honno o gyfraniadau TEM y cyfeirir ati yn yr adroddiad hwn fel y 'Brig-doriad WIF').

8. Argymhellion y Panel Buddsoddi i'r Cabinet Rhanbarthol

Cyflwynodd Kellie'r adroddiad ac amlinellodd y prif bwyntiau a'r sail resymegol ar gyfer yr argymhellion. Roedd y sifft 1as ar y cam cyn-SOC ac yn destun diwydrwydd dyladwy cyn ei gyflwyno i'r Cabinet Rhanbarthol. Nodwyd y cynnydd sylweddol a oedd wedi'i wneud. Trafodwyd swmp y ddogfennaeth a chytunwyd i ychwanegu llyfrnodau at ddogfennau PDF er mwyn hwyluso'r llywio.

PENDERFYNODD Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) nodi logiau Argymhellion o gyfarfodydd y Panel Buddsoddi ar 19 Tachwedd 2019 ac 11 Rhagfyr 2019, yn y drefn honno;

(2) cymeradwyo'r argymhellion a wnaed gan y Panel Buddsoddi (a nodir yn llawn yn Log Argymhellion 19 Tachwedd yn Atodiad 1) mewn perthynas â'r canlynol:

i. Holl gynigion Cam 1a sydd bellach ar gam mynediad y Fframwaith Buddsoddi;
ii. Cydfuddsoddiad y Prosiect CS Connected a'r Fargen Ddinesig o £50,000 mewn cynnal y Tîm CS Connected mewn partneriaeth â LlC ac Aelodau CS Connected, gan nodi a chymeradwyo'r amodau atodedig; a,
iii. Caffaeliad tir arfaethedig CS Connected a'r gost o £40,000 yn ymwneud â diwydrwydd dyladwy technegol yn gysylltiedig â'r safle a gwasanaethau a chyflenwad pŵer – gan nodi a chymeradwyo'r amodau amgaeedig;

(3) cymeradwyo'r argymhellion a wnaed gan y Panel Buddsoddi (a nodir yn llawn yn Log Argymhellion 11 Rhagfyr yn Atodiad 2) mewn perthynas â'r canlynol:

i. Pob un o'r cynigion Cam 1a sydd bellach ar gam mynediad y Fframwaith Buddsoddi yn ogystal â'r rhai a ystyrir yn anaddas ar hyn o bryd;
ii. Yr egwyddor o sefydlu Cronfa Her Datblygu Cyfoeth Lleol (economi sylfaenol), cynnig llawn a ddylai gael ei lunio a'i ddatblygu bellach, yn unol â chyngor arbenigol a chymeradwyaeth TEM mewn perthynas ag unrhyw newidiadau i delerau ac amodau ariannu;
iii. Nodi'r wybodaeth ddiweddaraf am y Fframwaith Buddsoddi ac Ymyrryd sydd ar y gweill – fel y nodir yn Atodiad 3;
iv. Y Gronfa Buddsoddi Tai OBC (Atodiad 4l) a'r amodau arfaethedig a atodir yn y Log Argymhellion (Atodiad 2);

(4) nodi'r eitemau canlynol mewn perthynas â'r Gronfa Buddsoddi Tai:

i. Yr angen i gymryd rhan mewn gweithdy arweinwyr gwleidyddol ym mis Ionawr i ystyried materion allweddol er mwyn llywio'r Achos Busnes Llawn ar gyfer y Gronfa Buddsoddi Tai i'w derbyn yn y flwyddyn newydd, sy'n sefydlu'r prif gronfa Bwlch Hyfywedd a dichonoldeb ail Gronfa BBaCh; y prif safleoedd blaenoriaeth, y meini prawf a'r broses asesu a sefyllfa cymorth gwladwriaethol lawn a therfynol;
ii. Yr angen i ofyn am gyfarfod brys gyda Llywodraeth Cymru i gadarnhau'r sefyllfa ariannu derfynol o ran ei thelerau ac amodau cyfraniadau a chyllid;

(5) nodi’r eitemau canlynol mewn perthynas â'r Gronfa Buddsoddi Tai:

iii. amlen gostau FBC o hyd at £75,000;
iv. cynyddu'r cyfraniad o ran cyllid P-RC o £15m hyd at £30m i raddio’r effaith;

(6) nodi'r cynnydd cynnar a wnaed mewn perthynas â'r cynlluniau Metro+ cyntaf a'r cymeradwyaethau amlinellol a ddyfarnwyd i Gaerdydd a RhCT gan yr Awdurdod Trafnidiaeth Rhanbarthol, drwy arfer pwerau dirprwyedig, yn ei gyfarfod ar 28 Tachwedd 2019.

9. Cronfa Cryfder mewn Lleoedd - Ton 2, Dyfeisiau a Diagnosteg Feddygol Eol

Cyflwynodd Kellie'r adroddiad a oedd yn hysbysu'r Cabinet Rhanbarthol bod y cyflwyniad wedi'i wneud yn ffurfiol ac amlinellodd y rhesymeg y tu ôl i'r cais i'r SIPF. Byddai gwaith cynhwysfawr pellach yn cael ei wneud ar ymgysylltu â rhanddeiliaid. Cytunwyd y byddai'n ffordd i'r rhanbarth arwain y ffordd yn y sector dyfeisiau meddygol a diagnosteg a byddai'n cynyddu'r gefnogaeth i fusnesau ar draws y rhanbarth. Cadarnhaodd Kellie fod y cais wedi'i gydgysylltu â Llywodraeth Cymru a oedd wedi cymryd rhan yn y broses ac wedi rhoi cymorth yn ystod ysgrifennu'r cynnig.

PENDERFYNODD Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) nodi'r EOI a gyflwynwyd i Gronfa Cryfder Mewn Lleoedd UKRI gan arweinydd y diwydiant, Creo Medical Group Ltd sy'n nodi P-RC fel partner consortiwm;

(2) nodi'r cymorth a roddwyd i gyflwyniadau Fintech SEW a Clwster - mae'r ddau yn adlewyrchu sectorau blaenoriaeth craidd ar gyfer Prifddinas-Ranbarth Caerdydd

(3) cytuno i dderbyn adroddiad pellach ar y camau nesaf ar ôl mis 1 Mehefin 2020, pan ddisgwylir hysbysiadau gan UKRI.

10. Gweledigaeth Ynni a Dull Cyflawni P-RC - Gwaith Cynnar

Cyflwynodd Rhys yr adroddiad a oedd yn nodi sut y gallai'r gwaith o ddarparu ynni ar draws y rhanbarth gael ei weddnewid wrth ochr ac fel rhan o'r agenda datgarboneiddio. Cafwyd trafodaeth ynghylch yr effaith ar wydnwch y gweithlu. Cytunwyd bod angen i'r rhanbarth fapio'r anghenion ynni yn briodol ar draws y rhanbarth a chydadolygu gallu'r rhwydwaith.

PENDERFYNODD Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) nodi'r weledigaeth ynni a chamau nesaf y broses o ran ymgysylltu â rhanddeiliaid, modelu economaidd a datblygu'r cynllun; a

(2) y caiff canlyniadau terfynol y gwaith hwn, ynghyd â chynllun wedi'i gostio'n llawn i gefnogi a chydlynu'r broses o'u cyflwyno a'u rhoi ar waith, eu hadrodd i'r Cabinet Rhanbarthol.

11. Diweddariad Cynllun Graddedigion Peilot P-RC

Gadawodd David Rosser y cyfarfod.

Cyflwynodd Kellie'r adroddiad a gynlluniwyd i ofyn am barhad â'r cynllun a fyddai'n caniatáu mwy o ymgysylltiad busnes ac yn manteisio ar ymrwymiad presennol gan gysylltiadau busnes.

Cefnogodd y Cabinet Rhanbarthol y cynllun a gobeithiwyd ei weld yn cael ei uwchraddio. Roedd peth pryder ynghylch targedu gan fod y rhan fwyaf o leoliadau yng Nghaerdydd. Roedd angen targedu'r rhanbarth ehangach, yn enwedig ar draws y Cymoedd. Awgrymwyd y dylai awdurdodau lleol gymryd graddedigion i ddangos arweiniad. Byddai gwerthusiad byr yn digwydd yng nghyfarfod nesaf y Cabinet Rhanbarthol.

Cadarnhaodd Nicola fod ymgysylltu â busnesau lleol yn parhau; roedd BREXIT wedi cael effaith ar y nifer a oedd yn manteisio ar y cais ond cafwyd llawer o adborth cadarnhaol. Roedd sesiynau wedi'u trefnu ar ôl y Nadolig gyda swyddogion datblygu economaidd awdurdod lleol i benderfynu ar y ffordd orau o gydlynu a symleiddio'r prosesau. Dywedodd Kellie y byddai sesiwn cymdeithas tai yn cael ei chynnal hefyd. Awgrymwyd y byddai'r Cyngor Busnes Rhanbarthol yn helpu gydag ymgysylltu.

PENDERFYNODD Cyd-gabinet Prifddinas-Ranbarth Caerdydd:

(1) nodi'r cynnydd, y gwersi a ddysgwyd a'r gwerthusiad interim a gafodd eu mesur o 8 mis cyntaf y cyfnod peilot cychwynnol;

(2) cymeradwyo cyfnod parhad, hyd at ddiwedd Ebrill 2021 er mwyn cyflawni'n llawn ar y buddion a'r canlyniadau targed a nodir yn yr adroddiad hwn a chaniatáu ar gyfer cysoni amserlenni, amcanion a chyfleoedd yn well;

(3) cymeradwyo amlen arian refeniw o £161,000 ychwanegol yn 2020-21 ar gyfer y costau sy'n gysylltiedig â'r cyfnod parhad, a ddaw o Gronfa Fuddsoddi Ehangach Bargen Ddinesig P-RC; a,

(4) chytuno i dderbyn gwerthusiad llawn o'r cynllun gan gynnwys strategaeth ymadael glir cyn yr Adolygiad Gateway ym mis Ebrill 2021.

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

2019/20 MONTH 10 JOINT COMMITTEE REVENUE BUDGET MONITORING POSITION

REPORT OF ACCOUNTABLE BODY SECTION 151 OFFICER, CARDIFF CAPITAL REGION CITY DEAL

AGENDA ITEM 4

Reason for this Report

1. To provide the Cardiff Capital Region Joint Committee (Regional Cabinet) with details of actual expenditure, income and the projected full year outturn position as at the 31st January 2020 (Month 10), against its approved 2019/20 Joint Committee Revenue Budget.

Background

2. At its meeting of the 18th February 2019, Regional Cabinet approved its 2019/20 Joint Committee Revenue Budget. The budget supports the City Deal Office (CDO) and the Accountable Body (AB) support arrangements for the work of the Regional Cabinet.

3. The budget is funded from local authority Revenue Contributions and the Wider Investment Fund 'Top-Slice'.

4. Earmarked Reserves of £85,495 and a General Reserve of £123,498 are also available to fund future approved Regional Cabinet expenditure.

Issues

5. At Month 10 actual expenditure incurred is £931,010 which represents just over 55% of the annual budget, with the projected outturn position indicating an underspend of £302,225 at year end. Table 1 summarises the position at Month 10 and a narrative summary is outlined below.

Table 1: Month 10 Joint Committee Revenue Budget Monitoring Position

	Budget £	Mth 10 Actual £	Projected Year End £	Variance £
City Deal Office (CDO)				
Employee Related	1,063,585	600,182	807,752	(255,833)
Premises Related	21,000	12,732	16,000	(5,000)
Transport Related	18,750	12,251	18,750	0
Supplies & Services	68,695	118,025	146,280	77,585
Joint Scrutiny	25,000	0	25,000	0
5 Year Gateway Review Support	72,810	0	72,810	0
Assurance Framework Support	25,000	7,332	25,000	0
WAO Performance Audit Fee	15,000	0	15,000	0
Contingency	68,576	11,000	21,000	(47,576)
Sub Total	**1,378,416**	**761,522**	**1,147,592**	**(230,824)**
Accountable Body Support Services				
HR People Services	20,685	15,079	18,563	(2,122)
Finance & Accountancy Support	138,296	79,380	104,867	(33,429)
Exchequer, Internal Audit & Insurance	3,566	2,325	3,100	(466)
Legal & Governance Support	80,000	60,003	80,000	0
ICT, Information & Governance	13,722	8,951	13,338	(384)
External Audit Fee	12,500	0	12,500	0
Procurement	15,000	3,750	5,000	(10,000)
Contingency	25,000	0	0	(25,000)
Sub Total	**308,769**	**169,488**	**237,368**	**(71,401)**
Gross Expenditure	**1,687,185**	**931,010**	**1,384,960**	**(302,225)**
Funded by:-				
Partner Contribution – Blaenau Gwent (4.6%)	(50,324)	(50,324)	(50,324)	0
Partner Contribution – Bridgend (9.5%)	(102,821)	(102,821)	(102,821)	0
Partner Contribution – Caerphilly (12.0%)	(130,371)	(130,371)	(130,371)	0
Partner Contribution – Cardiff (23.7%)	(258,450)	(258,450)	(258,450)	0
Partner Contribution – Merthyr Tydfil (3.9%)	(42,928)	(42,928)	(42,928)	0
Partner Contribution – Monmouthshire (6.1%)	(66,918)	(66,918)	(66,918)	0
Partner Contribution – Newport (9.8%)	(106,929)	(106,929)	(106,929)	0
Partner Contribution – RCT (15.8%)	(171,796)	(171,796)	(171,796)	0
Partner Contribution – Torfaen (6.1%)	(66,455)	(66,455)	(66,455)	0
Partner Contribution – Vale of Glam (8.5%)	(92,328)	(92,328)	(92,328)	0
WIF 'Top-Slice' Contribution	(597,865)	0	(367,041)	230,824
Gross Income	**(1,687,185)**	**(1,089,318)**	**(1,456,361)**	**230,824**
Net Position	**0**	**(158,308)**	**(71,401)**	**(71,401)**

City Deal Office: Underspend (£230,824)

6. The Month 08 Monitoring Position approved by Regional Cabinet at its meeting of 19th December 2019 noted that significant underspends would be realised against the staffing budget for the year and accordingly, the budgeted contribution to the City Deal Office from the Wider Investment Fund Top-Slice would not be required in full.

Employee Related Budgets: (£255,833)

7. The Employee Related budget of £1,063,585, is based on 15 FTEs and has been partly filled.

8. As reported at Month 08, there have been delays in fully implementing the new staffing structure of the City Deal Office and while available resources have been used to bring in short-term support in certain areas, there will be an underspend in this financial year.

Premises Related Budgets: (£5,000)

9. The premises related budgets include a contingency of £5,000 which was in place to cover potential office re-modelling costs at the Tredomen office and is no longer required.

Supplies & Services: £77,585

10. A net overspend of £68,246 is being incurred on costs relating to External Communications and Media support while in-house employee related resources have been in the process of being put in place.

11. Further unbudgeted costs of around £7,000 have been incurred in the setting up of more targeted media publicity work, while all other Supplies & Services budgets remain largely on target.

Contingency Budget: (£47,576)

12. Costs amounting to £21,000 are being funded from the contingency budget of £68,576. These relate to unbudgeted costs for initiatives such as Energy Mission and the British American Project, while there are currently no other commitments against the remainder of the budget.

All other City Deal Office Budgets: On Target

13. All other City Deal Office budgets are projected to be on target at year-end.

Accountable Body Support & Related Services: Underspend (£71,401)

14. At Month 10, actual costs amounting to £169,488 have been incurred in relation to the Accountable Body Support and Related Services budget.

15. Service Level Agreements (SLAs) are in place for all aspects of the Accountable Body's support to the City Deal Office and Regional Cabinet. Costs incurred to date against these have been reviewed at the end of Quarter 3 and these indicate that a number of the approved budgets will be underspent at the financial year end. As approved by Regional Cabinet at its meeting of 10th June 2019, this underspend will be carried forward as a 'General Reserve' to assist with budget management in future years.

16. The underspend reported is mainly as a result of temporary staffing changes within the team providing Finance and Accountancy Support.

17. In addition to this, Procurement support costs are now projected to be significantly under budget and the contingency budget held can be released.

Month 10 Summary

18. Forecast expenditure for 2019/20 indicates an underspend against approved budgets of £302,225 which, if realised, will result in a reduction in the required drawdown of Wider Investment Fund Top-Slice funding of £230,824 and an increase of £71,401 to the Regional Cabinet General Reserve. These will then be available to fund future approved Regional Cabinet expenditure.

19. Further drawdowns against Accountable Body SLAs and contributions from Partner Authorities will be actioned and the budget will continue to be monitored and reviewed through the rest of the financial year and reported back to Regional Cabinet at appropriate intervals.

Reasons for Recommendations

20. To provide Regional Cabinet with an update of the monitoring position against its approved 2019/20 Joint Committee Revenue Budget, as at 31st January 2020 (Month 10).

Financial Implications

21. As stated in the main body of the report, there is an underspend projected at year end.

22. This underspend has an impact on the Wider Investment Fund (WIF) 'Top Slice' contribution to the Joint Committee Revenue Budget and the General and Earmarked Reserves held, as set out above.

Legal Implications

23. This is a revenue budget monitoring report for noting and based on the information contained in this report, does not raise any direct legal issues.

Well-being of Future Generations Act 2015 (Wales)

24. 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.

25. 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 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.

26. Regional Cabinet must be satisfied that the proposed decision accords with the principles above

27. 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 as an appendix to this report (Wellbeing of Future Generations Assessment) for member's consideration

28. 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

29. 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.

RECOMMENDATION

30. It is recommended that Cardiff Capital region Regional Cabinet

a) notes the actual expenditure, income and projected full year out-turn position as at 31 January 2020 (Month 10) against its approved 2019/20 Revenue Budget.

Christopher Lee
Section 151 Officer, CCR Regional Cabinet
9 March 2020

Appendix

Appendix 1 Future Generations Assessment Evaluation

Future Generations Assessment Evaluation

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 919286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** To provide details of expenditure, income and projected full year outturn position against the approved 2019/20 Joint Committee revenue budget.
Proposal: 2019/20 Month 10 Joint Committee Revenue Budget Monitoring Position	**Date Future Generations Evaluation form completed: 02 March 2020**

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report sets out progress against agreed revenue budgets and the way in which resources are being used to deliver outcomes and targets.	Set out in report
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Not directly relevant however financial support and investments will have regard to these principles and will be set out on a business-case by business-case basis.	
A healthier Wales	Not direct applicable	

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?**
People's physical and mental wellbeing is maximized and health impacts are understood		
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Not directly applicable	A greater contribution will be made to this by the data capability, sectoral analysis and place assessments.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Not directly applicable	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of £1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
Balancing short term need with long term and planning for the future	The report sets out short-term interventions and balances these against the long-term delivery of major programmes.	
Working together with other partners to deliver objectives	A cornerstone of our process is the strength of partnership working.	
Involving those with an interest and seeking their views	Communications and engagement remain a feature of our work.	
Putting resources into preventing problems occurring or getting worse	Demonstrated in the report through detailed funding allocations and investment cases	
Considering impact on all wellbeing goals together and on other bodies	City Deal seeks to make a contribution on place and to improving the life chances of people in the region.	

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

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care		

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

- Evidence and input contributed by theme leads
- Outcomes of assessments such as audit reports
- The Draft Annual Governance Statement
- Delivery against targets set out in individual business cases/ approved project documentation
- Financial data and recording

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

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

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

The impacts of this proposal will be evaluated on:	**Quarter 4**

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

2019-20 ANNUAL BUSINESS PLAN - QUARTER 3 PERFORMANCE REPORT

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 5

Appendix 5 to this report is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To inform key stakeholders, principally, Regional Cabinet and also, Wales and UK Governments of the Quarter 3 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 3 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 3 report, in order for formal submission to government partners.

4. To provide an update on arrangements for provision of Scrutiny support services in 2020/21, in conjunction with a forward meeting planner for Cabinet and its partnerships in 2020/21.

5. To advise Regional Cabinet that the Chief Executive of Rhondda Cynon Taf Council will now replace the Chief Executive of the Vale of Glamorgan Council as a representative on Investment Panel.

6. 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

7. 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 priorites. 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.

8. The 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.

9. In addition to this, now that the Investment and Intervention Framework (IIF) is activated, further enhancements to the process have been made. 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 – Q3;
   - a copy of Q2 Performance on the Compound Semi-conductor (CSC) Project – the single 'live' investment of CCRDCD. This Q3 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.

10. 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 OECD Regional Economic Governance event in Cardiff
  - Keynote at GW4 anniversary event in London
  - Keynote at the Superwoman Wales event
  - Speaker at the City UK National Conference in Cardiff
  - Speaker at Resilient Local Economies and Communities in Merthyr
  - Speaker at CBI SME Network
  - Speaker at CBI Annual Dinner (via REGP)
  - Provided written evidence to the WG Economy, Infrastructure and Skills Committee
  - Participation in first UKRI Board dinner and meeting held in Wales
  - Collaboration propsects developing with Setsquared
  - Participation in DCMS Panel interviews for 5G testbed in London
  - Quarterly liaison and implementation board meetings with UK Govt and Welsh Govt
  - Participation in Ministerial Advisory Boards for Valleys TaskForce and Foundational Economy
  - Attendance and participation in various industry events
  - Participation in Royal Society Photonics event at CS Catapult

- Promote the investment framework and originate quality projects:
  - initial collaboration with London Stock Exchange Group on investor readiness;
  - three meetings of Investment Panel;
  - continued input into the Regional Investment Steering Group Wales
  - development of series of podcasts to promote and market the Investment Framework;
  - development of the SIPF network and consortium for Devices and diagnostics and Medical Monday events;
  - sponsorship and participation in the British American Project;
  - sponsorship of the Valleys business category at the Fast Growth 50.

- Develop the International presence – hosting the British America Project; learning visits to Cambridge and Glasgow City Deal Offices; hosting and co-oridnation of Yole data workshop, participation in UN Global Compact Network and initial discussions around CCR participation in the Western Gateway and various partner events for MIPIM 2020.

- Targeting external investment – initial EOIs to DCMS and UKRI for SIPF Devices and Diagnostics and 5G Testbed.

11. In respect of wider updates, it should be noted that the CCR Scrutiny Commmittee has now met for the fifth time, covering subjects spanning the CCR Business Plan, the Regional Economic and Industrial Growth Plan, the Investment Framework, Skills and the Graduate Scheme and, Metro Plus. For

this period of the Scrutiny Committee's existence, Bridgend County Borough Council has enacted the scrutiny support function at a cost of £25,000 per annum from the City Deal Office budget. Bridgend's tenure as Scrutiny lead has now come to an end and through an Expression of Interest process, Rhondda Cynon Taf CBC has come forward to deliver the function. This will comprise four meetings per year for a fixed fee of £25,000 per annum for a two-year period.

12. Scrutiny meetings are an important part of the overall governnace and assurance arrangements for CCRCD. The attached Forward Planner of meetings sets out the programme of CCR Cabinet meetings for the year 2020/21, around which meetings of the Regional Transport Authority, CSC Foundry Board, Regional Economic Growth Partnership, Regional Business Council and Regional Skills Partnership are all structured, in addition to the CCR Scrutiny Committee. This is contained at Appendix 6.

13. To note that Investment Panel has met on six occasions and is making good progress with the operation and oversight of the Investment & Intervention Framework. The Chief Executive of the Vale of Glamorgan Council has advised that he wishes to step down from the Investment Panel due to work commitments. The chair of the chief executives group/Programme Board has advised that the Chief Executive of Rhondda Cynon Taf County Borough Council will become the new member. This has been agreed and supported by the Chief Executive Group/Programme Board.

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

- Appendix 1: CCR City Deal Quarter 3 Performance 'Balanced Scorecard'
- Appendix 2: CCR City Deal CSC Project Quarter 3 Logic Model
- Appendix 3: AGS Quarter 3 Update
- Appendix 4: Wider Investment Fund Finance Update
- Appendix 5: IIF Current Status Tracker
- Appendix 6: CCR Forward Planner 2020/21
- Appendix 7: Wellbeing of Future Generations Assessment

Legal Implications

15. The report sets out the Quarter 3 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.

16. The Joint Working Agreement (JWA) states, amongst other things, that the Councils shall work together to create and agree terms of reference for a Joint Scrutiny Commtittee and how the same will be resourced and funded.

17. Approval of any increase to the Council Contribution above that set out in the JWA is a matter reserved to the Councils.

Financial Implications

18. 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 3.

19. Wider Investment Fund Top-Slice expenditure is projected to underspend the approved budget of £742,500 by £74,041 with this amount, should it materialise, able to be carried forward to supplement the Wider Investment Fund Top-Slice in future years.

20. 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.

21. 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.

22. It is important to note Paragraph 19 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.

23. Regional Cabinet will be provided with regular project performance reports, supplemented by the final 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.

Well-being of Future Generations Act 2015 (Wales)

24. 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.

25. 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 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.

26. Regional Cabinet must be satisfied that the proposed decision accords with the principles above

27. 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 as an appendix to this report (Wellbeing of Future Generations Assessment) for member's consideration (Appendix 7).

28. 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

29. 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

30. It is recommended that the Cardiff Capital Region Joint Cabinet

a) notes the overall progress at Quarter 3 2019/20, including the budget position reported at Appendix;

b) considers and if deemed acceptable, approves the Quarter 3 performance report and authorise the Director of the Cardiff Capital Region City Deal to formally submit the report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet;

c) approves that Rhondda Cynon Taf County Borough Council becomes the lead for scrutiny support and administration of the CCR Scrutiny Committee for a two year period at a cost of £25,000 per annum to be met from the City Deal office budget;

d) notes the change in regards to Investment Panel and the Chief Executive of Rhondda Cynon Taf County Borough Council now becoming a member;

e) notes the Forward Planner contained at Appendix 6.

Kellie Beirne
Cardiff Capital Region Director
9 March 2020

Appendices

Appendix 5 to this report is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1	CCR City Deal Quarter 3 Performance 'Balanced Scorecard'
Appendix 2	CCR City Deal CSC Project Quarter 3 Logic Model
Appendix 3	AGS Quarter 3 Update
Appendix 4	Wider Investment Fund Finance Update
EXEMPT Appendix 5	IIF Current Status Tracker
Appendix 6	CCR Forward Planner 2020/21
Appendix 7	Wellbeing of Future Generations Assessment

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Annual Business Plan Balanced Scorecard

	Q1	Q2	Q3	Q4	Status
Activities Completed	2	5	22	3	✔
Activities on Schedule	6	9	9	0	▲
Activities In progress with some issues	4	8	5	0	-
Activities Failing to Progress	0	0	2	0	✖

ACTION POINT	DUE DATES	Q1	Q2	Q3	Q4	Status Q1	Status Q2	Status Q3	Status Q4	ASSURANCE STATEMENT	ASSURANCE LEVEL Q1	ASSURANCE LEVEL Q2	ASSURANCE LEVEL Q3	ASSURANCE LEVEL Q4
1	Q1/4	ON TARGET	C/F TO NEXT Q	ON TARGET		▲	-	▲						
2	Q1/3	ON TARGET	C/F TO NEXT Q	ON TARGET		▲	-	▲						
3	Q3/4	C/F TO NEXT Q	C/F TO NEXT Q	ON TARGET		-	-	▲						
4	Q1/4	ON TARGET	ON TARGET	PROGRESSING - SOME ISSUES		▲	▲	-		7	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
5	Q2/3	C/F TO NEXT Q	ON TARGET	PROGRESSING - SOME ISSUES		-	▲	-						
6	Q3	C/F TO NEXT Q	C/F TO NEXT Q	ON TARGET		-	-	▲						
7	Q2	C/F TO NEXT Q	COMPLETED	COMPLETED	COMPLETED	-	✔	✔	✔					
8	Q4	C/F TO NEXT Q	C/F TO NEXT Q	PROGRESSING - SOME ISSUES		-	-	-						
9	Q1	PROGRESSING - SOME ISSUES	ON TARGET	COMPLETED		-	▲	✔		2	MODERATE	MODERATE	MODERATE	
10	Q3	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔		7	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
11	Q3	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔						
12	Q4	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔		8	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
13	Q2	C/F TO NEXT Q	COMPLETED	COMPLETED		-	✔	✔						
14	Q3	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔						
15	Q3/4	C/F TO NEXT Q	C/F TO NEXT Q	PROGRESSING - SOME ISSUES		-	-	-						
16	Q2	C/F TO NEXT Q	COMPLETED	ON TARGET		-	✔	▲						
17	Q3	C/F TO NEXT Q	C/F TO NEXT Q	C/F TO NEXT Q		-	-	-						
18	Q3/4	C/F TO NEXT Q	C/F TO NEXT Q	PENDING		-	-	✖						
19	Q2/4	PROGRESSING - SOME ISSUES	PROGRESSING - SOME ISSUES	ON TARGET		-	-	▲						
20	Q2/4	C/F TO NEXT Q	C/F TO NEXT Q	PROGRESSING - SOME ISSUES		-	-	-						
21	Q1/3	ON TARGET	ON TARGET	COMPLETED		▲	▲	✔						
22	Q1/2	PROGRESSING - SOME ISSUES	PROGRESSING - SOME ISSUES	PENDING		-	-	✖		20	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
23	Q2/3	C/F TO NEXT Q	ON TARGET	COMPLETED		-	▲	✔		20	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
24	Q2/3	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	ON TARGET		-	-	▲						
25	Q1/4	ON TARGET	ON TARGET	ON TARGET		▲	▲	▲						
26	Q2	C/F TO NEXT Q	ON TARGET	COMPLETED		-	▲	✔						
27	Q3	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔						
28	Q3	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔						
29	Q4	C/F TO NEXT Q	C/F TO NEXT Q	C/F TO NEXT Q		-	-	-						
30	Q2	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	COMPLETED		-	-	✔		4, 9	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	
31	Q2	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	COMPLETED		-	-	✔						
32	Q3/4	C/F TO NEXT Q	ON TARGET	COMPLETED		-	▲	✔						
33	Q1/4	ON TARGET	ON TARGET	COMPLETED		▲	▲	✔						
34	Q4	C/F TO NEXT Q	C/F TO NEXT Q	COMPLETED		-	-	✔						
35	Q2	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	COMPLETED		-	-	✔						
36	Q1	COMPLETED	COMPLETED	COMPLETED	COMPLETED	✔	✔	✔	✔					
37	Q1	COMPLETED	COMPLETED	COMPLETED	COMPLETED	✔	✔	✔	✔					
38	Q1	PROGRESSING - SOME ISSUES	C/F TO NEXT Q	ON TARGET		-	-	▲						
39	Q2	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	COMPLETED		-	-	✔		13	MODERATE	MODERATE	MODERATE	
40	Q2	C/F TO NEXT Q	PROGRESSING - SOME ISSUES	COMPLETED		-	-	✔						

Key:	Total	Total	Total	Total
COMPLETED	2	5	22	3
ON TARGET	6	9	9	0
PROGRESSING - SOME ISSUES	4	8	5	0
PENDING	0	0	2	0
C/F TO NEXT Q	28	18	2	0
TOTAL	40	40	40	3

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Appendix 2b

Quarter 3 Detailed Work Programme Update

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

Theory of change

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

- Direct creation of new jobs at the site (501 - achieved over time) [65 direct jobs created to date]
- Safeguarding jobs (156 at head lessee company, 390 jobs at wafer fabrication plant)
- Indirect and Induced jobs (1088 - achieved over time) [259 indirect and induced jobs created to date]
- Apprenticeships [8 new apprenticeship opportunities created to date]

- Growth in employment of business located in the facility by number of employees
- Growth in turnover of business located in the facility
- Improved business survival rate of business located in the facility
- Increased expenditure on business R&D (tenant + subsequently in wider sector)
- Increase in exports (tenant + subsequently in wider sector)
- New/improved processes adopted (tenant + subsequently in wider sector)
- New/improved products entering the market (tenant + subsequently in wider sector)
- Intellectual Property (IP) registered (e.g. patents) within the cluster
- Improved attractiveness as a location for inward investment

Broader outcomes

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

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Appendix 2b

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

Relationship to other interventions

Other Investment Fund logic models:

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

Other non-Investment Fund activities:

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

Assurance Statement		2018-19 Q4	2019-20 Q1	2019-20 Q2	2019-20 Q3	2019-20 Q4	2020-21 b/f	Review Date 15.07.2019	Review Date 19.12.2019	Review Date 09.03.2020	Review Date DD.MM.YYYY
No.		Assurance Rating	Assurance Rating	Assurance Rating	Assurance Rating	Assurance Rating	Actions OS	Progress status	Progress status	Progress status	Progress status
1	We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest.	MODERATE	MODERATE	MODERATE	MODERATE			ON TARGET	ON TARGET	ON TARGET	
2	We ensure: a) Compliance with relevant laws and regulations, b) Compliance with internal policies and procedures, and c) that expenditure is lawful.	MODERATE	MODERATE	MODERATE	MODERATE			ON TARGET	ON TARGET	ON TARGET	
3	We are committed to openness and acting in the public interest.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE			ON TARGET	ON TARGET	ON TARGET	
4	We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	MODERATE/LIMITED	MODERATE/LIMITED	MODERATE/LIMITED	MODERATE			ON TARGET	ON TARGET	ON TARGET	
5	We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
6	We have translated the vision into courses of action for our function, its partnerships and collaborations.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
7	We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE			ON TARGET	ON TARGET	ON TARGET	
8	We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE			ON TARGET	ON TARGET	ON TARGET	
9	We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE			PROGRESSING - SOME ISSUES	PROGRESSING - SOME ISSUES	ON TARGET	
10	Our financial management arrangements conform to all relevant legislative and best practice requirements.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
11	We have effective arrangements in place to discharge the monitoring officer function.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
12	We have effective arrangements in place to discharge the head of paid service function.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
13	We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.	MODERATE	MODERATE	MODERATE	MODERATE			ON TARGET	ON TARGET	ON TARGET	
14	We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.	MODERATE	MODERATE	MODERATE	MODERATE			ON TARGET	ON TARGET	ON TARGET	
15	We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
16	We have an effective scrutiny function is in place.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	MODERATE			ON TARGET	ON TARGET	ON TARGET	
17	Our internal audit assurance arrangements conform to Public Sector Internal Audit standards and relevant best practice.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
18	We have arrangements in place for the delivery of the core functions of an audit committee.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
19	We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations.	STRONG	STRONG	STRONG	STRONG			ON TARGET	ON TARGET	ON TARGET	
20	We incorporate good governance arrangements in our partnerships and other joint working arrangements.	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE	STRONG/MODERATE			PROGRESSING - SOME ISSUES	PROGRESSING - SOME ISSUES	ON TARGET	

NB: DO NOT DELETE COLUMNS BEFORE THIS POINT

Key:					
STRONG ASSURANCE	9	9	9	2	0
STRONG/MODERATE ASSURANCE	6	6	6	5	0
MODERATE ASSURANCE	4	4	4	0	0
MODERATE/ LIMITED ASSURANCE	1	1	1	0	0
LIMITED ASSURANCE	0	0	0	0	0
TOTAL	20	20	20	7	0

NB: DO NOT DELETE ROWS ABOVE THIS LINE

2019/20 Wider Investment Fund Budget: Quarter 3 Update

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

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

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

Wider Investment Fund Top-Slice

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies, as well as including a range of budgets in respect of Programme Development & Support activity.

3. At the time when the budget was set, known commitments were identified which totalled £504,417, with the balance (£238,083) being available to fund new initiatives approved during the year.

4. The actual expenditure at Quarter 3 against the WIF Top-Slice budget is £290,716. Details of this expenditure to date and full year Outturn projections are shown in Table 2 below.

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

	2019/20 Budget £	2019/20 Q3 Actual £	2019/20 Outturn £	2019/20 Variance £
Forward Commitments:				
Contribution to Joint Committee Revenue Budget	163,417	0	163,417	0
Development of Metro Plus Programme	75,000	52,268	75,000	0
REGP PHD Student support	15,000	0	0	(15,000)
Housing Investment Fund	80,000	73,642	198,000	118,000
REGP Costs (Chair Expenses)	1,000	0	1,000	0
REGP Costs (MIPIM 2020)	0	76,095	0	0
Regional Business Council	15,000	7,500	7,500	(7,500)
Challenge Fund Set-Up and Management Support	25,000	0	0	(25,000)
Investment Fund Set-up / Manager	40,000	0	0	(40,000)
Emerging Projects	90,000	0	0	(90,000)
Sub Total	**504,417**	**209,505**	**444,917**	**(59,500)**
Programme Development & Support:				
Uncommitted Sum	238,083	94,018	223,542	(14,541)
Sub Total	**238,083**	**94,018**	**223,542**	**(14,541)**
Total	**742,500**	**303,523**	**668,459**	**(74,041)**

5. This expenditure and outturn position reflects the ongoing work against both emerging and approved in-principle projects, which have been approved by relevant Regional Cabinet decisions.

6. At Quarter 2, the projected outturn position was an overspend of £42,195, meaning that the outturn has reduced by £116,236. The reasons for this change are detailed in Table 3 below:

Table 3: Detail of change in Budget Monitoring Position

	Change £
Increase in estimated cost of Housing Investment Fund Work	35,000
Costs relating to CS Connected Land	20,500
Costs relating to CS Connected Team	25,000
Local Sustainable Growth in Bridgend Costs deferred to 2020/21	(50,000)
Expression of Interest SIPF2 Costs deferred to 2020/21	(50,000)
MIPIM Costs deferred to 2020/21 due to postponement of event	(59,883)
REGP PHD Student support costs deferred to 2020/21	(15,000)
Regional Business Plan Costs deferred to 2020/21	(16,600)
Other	(5,253)
Total	**(116,236)**

7. If realised, the underspend of £74,401 will be added to the surplus of balances carried forward for use in future years.

8. Assumptions have been made in respect of funding sources but there may be further changes as opportunities to maximise other sources of funding are identified. The Quarter 4 Performance Report will apprise Regional Cabinet of the final position for the financial year.

Approved Projects (Revenue & Capital)

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

	2019/20 Budget £	2019/20 Q3 Actual £	2019/20 Outturn £	2019/20 Variance £
Graduate Pilot Scheme (Revenue)	143,550	49,790	143,550	0
CSC Foundry Site Funding (Capital)	1,381,641	0	0	(1,381,641)
Total	**1,525,191**	**49,790**	**143,550**	**(1,381,641)**

10. The 2019/20 Annual Business Plan included a budget of £143,550 to fund the remaining aspect of the Graduate Pilot Scheme, which was approved during 2018/19. Recruitments have been completed and officers are in post, marketing and publicity work to advertise the scheme to both employers and graduates has been undertaken and graduate appointments have been facilitated. This budget must retain the flexibility to be able to respond to the needs of the Graduate programme and any underspend to this allocation within 2019/20 will be available to be carried forward to complete the scheme. A further report on this is being considered by Regional Cabinet on 9th March 2020. For this reason, and until any potential underspends are realised, the full allocation is shown as being required.

11. The balance of £1,381,641 from the £38,500,000 budget approved In respect of the CSC Foundry Ltd project is now expected to be paid in 2020/21.

Status of Delivery Pipeline and Revenue & Capital Resources Available

12. In addition to the sums outlined above, the 2019/20 Annual Business Plan included uncommitted revenue and capital resources which provide Regional Cabinet with the ability to make new project funding approvals during the year, subject to their approval via the Investment and Intervention Framework (IIF) Process.

13. A narrative update in respect of the Project Delivery Pipeline is provided in Appendix 5 and the resources available to support any projects coming through the IIF process are set out below.

Revenue Resources Available

14. 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 as set out in Table 1. This budget was set-out to meet the cost of developing business cases, as well as carrying out the required level of due diligence as proposals are developed and move through the IIF process.

15. It is not currently anticipated that any revenue resources over and above those set-out above under the Top-Slice allocation will be required in Financial Year 2019/20. However, as previously stated, flexibility should be retained to allow Regional Cabinet or those bodies with the delegated powers to do so the ability to approve further expenditure during 2019/20. Further updates will be brought to Regional Cabinet in this regard, as necessary.

Capital Resources Available

16. 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 £26,110,000 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 £120,000,000.

17. The Cardiff Capital Region Regional Transport Authority, at its meeting of 28th November 2019 approved, in accordance with its delegated powers for the Metro Plus Scheme, City Deal Capital Funding of £225,000 towards the Porth Transport Interchange and £85,000 towards the Cardiff East Bus Priority Scheme. Depending on necessary prioritisation of the LTF element of funding for this scheme which is time-bound, it is expected for these amounts to be drawn down before the end of the 2019/20 financial year.

18. There are currently no other extant Regional Cabinet decisions which would lead to any drawdown of these capital resources in the Financial Year 2019/20. It should be noted that, subject to compliance with the Investment and Intervention Framework, Regional Cabinet has the ability to make appropriate investment decisions. Any such decisions would be subject to the approval or noting of by Regional Cabinet as part of further reports.

19. Depending upon the nature, value and timing of any in-year project expenditure approvals, the components of the 'funding mix' may vary and subsequently impact upon the funding requirements of the Partner Authorities. The established stakeholder networks will be used to provide updates on this as and when necessary.

2020-2021 CCR Meetings Planner

	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March
1st						CCR Briefing							SH		
						Chief Exs									
2nd									CCR Briefing						
									Chief Exs			CSConnected			
3rd								Housing	RTA Board						
								Western Gateway Chief Ex meeting - Gloucester							
4th					CCR RC	RTA Board									
					VRP Board										
					Joint Scrutiny										
5th						Valleys Task Force					Ministerial Advisory Board -		Investment Panel		
6th															
7th							Investment Panel					CCR RC			
												VRP Board			
												Western Gateway Chief Ex meeting - Swindon			
												Joint Scrutiny			
8th					May Day Bank holiday				Investment Panel						CCR RC
									Prog Board						VRP Board
									REGP						
									RBC					CSC Foundry	Joint Scrutiny
9th			CCR RC												
			VRP Board								Metro Central DP				
10th				Easter-Bank holiday								Ministerial Advisory Board -			
		Metro Central DP													
11th														RTA Board - briefing	
12th			Valleys Task Force								Housing				
											RTA Board - briefing				
13th				Easter-Bank holiday			Metro Central DP			Investment Panel					
14th		Housing							CCR RC						
					Metro Central DP				VRP Board						
					Western Gateway Chief Ex meeting - Bath				Western Gateway Chief Ex meeting - Swansea						
									Joint Scrutiny						
15th						CCR RC				Valleys Task Force					
						VRP Board									CSConnected
16th										CCR RC Awayday				Housing	
											CSC Foundry				
17th									Ministerial Advisory Board -		Investment Panel			Investment Panel	
											Prog Board			Prog Board	
											REGP			REGP	
											RBC			RBC	
18th					CSC Foundry										
19th					Housing										
20th								RTA Board - briefing							
				CSC Foundry											
21st				Investment Panel	RTA Board - briefing										
				Prog Board											
				REGP					Metro Central DP						
				RBC											
22nd														CCR Briefing	
						Western Gateway Chief Ex meeting - Newport								Chief Exs	
23rd				Ministerial Advisory Board -							CCR Briefing				
											Chief Exs				
24th						CSConnected									
25th					May Bank holiday	Ministerial Advisory Board -								RTA Board	
26th			CSC Foundry		Investment Panel							RTA Board			
					Prog Board										
					REGP										
					RBC										
27th			Ministerial Advisory Board -	CCR Briefing											
				Chief Exs											
			CSConnected												
		RTA Board													
28th		Investment Panel													
									CSConnected						
								CSC Foundry?		Western Gateway Chief Ex meeting - Bath					
29th															
30th															Investment Panel
31st			Investment Panel					August Bank holiday							

Key:

- CCR Cabinet
- CCR Briefing
- Chief Executives Placeholder
- VRP Board
- CCR RC Awayday
- CSC Foundry
- RTA Board
- Investment Panel
- Programme Board Placeholder
- REGP
- RBC
- Joint Scrutiny
- WG Steering
- UK Steering Board
- Ministerial Group
- Regional Investment Steering Group
- Housing
- Metro Central DP
- CSConnected
- Western Gateway Chief Ex meeting
- Valleys Task Force
- Ministerial Advisory Board - Foundational Economy
- Weekend
- Bank holiday

Future Generations Assessment

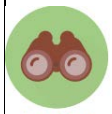
Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 9219286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** Setting out substantive performance and progress against the approved annual business plan for 2019/20.
Proposal: Quarter 3 Performance	**Date Future Generations Evaluation form completed: 2 March 2020**

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	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.	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.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	References to progress made with Metro Plus, EV and LEV and the WG Energy Service-led work.	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.

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

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future	The report describes performance in the round. It sets out short-term interventions and balances these against the long-term delivery of major programmes.	
Working together with other partners to deliver objectives	A cornerstone of our process is the strength of partnership working. An update on governance is set out in the report.	
Involving those with an interest and seeking their views	Communications and engagement remain a feature of our work.	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. Podcasts, an annual round-up and quarterly newlstters are now in place.
Putting resources into preventing problems occurring or getting worse	This is set out in the REGP work on the developing Regional Economic and Industrial Plan.	This will be an increasing focus of scheme and programme delivery.

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?
Considering impact on all wellbeing goals together and on other bodies	City Deal seeks to make a contribution on place and to improving the life chances of people in the region.	

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.	
Disability	As above	As above	

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

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

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

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

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

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

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

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

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

The impacts of this proposal will be evaluated on:	**Quarter 4**

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

CCR 'FUTURE READY' SKILLS FRAMEWORK & SCALING-UP THE GRADUATE SCHEME

REPORT OF THE CCR DIRECTOR

AGENDA ITEM 6a

Appendix 4 to this report is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

REASON FOR THIS REPORT

1. To recommend to Regional Cabinet the 'Future Ready' Skills Framework with which to overarch and co-ordinate the development of all skills, learning and talent development activity for the City Deal. This framework has been informed by Nesta work commissioned and undertaken in 2019 and provides a basis against which to both develop and assess, all skills related proposals seeking backing through the CCR City Deal.

2. Within the context of this Future Ready Skills Framework, to present the Full Business Case for the scaling up and roll-out of a full programme for the CCR Graduate Scheme, as requested by Regional Cabinet at its meeting on 18 December 2019. To convey the recommendations of Investment Panel in this regard – and as endorsed by Programme Board and the Regional Economic Growth Partnership.

BACKGROUND

Future Ready Skills Framework

3. In September 2018, Regional Cabinet approved a report seeking to clarify arrangements regarding responsibility for skills development and leadership in the region. This recognised that, as a WG-led and funded mechanism, the Regional Skills Partnership sits outside of recognised CCR City Deal activity and so, it was endorsed that Newport City Council would host and support this group; in order to develop the synergies and connections across the Partnership and City Deal programme. In addition, it was agreed that further work be commissioned to provide a

contemporary and forward looking take on future skills and how this could be aligned to core City Deal strategy and priorities.

4. In 2019, Nesta was appointed as Strategic Advisor to CCR City Deal through a competitive tender process in order to review the work undertaken on skills to date. Nesta has led on seminal work in both the UK and USA on 'The Future of Skills – employment in 2030'; produced a data-driven taxonomy of UK occupations; developed the Industrial Economy Partnership Accelerator; and, has led on its own Future Ready Fund and an open jobs labour market intelligence platform. The Nesta review for CCR brings together their national and international work with a focus on the local priorities for CCR. The review – Future for Skills in the Cardiff Capital Region is attached at Appendix 1. As this work was being commissioned, the proposal for the CCR Graduate Scheme was under development and approved by Regional Cabinet in December 2018.

5. In summary, the Nesta report focusses on:

- **Seizing near-term opportunities to meet skills demands** – this considers the importance of 'priority sectors'/clusters set out in the Economic and Industrial Growth Plan, such as transport/ infrastructure, cyber/ digital, life sciences and Compound Semiconductors. This reinforces the criticality of digital skills and STEM and states that for growing sectors, the opportunity to align the Graduate Scheme and Apprenticeships is significant. In particular, it states that '*Shared apprenticeships in priority sectors are particularly relevant to a region with a large proportion of SMEs'*. In addition, the potential is cited to identify promising pathways to develop skills required by sector employers, supported by institutions such as the National Software Academy, qualification-level apprenticeships and investing in innovative ways to meet demand for apprenticeships amongst SMEs. The opportunity to integrate the Graduate Scheme and a Shared Apprenticeship scheme is further highlighted, along with building learner pathways from schools through to apprenticeships and graduate opportunities and moving towards digital platforms and single entry routes.

- **A more intelligent labour market** – this focusses upon the need for open real-time labour market information to address the current deficits in the region around data sharing; unclear data infrastructure; and fragmentation. The benefits of a co-ordinated labour market information system with access to real-time data is critical to better balancing supply and demand for skills as well as creating the data assets with which to create new products, services and tools. Key consideration is also given to schools and learner pathways within this. There is a clear need to use technology platforms and data to connect all types of learners from all backgrounds with employment and development opportunities. The report recognises the potential to build upon programmes such as the Cardiff Commitment – but reinforces the need for a central digital single entry platform to drive traffic and live opportunities such as Founders4Schools or Hwb.

- **Wider opportunities within CCR Economic and Industrial Growth Plan** – this recognises the commitment to inclusive growth and tackling inequalities across CCR. The opportunity is to focus some of the activity in priority sectors on inclusion across skills initiatives as a condition of investment and focus more on support for young people such as re-training as well as the upskilling of adults. This would focus on how to improve diversity amongst people in innovative occupations and companies and how to spread entrepreneurship to less productive sectors, firms and places. As well as guidance on how to focus inclusion in meaningful ways, the report sets out how to incorporate 'metrics of inclusion'; the role of the Regional Skills Partnership within this and specific incentives for inclusive recruitment. Opportunities around establishment of a Challenge Fund to stimulate interventions in the lower-paid foundational economies and support for Living Wage employers are further identified.

6. The City Deal Office has developed Nesta's findings and recommendations into a 'Future Ready' Skills Framework, which is set out at Appendix 2. The mission guiding delivery of the framework is: **To leverage the potential and impact of CCRCD investments and programmes in creating an inclusive and entrepreneurial future-oriented system for jobs and skills.**

   There are 8 pillars of the Future Ready Skills Framework, they are:

   1. Connecting Learners and Employers;
   2. Scaling up the CCR Grad Scheme;
   3. Develop a CCR-wide Shared Apprenticeship Scheme – focussed on priority sectors;
   4. Learner Pathways to connect these two key schemes and enable single entry points;
   5. Real-time Labour Market Information;
   6. Entrepreneurship Strategy;
   7. Economic Inclusion and the Local Wealth Building Challenge Fund;
   8. Alignment with and Support for, the Regional Skills Partnership.

7. Setting out the framework in this way enables the leadership role of the public services to come to the fore in creating the conditions and establishing the priorities around which schemes can be developed, assessed and appraised. This provides a means of bringing CCR-led schemes to life (subject to the Investment Framework); as well as supporting those that will be submitted by external agencies through the Investment Framework.

8. Development work is underway on two pillars of the Future Ready Skills Framework at this time. The first centres on 'Connecting Learners and Employers'. A submission has been made into the Investment Framework from Founders4Schools. This constitutes a scalable scheme for schools-parent-entrepreneur engagement which is built upon a powerful real-time data matching platform. Founders4School was founded by FTSE 100 Chief Executive and founder/chair of the Scale-up Institute and chair of Raspberry Pi, Sherrie Coutu. It has the potential to recognise and

complement existing programmes in the region, such as the Cardiff Commitment and the Gatsby Project work in RCT. The data tool drives traffic and interest and as well as direct services around work placements, training development and mentoring, could play a role in alignment and co-ordination of the current offer. The scheme runs successfully across England and Scotland and its results have been independently verified by the Royal Society. Despite the fact the scheme does not currently operate in the CCR, over 336 entrepreneurs and inspirational business leaders are signed up to take part. A proposal to bring this forward at a programme level, to the Investment Framework, is currently being developed in partnership with Councils, schools, FE colleges and businesses.

9. Similarly, work is underway to create one co-ordinated offer and entry point that builds upon and expands the shared apprenticeship schemes currently available in the region and develops an offer from Level 1, through to degree level and focuses on growth sector opportunities as well as strengthening potential for SME engagement. This work is being progressed with key representatives of the Regional Skills Partnership to ensure it is employer-led, capable of being supported by Higher and Further Education Institutions and works with the existing schemes, so as to optimise their potential. The potential identified by Nesta is for the Graduate and Shared Apprenticeships to align into one programme and delivery model, given the synergies and mutual benefits and the potential to shift to more digitally-enabled platforms and entry-points. Aligned to this is work around social clauses for Targeted Recruitment and Training and ensuring the approach pioneered through the Can Do Toolkit work is scaled and grounded as a core component of all CCR contracts.

10. Further consideration also needs to be given to future employability schemes under the Shared Prosperity Fund. CCR and the Regional Skills Partnership will need to develop a shared perspective on how new arrangements can be best shaped and delivered to maximise benefits around upskilling, NEETS, lifelong learning and general employability.

Scale-up of the CCR Graduate Scheme

11. The first activity within the 'Future Ready' Skills Framework to be progressed is the scale up and programme-level roll out of the Graduate Scheme. Regional Cabinet approved the pilot scheme in December 2018. The objective of the scheme was to reverse 'brain-drain' with around 35% of all graduates leaving the region to seek employment opportunities elsewhere each year. The scheme works with businesses that historically, have had little or no engagement with the graduate market; in order to contribute to business growth and resilience. The scheme operates through a collaboration spanning the University of South Wales, Cardiff University, Cardiff Metropolitan University and the Open University, as well as business groups and trade bodies.

12. The pilot was approved by Cabinet in December 2018 for one-year running April 2019-April 2020 – to allow for a three month mobilisation period in which to recruit coordinators and operationalise the scheme. The scheme went live as planned on 1 April 2019. A review of progress,

lessons learned and scope for the future, was presented to Cabinet in December 2019, with a proposal to extend the pilot into a continuation period to fully build upon and optimise progress made. Cabinet believed that the review showed sufficient scope and promise to move beyond a continuation period and requested to receive a case for rapid deployment of a programme-level in March 2020 – subject to a Full Business Case.

13. A full business case for the revised programme scale-up is attached at Appendix 3. In brief this sets out:

- the revised **strategic case** for the programme-level roll-out of the scheme. This focuses on the evidence base used to inform the pilot scheme in December 2018, as well as the real-time, real-world learning achieved through the pilot scheme. This also draws on the findings of the Nesta review, particularly around the opportunity to focus on priority growth sectors; to develop more integrated learner pathways; to provide a blueprint for future shared apprenticeships schemes that could be consolidated within the model and for more attention to paid to digital and data platforms;

- the updated **economic case** based on 50 unique establishments advertising posts with 28 graduates placed and more following in quick succession. This has generated £540,988 in private leverage to date (based on an annual salary rate) and with on-costs of 30% equates to £702,284. Based on costs invested to date in the pilot, this represents £5.80 for every CCR £1 invested. However, it must be noted that this is a notional figure with each graduate appointed positively impacting this figure. To date the conversion rate based on 8 completed placements to permanent roles is 100%;

- the **preferred option** which is to scale up from a one year pilot to place 50 graduates, ending April in 2020, to a four year programme delivering 500 graduated placements over the period. This is supported by 5.5 FTEs, inclusive of a co-ordinator role; part-time digital/ learner pathways support and a graduate administrator – demonstrating leadership by example. This equates to some £13m in private leverage and for every CCR £1 invested, unlocks c£8.45 in private finance;

- the re-worked **commercial case** which considers the scheme's viability in the round and the interactions, relationships and visibility needed to make it work as well as a set of KPIs comprising targets for the life of the scheme;

- the revised **financial case** as set out at Figure 1 below which establishes a budget of £1.538m over 5 years (inclusive of the £141,000 during the pilot) to resource core functions around recruitment, co-ordination, administration marketing and digital support. This is consistent with the level of resource seen in comparable schemes and is targeted at delivering the KPIs;

- the updated **management case** to support and enable delivery of 500 graduates over a four year period, starting with 80 in 2020/21 and spanning direct CCR investment, University support and the assisting role to be played by the Regional Business Council and/ or alternative business support structures. This also touches upon the arrangements for monitoring and evaluation and reporting into Regional Cabinet and sharing information and data with the Regional Skills Partnership, Investment Panel and Regional Economic Growth Partnership.

Figure 1

	Projected Expenditure 19/20	Proposed Budget 20/21	Proposed Budget 21/22	Proposed Budget 22/23	Proposed Budget 23/24	Total Budget
Graduate Lead (Gr7)	43,950	43,914	44,792	45,688	46,602	**224,946**
Graduate Lead (Gr7)	38,331	39,466	41,474	42,684	43,604	**205,559**
Graduate Lead (Gr7)	0	38,299	40,255	41,474	42,684	**162,712**
Co-ordinator (Gr9)	0	49,399	51,749	53,097	54,454	**208,699**
Graduate Support (Gr6)	0	25,109	26,148	26,694	27,253	**105,205**
Digital Support (Gr6 .5)	0	16,416	17,091	17,806	18,283	**69,595**
Non-salary expenditure	6,000	15,000	15,000	15,000	15,000	**66,000**
USW Secondee	14,400	14,400	14,400	14,400	14,400	**72,000**
Qualification cost	8,740	45,500	65,000	65,000	65,000	**249,240**
Website, bilingual marketing and events	8,100	16,000	16,000	16,000	16,000	**72,100**
Evaluation	0	15,000	0	25,000	0	**40,000**
Contingency	22,419	10,000	10,000	10,000	10,000	**62,419**
Total	**141,940**	**328,503**	**341,909**	**372,843**	**353,280**	**1,538,475**

14. Local Partnerships has been commissioned by CCRCD to undertake a critical friend/ challenge role in respect of proportionate business case development. Their feedback in respect of the Graduate Scheme scale-up, has been comprehensively encapsulated within the version attached at Appendix 3. This provides Regional Cabinet with independent assurances around compliance with the HMT five stage business case framework and ensure an approach proportionate to the aims and objectives stated.

15. It must also be borne in mind in that creating this structure and flexibility at the core of the CCRCD team, the potential exists to 'bolt on' and extend the existing remit to incorporate and integrate new proposals that come forward through the Future Ready Skills Framework, such as schools programmes, shared apprenticeships and learner pathways. In addition, it should be noted that the CCRCD team has also commissioned a comprehensive review of business engagement in the region, in particular focussing on the future role and purpose of the Regional Business Council. Developing new ways of working targeted at supporting skills ventures should create a better enabling environment for schemes of this kind.

16. It is also evident that as new schemes go live, such as the Homes for all the Region, there are opportunities to embed the requirement for proposers to make a contribution to developing the CCR skills base. Whilst this would not be an explicit condition of investment, there are opportunities for alignment with social clauses and working much more closely with businesses on the basis of maximising asks and offers.

17. Finally, it must be noted that in putting in place a dedicated team for a proposed four year period, this extends beyond the timeframe for the first Gateway Review – which is scheduled to take place in March-April 2021. The current core team's contracts are in place up until March 2021. This is currently being considered by the Accountable Body with an initial discussion paper currently being drawn up to set out scenarios and options to the Chief Executive's Group. This will be reported to Cabinet at the relevant juncture via the Chief Executive's Group.

18. Investment Panel considered the Full Business Case at its meeting on 28 February 2020 and input included: i) it was considered the scale-up had come earlier in the life of the programme than would have been expected, with a longer pilot period having been desirable. ii) for this reason, it is suggested that a comprehensive review point is built in, prior to the Gateway Review, with a second beyond this, to examine ongoing sustainability and iii) the opportunities for greater ambition should be explored with immediate effect regarding the need to bring forward the digital platform, as a means of creating powerful technological single points of access and exploring opportunities such as supply teaching – the agency costs for which can be significant within local authorities. These recommendations were further endorsed by the Regional Economic Growth Partnership and Programme Board at a joint meeting on 28 February 2020. The Head of Business and Inclusive Growth will work with members of the Regional Economic Growth Partnership, with a strong background in skills, learning and training to form a small sub-group with which to monitor and evaluate progress and ensure the available expertise is leveraged and the suggestions made, are comprehensively progressed.

Financial Implications

19. This report seeks Regional Cabinet's approval to extend the total funding for the Graduate Scheme to £1,538,475 for the period to the end of Financial Year 2023/24. This represents an increase of £1,202,475 to the total funding requirement of £336,000 approved at the meeting of 19th December 2019. And reflects both the expansion of the scheme and its extension over a further 3 years.

20. The report sets out cost estimates showing how the total funding is expected to be used and the sums outlined can be met from the Revenue element of the City Deal Wider Investment Fund. Monitoring of costs and outcomes of this scheme will form part of future reports to Regional Cabinet.

Legal Implications

21. It is understood that the proposal is to 'scale up' the Cardiff Capital Region Graduate Scheme pilot, which was approved in December 2018. If approved, the scheme would continue to be delivered through the Office of the City Deal (PMO). To facilitate this a number of individuals would be seconded to or temporarily employed by Cardiff Council as the Accountable Body and employer for the PMO. The HR implications address this.

22. The procurement of the proposed course provider (ILM leadership & Management Award) has been procured compliantly through an existing third party framework agreement.

Wellbeing of Future Generations

23. 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.

24. 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
    - deliver an integrated approach to achieving the seven national well-being goals;
    - work in collaboration with others to find shared solutions;
    - involve people from all sections of the community in the decisions which affect them.

25. 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 at Appendix 3 to this report (Well–being of future generations assessment) for Member's consideration.

26. 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

27. 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

Human Resource Implications

28. Employment implications for this report will be managed through the standard processes that has been agreed as part of the Accountable Body role as set out in the joint working agreement. All processes will meet the requirements of employment legislation and best practice.

Reasons for Recommendations

29. The strength of the region's skill base and capability around talent development, retention and growth underpins the core aims and ambitions of the CCR City Deal. Without a skilled fit for future workforce, the investments made risk exporting value outside of the region. In view of the Nesta review and the opportunity that now exists to bring forward a suite of measures to mobilise skills and learning development in the CCR – both from within City Deal and from external partners and investment proposers – there is a need to ensure these ideas and activities relate back to core purpose and priorities. For this reason, the Future Ready Skills Framework has been produced as a means of providing key context to future proposals.

30. In view of the feedback and outputs presented to Regional Cabinet in December 2019, arising from the review of the pilot Graduate scheme 10 months in, Regional Cabinet requested that a Full Business Case be prepared to underpin scale-up and growth of the scheme. This report sets the results of that work and confirms the preferred option is to expand the scheme as is detailed in the report.

RECOMMENDATIONS

31. Regional Cabinet is asked to

a) note and approve the proposed CCR City Deal Future Ready Skills Framework;

b) approve the recommendations of Investment Panel, as endorsed by both Regional Economic Growth Partnership and Programme Board, to agree the Full Business Case for scale-up of the CCR Graduate Scheme, subject to the suggestions set out above regarding review points, progressing the digital platform and new opportunities to drive ambition as well as leverage the expertise of the REGP in driving this forward;

c) approve costs of £1.538m over a four year period commencing April 2020 in respect of this proposal which relate to establishing an expanded team structure and investment in key areas which reflect the evidence based findings of the Nesta review and ensure the scheme will be fit for future. This will be funded via the revenue component of the Wider Investment Fund;

d) note the potential outcomes associated with scaling-up the Graduate Scheme in respect of job placements, private leverage and other added value benefits;

e) agree to receive future reports in respect of the Future Ready Skills Framework in relation to a Shared Apprenticeship Scheme and a programme to co-ordinate and align schools-based Learner-Employer interaction;

f) agree to receive annual reports via the Investment Panel in relation to monitoring and evaluation.

Kellie Beirne
Cardiff Capital Region Director
9 March 2020

Appendices

Appendix 4 to this report is exempt from publication because it contains information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1	Nesta Report – Future for Skills in the Cardiff Capital Region
Appendix 2	CCR Future Ready Skills Framework
Appendix 3	Full Business Case – Graduate Scheme Scale-up
EXEMPT Appendix 4	Investment Panel Recommendation Log
Appendix 5	Wellbeing of Future Generations Assessment

Future of Skills in the Cardiff Capital Region

Review of CCR City Deal Skills Programme proposals

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1. Introduction

Cardiff Capital Region (CCR) accounts for approximately 50% of the total economic output of the Welsh economy and is home to a range of competitive business clusters and three successful universities. However, productivity challenges remain, particularly in certain geographical areas. CCR City Deal was established to tackle barriers to economic growth, including creation of jobs and leveraging private sector engagement in the region.

The Cardiff Capital Region City Deal aims to achieve two mutually supportive objectives of boosting competitiveness and tackling inequalities to deliver sustainable and inclusive growth. The Skills Programme was taking shape throughout 2018 with the key aims to:

- Build on the region's competitive advantage by supporting skills development in key strategic sectors
- Deliver additional graduate internships, apprenticeships and upskilled employees
- Support regional resilience in the context of changing skills needs
- Support school and industry engagement

In early 2019 Nesta worked with the Office of Cardiff Capital Region City Deal to provide advisory on how an emerging Skills Programme could support wider growth ambitions in CCR. Nesta was invited to review the foundational aspects of the programme (apprenticeships and the graduate scheme plans, among others), as well as to incorporate new ideas and approaches into the programme, building on Nesta's ongoing research, as well as input from stakeholders from the Cardiff Capital Region.

About Nesta's expertise on the future of skills

Nesta is the UK's innovation foundation. We help people and organisations bring great ideas to life. We do this by providing investments and grants and mobilising research, networks and skills. We are an independent charity and our work is enabled by an endowment from the National Lottery.

- **Expertise in future of skills and needs of regional skills systems**
  Our seminal report The Future of Skills: Employment in 2030 mapped out systematically how employment is likely to change in the future, taking into account current and future trends. Having clarified what the implications of those drivers might be, we have developed the first data-driven skills based taxonomy of UK occupations based on skills descriptions in millions of UK job adverts. The taxonomy provides an estimate of the demand for each skill cluster, as well as allowing job-seekers to discover the skills they need for jobs through an engaging data visualisation.

- **Research and policy development for a more inclusive digital economy**
  The work of Nesta's research team identified global best practice around skills and employability through the Digital Frontrunners initiative, helping governments in the Benelux and Nordic regions support individuals to learn valuable skills for the future of work. The second phase of this work will identify and evaluate existing training

programmes that are upskilling and reskilling workers at risk of unemployment through automation.

- **Identifying practical initiatives to develop young people's skills and enable their transition to work**
  Between August 2017 and September 2018, the Inclusive Economy Partnership Accelerator supported platforms that link employers to schools, young people and their parents or carers; programmes aimed at developing young people's resilience and employability; and solutions to enable businesses to adapt their processes for hiring, structuring roles and engaging new employees, such as Applied. Our Future Ready Fund supports high-potential, early-stage interventions that promote wider skills in secondary-age (11-18) young people, focusing on social and emotional skills and resilience.

- **Leading innovative solutions to shape a more intelligent labour market**
  Nesta's Open Jobs is focused on helping individuals, organisations and governments take more informed labour market decisions. We are doing this by finding ways to mobilise labour market information to inform decisions about skills and jobs, building resilient partnerships to allow stakeholders respond collectively to labour market demands; and accelerating the development of new tools and services for labour market navigation.

The approach

Nesta and the City Deal office worked together to develop two workshops with stakeholders in CCR: representatives of the Welsh Government, local authorities, FE and HE providers, industry bodies and employers, careers advice services, and charities. The first workshop focused on data-drive labour market intelligence and effective skills policy. The second workshop focused on defining long-term outcomes for skills supply and identifying opportunities for school and industry engagement.

Additionally, Nesta team reviewed relevant strategy documents outlining regional priorities against the Skills Programme plans to provide critique, recommendations, and proposals for taking action. This paper summarises the findings of these workshops and the review.

This paper

Through our work with CCR stakeholders and review of the current and proposed initiatives, Nesta has identified three areas of opportunity for the Skills Programme. This paper discussed each one in turn and provides recommendations for how the proposals under the Skills Programme could be developed in alignment with the strategic priorities of the Industrial and Economic Plan.

1. Seizing near-term opportunities to target specific areas of demand for skills.
2. Investing in a more intelligent labour market in the longer-term.
3. Exploring wider opportunities within the priorities of the Industrial and Economic Plan.

2. Near-term opportunities to meet skills demand

The key theme of the CCR Industrial and Economic Plan is the significance of technology skills and STEM in sectors of strategic priority. The Compound Semiconductor industry cluster and associated initiatives provide an area of strong focus and opportunity for the Skills Programme to align skills supply with existing and growing demand for employers, while achieving programme's targets of job creation and private sector investment.

Apprenticeships and graduate scheme

Growing sectors present an excellent opportunity to establish new apprenticeships and graduate positions led by employer needs, while setting an example for cross-cutting outcomes in terms of societal benefits and promotion of the region. Both Metro Plus and the Compound Semi-conductor sector have the potential to benefit from this model, and the opportunity to develop a shared apprenticeship in a priority sector is particularly relevant for the region with a large proportion of SMEs.

The wider longer-term priority, identified by the Skills Programme, relates to support creation of jobs of sufficient quality to enable progression from entry-level jobs and provide more opportunities for graduate employment. Key to this is stimulating companies to become more innovative and productive through improving the business environment within CCR.

Recommendations:

- **Prioritise Compound Semiconductors sector** and its supply chain as an area of opportunity for delivering high degree of alignment between skills demand and supply, given the strategic importance of the sector, the volume of investment, and the clear appetite from employers to identify routes for skills supply.
    - Identify promising pathways to develop skills required by sector employers, by exploring how demand for skills matches the offer of the relevant learning institutions for STEM and digital skills in particular (e.g. the National Software Academy and others), considering qualification level (apprenticeships, degrees), as well as predicted change in skills demand in these sectors: even for sectors with current skills gaps, low-level growth or decline in these sectors may mean that apprentices and graduates cannot progress to jobs at the end.
    - Develop and pilot mechanisms for monitoring and updating skills demand and supply in this sector, by identifying and connecting relevant data sources (see Section 2 for more specific recommendations on labour market data).

- Invest in innovative ways to meet **demand for apprenticeships among smaller employers**, who might lack awareness of the benefits of apprenticeships or the infrastructure to provide a good-quality learning experience. Testing the potential of the current shared apprenticeship scheme provides an opportunity to do so, while

ensuring that learners expand their skill-set by working across a number of employers.

- Conduct preliminary research to establish feasibility of running such a scheme the sector, skill area, and/or geographical area. This could include combining data on growing skills sectors with feedback from employers currently participating in the scheme, as well as gauging demand for the scheme among prospective SMEs. Schemes driven by employers are likely to benefit from greater commitment and engagement with the process as employers seek to reap tangible benefits of the programmes.
- Direct a proportion of the investment to support coordination between employers, so that young people engaged in these programmes develop a wider range of skills useful across the industry, as well as skills that we expect to be in demand in the near future.

- As part of setting up the scheme, experiment with the most **effective ways to engage employers**. Learning from international experiences of policymakers working with Nesta's Innovation Growth Lab, the Skills Programme could build in an element of rapid experimentation within the apprenticeship delivery workstream (using a university or a private research partner to set up the trials). A way of doing that would be to set an overall goal of incentivising employers to co-invest in apprenticeship programmes in 2-3 priority sectors, and experiment with a number of specific options on how the framework would be developed. This approach would seize the advantages of scale, while providing an opportunity to iterate early and select the most effective options over time. See pp.3-4 of our guide to policy experimentation.
  The options to experiment - led by a university or other type of research organisation, capable of setting up an experimental trial - could explore some of the following options:
  - Testing effectiveness of different ways to coordinate employer engagement in apprenticeship design.
  - Testing effectiveness of different marketing materials to attract employers to the apprenticeships (particularly relevant for the shared apprenticeship scheme to reach SMEs that are known to be difficult to engage and coordinate).
  - Testing effectiveness of different marketing materials to attract learners to the apprenticeships, including different newsletter formats or channels.

- Test approaches **to stimulate job creation in SMEs** to enable progression of apprentices and graduates in the longer-term. Nesta has conducted research to map SME productivity across the UK, and make recommendations on encouraging adoption of technology and digital skills by these firms. Our ongoing experimentation programme has similarly included trials of practices to improve business performance among local retailers.

- **Integrate apprenticeship and graduate scheme offer** within learner pathways (discussed in more detail in the next section). Given the staff-intensive structure of the current model of the graduate scheme delivery in particular, a shift towards a digital platform could be an advantage. Such a platform would also offer the benefit of a single-entry interface for those seeking employment opportunities, explaining the options of different routes and linking to available opportunities.

3. A more intelligent labour market

The Industrial and Economic Plan rightly calls for a "limited number of significant interventions rather than… small-scale activities", and skills data is an area where this approach is particularly relevant. While supporting specific initiatives (such as tools for matching employers and learners) can provide discrete positive outcomes in the near-term, there is a strategic opportunity for the City Deal to invest in large-scale infrastructure that delivers systemic benefits of a coordinated labour market information system, allowing people access to timely information, providing a platform for development of new services, and ensuring that the demand for skills addressed through other parts of the programme is matched by appropriate levels of skills supply.

Nesta's OpenJobs is an ongoing programme developing ideas to help education providers, workforce participants, and businesses to make better labour market decisions. As part of this work we explored viability of an open map of skills supply and demand data.

One advantage of open, real-time labour market information is that it can be accessed and interpreted by multiple users, including schools, education providers, and even current and future workers themselves to make decisions about investment in development of specific skills. This type of system would be less reliant on individuals and teams involved in the programme to share and respond to labour market intelligence.

Another key opportunity is using the labour market information to adapt initiatives to changes in supply-demand balance with change over time. For example, investment in the the National Software Academy can provide the skills required by growth in digital companies, but could also contribute to ongoing over-supply of graduates if those companies begin replacing their skills with technological capability. Development of digital skills should, therefore, distinguish between routine digital skills (where demand is likely to decline over time) and higher digital skills related to decision-making and creativity. It should also be complemented by monitoring changes in supply and demand, as well as initiatives to support lifelong learning and re-skilling as demand changes.

Given strong appetite from the workshop participants for more real-time data on skills demand and supply in CCR, this section outlines recommendations for the next steps of building such a data ecosystem in the region. Piloting these approaches in a high-priority sector (e.g. Compound Semiconductor cluster) could benefit from existing engagement of employers and learning providers.

Mobilising labour market data

As a region CCR will make the most effective use of labour market information if data is collected, analysed, and presented back to users at scale. A key part of this approach is identifying, collating and sharing relevant labour market information. However, our work with the stakeholders identified several barriers to this:

- **Data sharing**. We identified lack of awareness of existing data among stakeholders who could use it to inform their decisions, for example, where linking different data sources (e.g. on workplace opportunities vs training provision) could draw out a fuller picture on skills demand and supply.
- **Data infrastructure.** The responsibility and the necessary technical capability for coordinating, linking, and sharing the data is unclear.
- **Data quality and relevant.** Decision-makers lacked timely and granular data on specific skills required currently and in the future. The data available through more traditional means (e.g. regional statistical data) was perceived to not accurately reflect stakeholders' actual experiences.

Recommendations:

- Commission **mapping of data sources** existing in the region, including data in the public domain, as well as data held by stakeholder organisations (e.g. careers services and industry bodies, employers, learning providers). Specific areas covered by the mapping exercise could include:
    - Datasets that allow understanding of factors behind career success (i.e. earnings mobility, ability to transition into adjacent sectors): career history data based on tax returns for example, longitudinal educational outcomes data.
    - Datasets describing skills available through learning opportunities: textual description of courses and modules offered, including description of relevant skills within.
    - Datasets mapping current demand for skills: actual (jobs data) vs perceived (employer surveys).
    - Data on future skills demand in the region: while it is unlikely that this data exists for the region already, the review could identify providers who could deliver this data when required.

- Explore the **infrastructure to link the datasets** once available.
    - One aspect of this would be to work with a credible organisation who has the capability to collate and analyse personal data (e.g. relating to learners' characteristics) in a responsible way, and establish their technical capability to analyse large volumes of data and text to understand relationships between datasets. Data Cymru have the interest and legitimacy to lead on addressing these gaps in CCR, however, have to date been missing an opportunity to bring stakeholders together to identify ways for sharing data.
    - Assign a coordination group, for example, one being established by RSP, to consider how this information might be kept up-to-date and develop a future data strategy, identifying a structure (responsibilities and resources) for a coordinated labour market data approach in the region (JobTech is an example of a project to create open data infrastructure).

- Map potential policy levers to facilitate data sharing, to encourage opening up data on skills and jobs datasets. Nesta has also recently published a partnership toolkit that could be used to develop collaborative models.

- Commission scoping of methodological **options for using data to forecast future skills needs**.
  - Consider development of a skills taxonomy (a common language for skills), or an adaptation of an existing one, that builds bottom-up from the current labour market information, but also includes skills categories that are known to be in higher demand in the next 20-30 years.
  - Incorporate impact of ageing on demand for skills in sectors, such as health and social care, as well as consider how skills supply and demand in Wales fits into UK-wide and global skills supply and demand
  - At the other end of the spectrum consider mapping vulnerable occupations (ones at highest risk of decline in the future) to inform decisions on mitigating potential job losses through upskilling or re-training.

Schools/learner pathways and tools

A parallel priority to developing more accurate and real-time labour market data is equipping learners with tools to navigate this information, as well as to develop technical, soft and employability skills necessary to secure job opportunities.

Both the workshops and the Skills Programme proposal reflected on using technology to connect learners with employment and development opportunities, promising for two reasons. First, it can help connect learners with current opportunities. Secondly, it can provide more granular labour market information to underpin planning for future skill needs, informing the labour market data system discussed above.

While there are multiple initiatives available to connect learners with current opportunities, three key issues were identified across the current approaches:

- **Soft skills** were recognised both as important and lacking among young people in the region. There is desire for effective ways to identify and develop these skills (e.g. among hard-to-reach groups) in a way that engaged learners (e.g. through easy-to-access digital tools). There is little focus on careers skills in schools, particularly as some teachers (and parents) lack knowledge and incentives to equip young people with these.
- **Role of employers**. Participants also wanted to clarify how employers can and are shaping training programmes. Employers expressed a desire for skills supply to match demand more closely, and highlighted some of the effective mechanisms for getting involved (e.g. employer boards). However, it is also recognised that these traditional mechanisms are time-consuming.
- **Fragmentation.** Several ongoing initiatives involve employers in inspiring and providing experience to young people, however, there was a concern that these are

fragmented, and miss the opportunity to work across geographical boundaries at regional or national level.

Recommendations:

- Consider the business case for **a single-entry platform** to bring together opportunities from across city-level commitments and consistency in codifying the skills available and sought (therefore, acting as a source of insight on gaps). The graduate scheme could also link into this platform. There is an obvious challenge in developing a single tool that builds on and incorporates data from the existing ones, but with an advantage of a linked up labour information system.
    - The challenge of this model would be promotion of the chosen platform to individuals and employers to increase uptake. This is where current initiatives could have a key part to play in establishing links with employers and schools locally, but directing these stakeholders to the central careers hub. For example, this work could build on the existing partnership between the Cardiff Commitment and the Digital Profile.
    - The second key challenge concerns incentives for learning initiatives to collaborate. As these initiatives are operating a range of business models, some of these will become unsustainable under a coordinated, single-interface approach. A preferred way to achieve this would be to work with the stakeholders (potentially through the RSP coordination group) to develop a model for a financially viable collaborative model, as well as clarifying ownership of data and responsibilities for data management. An alternative would be to issue a competitive call for a single provider to deliver the linked dataset, however, that would significantly diminish the incentive for the stakeholders holding data and relationships to contribute those into the system on a non-commercial basis.

- Coordinate **development of a regional/national learner journey**, building a unified picture of a learner journey, define career pathways and a map of how to navigate the career journey, potentially starting with a few specific sectors. This would mean that if an individual does not have all the skills necessary to secure a particular opportunity with an employer, they would instead be directed to training opportunities to fill those gaps.
    - This approach would require the platform to include live information on opportunities for qualifications and connect to other learning, such as Founders4schools or Hwb.
    - FutureGov is an example of using social and digital media to improve services and engagement with service users
    - A Skills Map is a tool for showing the skills students need to reach a particular occupation.

- Commission collation and dissemination of **evidence on what works** for developing different types of skills among learners. One approach is to conduct a rapid assessment of evidence for effective school and industry engagement interventions to give more precise direction towards the specific types of school and industry engagement initiatives that Skills for the Future programme would focus on. A rapid evidence assessment (REA) is a relatively comprehensive approach to assessing existing literature on a topic that can be delivered over much shorter time frames, compared to a full systematic review. A review like this could also provide an opportunity to consider what might work for different groups of learners, for example, currently disadvantaged groups, to ensure that the solutions put forward by the Skills for the Future programme are inclusive. Nesta's work in this area includes:
    - Opportunity Lost report - early exposure to STEM skills and entrepreneurship will lead to more women and people from disadvantaged backgrounds becoming innovators in later in life
    - What works in adult learning - lessons from systematic reviews to help think about the best way to train professionals.
    - Future Ready Fund - to develop the soft skills that are in high demand due to automation and changing workplace

- Build **skills of teachers** as key influencers and use technology to bring the business world into the classroom. This vision might include:
    - Improving teacher confidence and experience through industry inset days. So they can experience first hand the changing world of work and bring real-life business problems into their teaching.
    - Assessing how technologies like VR/AR can be used to provide digital/virtual reality trips for students so they understand career opportunities. Nesta's work with Department for Education on the Edtech strategy explores how emerging technologies can be used within education and training.

4. Wider opportunities within the Industrial and Economic Plan

As the Industrial and Economic Plan has an explicit commitment to inclusive growth and tackling inequalities, alongside 'boosting competitiveness', the Skills Programme could seize the opportunity of current engagement with and interest from stakeholders in priority sectors to incentivise focus on inclusion across the skills initiatives, as a condition of investment. Specifically, this could include focus on outcomes beyond volume of jobs, related to the inclusive agenda of the Plan, as well as extension of learning tools and initiatives beyond focus on young people to support re-training and upskilling of adults.

Inclusive growth

Nesta has been championing the agenda of “inclusive growth”, where innovation has an explicit aim to achieve positive social impact. As part of this work we have proposed a framework for assessing how inclusive innovation policy is, based on a comparative analysis of international policy examples.

One dimension of this framework with particular relevance here is around ‘participation’ in innovation. We suggest that inclusive innovation policies consider both how to improve diversity amongst people in innovative occupations/companies, and how to spread innovation to less productive sectors, firms and places.

Recommendations:

- Consider inclusion and diversity as part of the **apprenticeship scheme design**. As a general rule, if interventions are designed without an ‘inclusion’ lens, they are likely to reinforce existing inequalities. In practice, for example, people with higher skills levels are more likely to use an online labour market information system to find new jobs/training opportunities than those with lower skills levels (who might benefit more).
    - Explore how to involve different stakeholder groups (including learners) in programme design. Nesta has published a guide on public engagement in policymaking, which, among others, outlines the benefits of using digital tools to engage with many more people than traditional public engagement initiatives.
    - Incorporate metrics of inclusion across the initiatives, and encourage their uptake by employers and education providers through the Regional Skills Partnership coordination group, and wider communications about Skills Programme plans.
    - Implement specific incentives for inclusive recruitment. Industry bodies (for example, BITC) provide evidence and best practice guidance for employers.
- Alongside support for ‘clusters of excellence’, explore potential to set up a Challenge Fund to stimulate innovative interventions in sectors that employ lower-paid people, such as those in **the ‘foundational economy’** (also a priority in the Industrial and Economic Plan). Inform selection of sectors and challenges with data presented on

Nesta's Arloesiadur platform for Wales, and/or complemented by more granular data emerging from the data mapping discussed above.

Lifelong learning

A related area that could be included among the priorities of the Skills Programme is lifelong learning. Although the currently proposed initiatives are not targeting young people exclusively, the plan could include a greater focus on learning and re-skilling throughout one's working life. Placing a priority on encouraging lifelong learning would support individuals' continued participation in work over time, as well as their ability to shift careers as demand for skills evolves as a result of technological change.

Lifelong learning is an ongoing area for Nesta's programmes, exploring opportunities for funding education for workers and research to understand what motivates adults to learn

Recommendations:

- Where possible, seek to **open up learning interventions to a range of people**, just starting their journeys into work, as well as those looking to upskill or re-train.
- Target interventions towards **particular groups that might otherwise not engage**. For example, several companies are developing effective programmes to help women returners come back into the labour market after taking time out to look after children, which both benefit companies by giving them access to talent, and help close the gender pay gap.
- In setting up success measures for the Skills Programme as a whole, adopt a focus on **job quality**, not just volume of jobs, to ensure that newly created jobs provide individuals with appropriate levels of security. Matthew Taylor's review of modern working practices provides useful recommendations for other steps to improve job quality, including encouraging employers towards transparency of employment practices, as well as engaging them with codes of best practice through employer bodies, trade unions and similar.
  As the City Deal Office is already working with the bodies like CIPD, highlighting job quality as part of the agenda across the workstreams (apprenticeships, graduate scheme and other initiatives) could be something to add to the conversation either in a form of job quality metrics (see example initiative here), and or as a campaign, award or badge (see example of the Living Wage Employer campaign). Rather than being a short-term measure, this initiative would represent an investment in the longer-term shape of the labour market in the region.

5. Summary

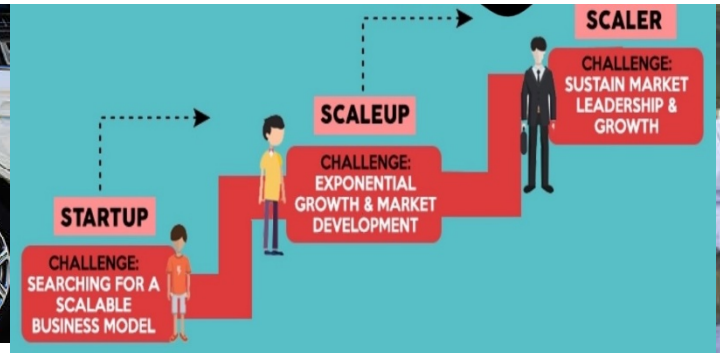
As CCR City Deal seeks to lay the foundation for ambitious economic growth in the region, it has an opportunity to make significant strategic investments in skills initiatives that don't simply meet the demands of today, but build a sustainable labour market system.
One of these opportunities is creation of a more intelligent labour market, where its participants have access to real-time and accurate data about skills, training and jobs. This granular insight would enable workers, employers, learning providers and policymakers to navigate pathways available to them with a greater degree of insight of the likely outcomes of their decisions.

Another key aspect is the ability of the labour market system to be inclusive of a greater range of people who may currently struggle to find a way into jobs. This dimension hinges on today's investments in less productive sectors, improving quality of jobs overall, as well as ability to adapt learning interventions to the changing demand for skills in the future.

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

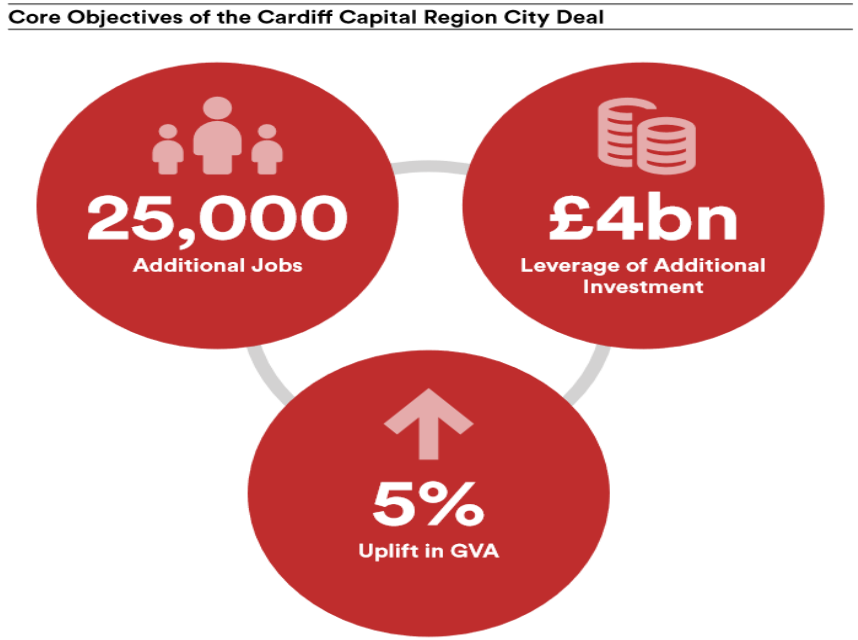
CCR City Deal 'Future Ready' Skills Framework

9 March 2020



CCR – Connected, Competitive, Resilient

- CCR City Deal 3 layers of Govt. & £1.3bn to achieve goals
- Need to hit targets with clear purpose
- The people-part of economic growth
- ‘Growth strategies’ can be about addressing priority sectors, skills supply-demand opportunities *and* inclusive growth
- Innovation business driver but also about local & foundational economies
- Skills is a leveler and pre-cursor to generalised prosperity
- Key role in matching economic ambitions with progressive social policies



CCR City Deal Skills Mission

To leverage the potential and impact of all CCR City Deal investments and programmes in creating an inclusive and entrepreneurial future-orientated system for jobs and skills

Nesta – Future Skills

Making us all valuable and relevant resources in the future workplace:

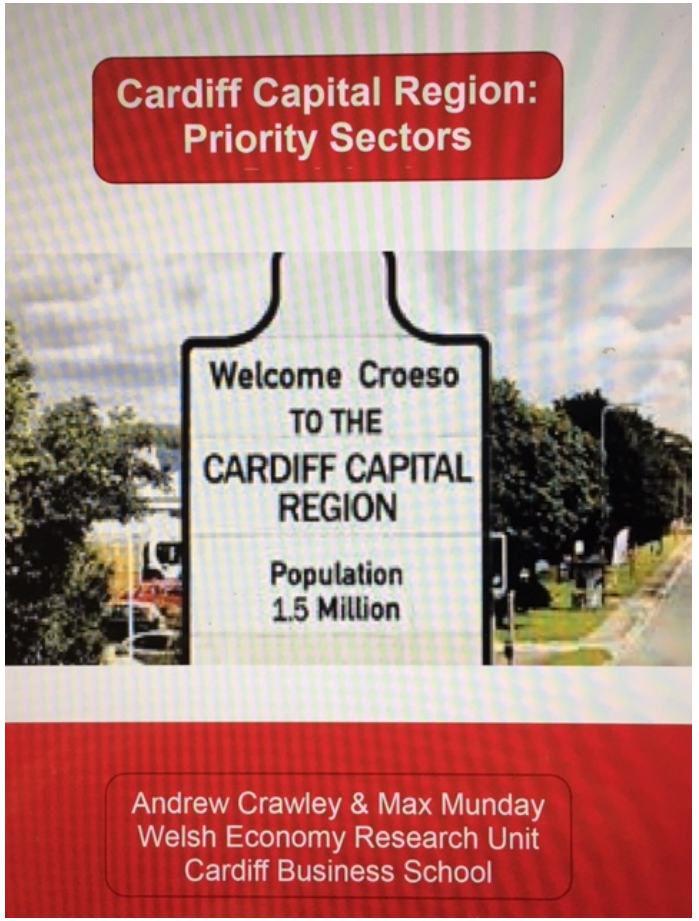
1) Seize near term opportunities for jobs and skills – graduate scheme and shared apprenticeships with connecting learner pathways
2) More intelligent labour markets – real time data & using technology to connect schools, learners and employers
3) Sticking to the Plan – inclusive economies, innovation and entrepreneurship and a challenge fund for low wage foundational economies

CCR Future Ready #1 – Scale-up Grad Scheme

- Ph. 1 pilot successful and targets hit
- Lessons learnt – timing, engagement, business leadership & reach
- Ph.2 scale-up – 125 graduate posts enabled per annum
- Digital platform opportunity
- Priority sectors focus
- Offers blueprint for related skills interventions….

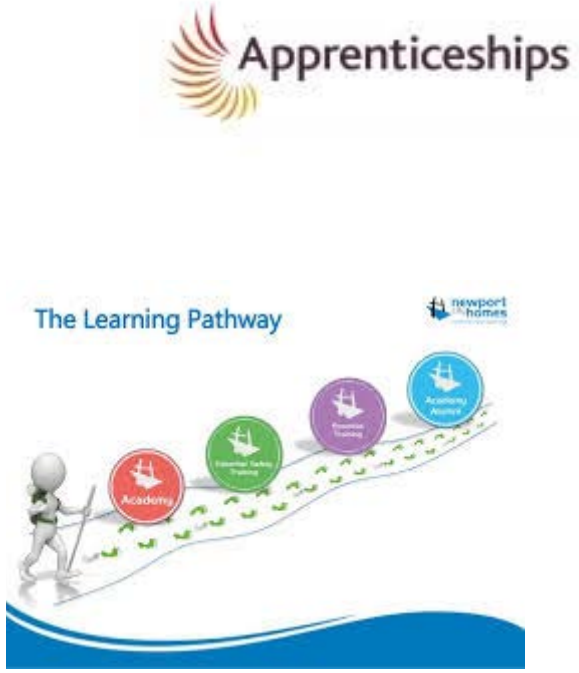
CCR Future Ready #2 – Shared Apprenticeship scheme for Priority Sectors

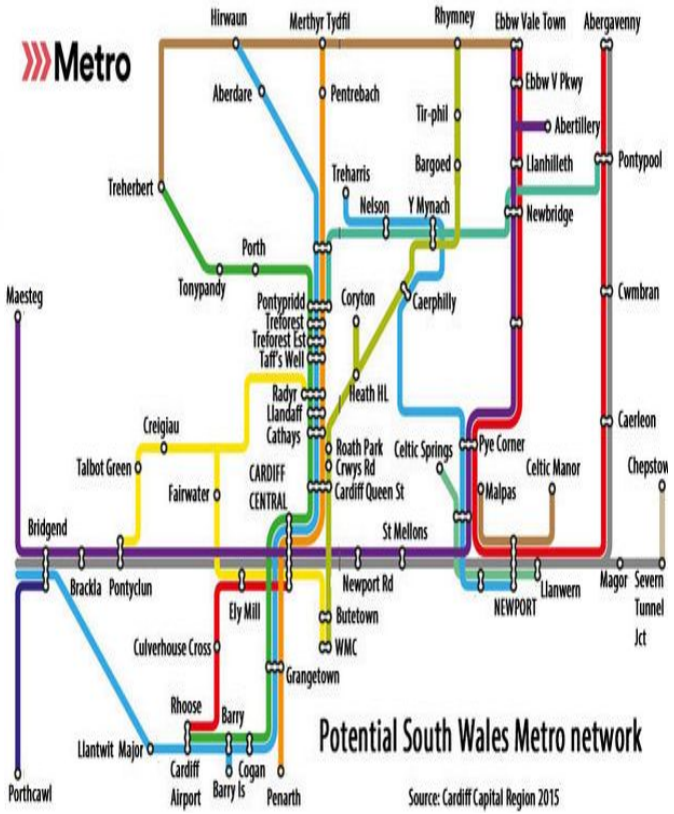
- Level 1 to Degree Apprenticeships (HE *and* FE)
- Priority sectors focus
- Builds upon successful shared apprenticeship models – Aspire/ Y-Prentis
- Social value emphasis
- Single entry routes to promote better co-ordination
- Engages more SMEs and smaller companies
- Industry 'skills pools' – agency convened



CCR Future Ready #3 – Learner Pathways

- Integrating Grad and Shared Apprenticeship Schemes
- Connectivity and alignment
- Learner journey
- Young Innovators programme
- Digital platforms and single entry routes
- More innovative ways to meet demand for scheme amongst employers
- KES PhD Studentships & support for Ser Cymru





CCR Future Ready #4 – Real-time Labour Market Information

- One consistent real-time and live dataset for Skills
- Better co-ordination of labour market information
- Data assets and resources…
- ….creates new tools, products and applications
- RSP leadership is critical

Arloesiadur.

How are Wales' industries evolving?

Wales is becoming more competitive in services, already its bigger employer. Manufacturing industries like Aerospace or Instruments are also areas of strength. Cardiff is gaining creative and knowledge intensive businesses, but they still do not represent as much employment. What policy interventions could help innovative businesses create more jobs across Wales?

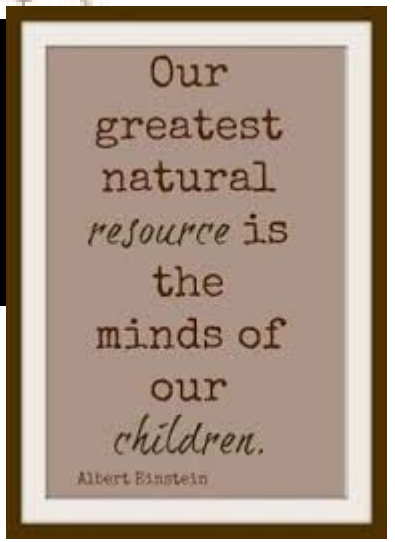
Data Source: ONS

CCR Future Ready #5 – Connecting Learners & Employers

- Opportunity to build upon existing programmes and scheme for school-business engagement – Cardiff Commitment/ Gatsby
- But lack a central technology hub to co-ordinate and drive traffic
- Schools Programmes like F4S offer real-time tech platform to support & co-ordinate existing initiatives as well as provide cutting edge services into places that don't currently operate learner-employer schemes
- Front door approach – connecting short-term and long-term potential
- Has potential to create connections for applications like MiFuture
- Underplayed FE opportunity

GATSBY

The Cardiff Commitment
Addewid Caerdydd



CCR Future Ready #6 – Entrepreneurship Strategy

- Need to create conditions for Future Ready skills by enabling more businesses, people and organisations to become more entrepreneurial
- Build innovation capacity
- Start-up focus
- Enterprise in education
- Sectors of excellence
- Way of life
- Key role for both HE and FE

CCR Future Ready #7 – Economic Inclusion & Local Wealth Building Challenge Fund

- Embedding approach to diversity & inclusion in all activities – how we work with people 'outside of the system'
- Developing metrics and measures to support
- Local Wealth Building Challenge Fund – role of anchor businesses, unlocking public procurement, developing open data and Housing role in community wealth building
- Living wage employment priority
- Social clauses in contracts for Targeted Recruitment & Training – Can Do Toolkit

FOUNDATIONAL ECONOMY

CCR Future Ready #8 – Alignment with and support for Regional Skills Partnership

- Development of MoU across CCRCD and RSP to clarify roles, links & joint working
- RSP key role in informing & shaping CCRCD-led initiatives
- Support across CCRCD and RSP for transformative regional skills ambitions and proposals
- Future employability programmes under Shared Prosperity Fund – will require closer regional co-ordination & collaboration
- Key role in Local Labour Market information and intelligence

FULL BUSINESS CASE – SCALE-UP OF CCR GRADUATE SCHEME – MARCH 2020

Background

Regional Cabinet approved the one-year pilot Graduate Scheme in December 2018 to commence in April 2019. The objective of the scheme was to reverse the so-called 'brain drain' with around 35% of all graduates leaving the region to seek employment opportunities elsewhere each year. The scheme works with businesses that historically, have had little or no engagement with the graduate market; in order to contribute to business growth and resilience. The scheme operates through a collaboration of the University of South Wales, Cardiff University, Cardiff Metropolitan University and the Open University, as well as business groups/ trade bodies.

The pilot continues to run April 2019-April 2020. Many important lessons have been learned and captured to shape and improve the ongoing operation of the programme – and participant feedback has featured strongly in this. A mid-point review report was presented to Cabinet in December 2019, to set out key learning and seek a 12 month continuation period for the scheme. Cabinet accepted the report, but felt the potential existed to scale-up the scheme beyond a pilot to full programme roll-out, in order to capture live opportunities and maximise benefits, subject to a full business case.

This Full Business Case document thus, seeks to set out the main aspects of the case presented to run the pilot in December 2018, supported and reinforced by real-time experiential learning from the pilot.

Strategic Case

The problem we're trying to solve

There is a low graduate retention rate in both Wales and the Cardiff City Region. The 'brain drain' of graduates relocating to other parts of the UK, is a potential threat to the Cardiff Capital Region's economic prosperity, particularly given the mismatch between the skills needs of employers and the skills profile of the region's population.[1] Despite attracting a net inflow of students, new graduates tend not to stay in Wales and Cardiff after finishing their studies.[2]

While there is an emerging thriving micro-business sector, as well as heavy reliance on SMEs in the Cardiff Capital Region – smaller businesses can struggle to provide opportunities for those just graduating.[3] As a result, the Growth and Competitive Commission report of 2016, noted that in order to grow, the Cardiff Capital Region will need to focus on retaining people in the region as they develop their skills, keeping students after they graduate and matching them to job and enterprise opportunities.[4]

The Future of Cities Graduate Mobility and Productivity work further notes:

- Employment available in Cardiff and its surrounding labour market is often of a lower quality as measured by pay or anticipated career pathways, than that on offer in other parts of the UK. This is particularly the case for STEM subjects
- The public sector employs around half of the post-1992 graduates who were both born in and now live in Wales

[1] AECOM Baseline Economic Analysis for South East Wales (2015) pg74 and pg85
[2] Centre for Cities (2016) Future of Cities: Graduate Mobility and Productivity: An experiment in place-based open policy-making pg42
[3] Growth and Competitive Commission (2016) Report and Recommendations pg27
[4] Growth and Competitive Commission (2016) Report and Recommendations pg30

- Wales successfully attracts a net inflow of students to study. Since 2000, student numbers in the city rose by 60%, with the number of postgraduate students trebling
- Once students have gained their degrees from universities in Cardiff or Wales, they tend not to stay
- Cardiff's population grew by 13% between 2002 and 2013 – a rate of growth higher than London or any of the English Core Cities – a trend set to continue with a projected growth of 26% over the next 20 years making Cardiff the fastest growing UK city – Cardiff now routinely features in the UK's most liveable cities (Cardiff Liveable City report 2015)
- The population is highly skilled compared with other major British cities, but this is not translating into higher wages and higher productivity

Such findings were strongly supported by the Growth and Competitive Commission which noted that within Wales as a whole, the main source of quality employment for non-migrant graduates has been the public sector and that, in the light of the reduced employment in the public sector, there is a need to encourage an increase in demand for higher-skilled employment across the private sector.[5] Strategic objectives within the CCRCD heads of terms identify core investments will be targeted at *developing a skilled workforce and tackling unemployment*; and *supporting enterprise and business growth* which is an integral outcome of the graduate offer. Furthermore, the approved approach for investments through the wider investment fund will be based on: private and public sector cohesion; scalable interventions; maximising financial leverage, with a clear return on investment. It will drive economic inclusion, support and stretch local clusters, and boost ecosystem development. All of which clearly align to the outcomes and core principles of the CCR Graduate Scheme.

The CCR Industrial and Economic Plan sets out an ambitious and long-term plan to boost productivity and accelerate economic and inclusive growth in the region by making the CCR a highly investable proposition, backing businesses to create good and sustainable jobs through targeted investments in skills, priority industries, infrastructure and innovation. The plan highlights some of the region's productivity challenges and endorses innovation-led, scalable projects that the Regional Cabinet and the Regional Economic Growth Partnership believes are necessary to generate sustainable growth and inclusive prosperity. In delivering sustainable and inclusive growth, we will address two mutually supportive objectives of boosting competitiveness and tackling inequalities. The introduction of inclusive and regenerative growth as central threads of the plan emphasise the need for an economic agenda that drives sustainable economic growth and productivity across all of the region.

Figure 1 below highlights how the graduate programme contributes to meeting the core principles of the Investment and Intervention Framework, launched in June 2019:

Fig 1:

Cohesion	Policy collaboration and delivery partnerships ensuring that there is cumulative impact to the range of investments and interventions delivered by the City Deal	
The CCR Graduate Scheme collaborates across academia and industry creating new partnerships which have historically been difficult to marry. The collaboration of both sectors is providing impact of delivery which can be applied to the full range of investments that will be made by the City Deal.		✓
Leverage	Maximise the City Deal investments by attracting	

[5] Growth and Competitive Commission (2016) *Report and Recommendations* pg25

	co-investors with complementary funding and resources	
The CCR Graduate Scheme is averaging, to date, private sector leverage of £1:5.80 (accepting this is notional and as more graduates are placed, this number increases). This is achieved through the employers paying the graduates salaries and associated cost. To date the conversion rate of the first cohort is 100%. (8 graduates at the end of their placements have been taken on in their organisations on permanent basis, which will evidence further leverage and identify additional complementary funding.		
Ecosystem Development	Supporting the development of a strong economic and innovation ecosystem to deliver the plan and develop clusters of excellence within our region.	
The CCR Graduate Scheme has brought together Industry and academia which underpins the growth of a resilient economic and innovative ecosystem for the region and aligns well with Cluster priorities. The programme will ensure we have a pipeline of skilled graduates to underpin future sectoral priorities and cluster growth.		
Scale	Limited number of significant interventions, rather than a disparate range of loosely connected small scale activity	
The CCR Graduate Scheme provides a platform for a coordinated approach to be taken with business engagement and developing graduate placements delivering a simple scalable solution for the region rather than individual local schemes which would be costly with patchy delivery.		
Return on Investment	Demonstrable impact and benefit will be expected from all investments and interventions	
The CCR Graduate Scheme is averaging private sector leverage of 1:5.80. This is achieved through the employers paying the graduates salaries and associated cost. To date the conversion rate of the first cohort is 100%. (8 graduates have been taken on in their organisations on permanent basis, which will evidence further leverage and identify additional complementary funding		
Economic Inclusion	Creating opportunity for all to distribute the dividends of increased prosperity fairly, to encourage and enable participation in the economic life of the region	
The CCR Graduate Scheme provides an opportunity for all businesses and graduates to engage. Programmes such as the Valleys Taskforce are beginning to align with our work and with programme minima to support economic inclusion being woven into programmes such as Homes for all the Region – the opportunity is growing for a more targeted approach.		

The OECD also provide a range of factors that can be used as a diagnostic tool to explore the extent to which issues facing a region are supply or demand driven. This tool can therefore aid policy makers in creating initiatives to support a transition to a more optimal skills equilibrium (see table below).[6]

Skills supply	**Skills Demand**
• Education levels in the workforce or the population e.g. according to the International Standard Classification of Education % of population with post-	• Occupations within the workforce • Wage levels • Productivity • Skills shortages and vacancies (in

[6] F.Froy, S.Giguère and M. Meghnagi (2012) *Skills for Competitiveness A Synthesis Report* OECD

secondary qualification • Graduation rates • Uptake of post-secondary and VET education • Percentage of people not completing school education • Percentage people receiving training within a particular period	particular unmet vacancies) • Employee jobs in knowledge based industries/high technology firms • Under-employment/over-qualification of workers[7]

While the Cardiff Capital Region preforms well on many of the factors on the supply side such as qualification levels and graduation rates, the region scores lower on the demand side such as under employment / over-qualification of workers, productivity and wage levels.[8] [9] The programme is helping to reverse this trend through engaging with business to identify roles within their organisations that require graduate level influence, thus enabling the graduate to realise their full potential to the employer in terms of productivity, innovation and status.

Therefore, a key problem with the *status quo* are consequences from a supply-led system: the existing and widening mismatch between skills demand and skills supply, underemployment of graduates in the workforce and a failure to translate qualifications into productivity.

While SMEs seem reluctant to hire graduates (only 7% of Welsh firms offered internship placements in 2016),[10] this does not appear to be because of the lack of desire to take on graduates, but the perceived barriers to doing so (a survey of 100 SMEs in the Cardiff City Region indicates that while only 10 had hired a graduate in the past, 34 would be interested in hiring a graduate if human resource support were provided, in terms of a more structured graduate programme offering).[11] These findings are supported by the below case studies of programmes designed to increase demand for graduates in different parts of the UK.

Figure 2 – Graduate Scheme Case Studies

Case Studies

Initiatives have emerged around the UK to release untapped graduate recruitment potential in SMEs in order to improve an area's graduate retention rate. Examples include the following:

- **Go Wales** - enhanced the graduate retention rate across Wales from January 2009 to December 2014 by providing targeted support to businesses including funded graduate placements. Over the duration of the programme, over 5,000 individual participants and over 1,800 businesses were supported which led to the creation of over 3,100 net additional jobs.[12]
- **West Midlands** - **Graduate Advantage** provides free human resource services to SMEs to incentivise additional graduate recruitment. The programme was conceived by Aston University in 2003 and through work with partnership organisations including other HEIs, business representatives and public sector organisations. It has supported over 29,000 graduates and 18,000 businesses in addition to helping to launch the careers of over 3,500 graduates in the West Midlands.[13]
- **Sheffield City Region - Rise** provides free human resource services and a £1,000 grant to SMEs to incentivise additional graduate recruitment. The programme was conceived by Sheffield City Council, HE partners and business representatives. Since

[7] F.Froy, S.Giguère and M. Meghnagi (2012) *Skills for Competitiveness A Synthesis Report* OECD
[8] Centre for Cities (2016) *Future of Cities: Graduate Mobility and Productivity: An experiment in place-based open policy-making*
[9] Growth and Competitive Commission (2016) *Report and Recommendations pg16*
[10] Department for Education (2017) *Employer Perspectives Survey 2016*
[11] Rhondda Cynon Taf Survey of 100 SMEs (2016)
[12] Hardisty Jones Associates (2015) *Go Wales Evaluation*
[13] Graduate Advantage website (2018)

2013, it has delivered over 200 new graduates and it has a target to deliver 250 more by 2020.[14] All partners are bought into the concept of the programme delivering productivity gains, improvements to innovation and economic growth as opposed to just additional graduate positions.[15] The impact of 250 additional graduate positions to be delivered over the next three years include:

- £6.9m net GVA
- Return on Investment of £9.95 per £1 spent
- 150 permanent jobs created (60% conversion rate)
- Private sector wage match of a minimum of £1.6m[16]

The CCR Graduate Scheme pilot

The pilot of the CCR Graduate Scheme which commenced in April 2019, demonstrates that the strategic case for investment remains strong. The initial focus of the scheme was to provide support to SMEs, however, as the scheme has developed, other sized businesses have also engaged (larger companies and micro-businesses) showing reach and activity across the market.

Feedback from the 200+ businesses that the programme has engaged to date (with numbers increasing daily), the evidence demonstrates a desire and demand for a scheme that offers support for graduate recruitment. Many of the smaller businesses engaged have not previously had the time, resource or know-how to recruit a graduate – despite intentions to do so. Some larger organisations have taken the time to consider being involved in the Graduate Scheme as they have had to explore recruitment needs internally with specific departments, or perhaps needed to consult a central/head office before being permitted to advertise with the scheme. Budget setting cycles have played a prohibitive factor in many businesses committing to recruiting a graduate midyear, so it is forecast that at least a third of the business that have already made contact with CCR will be recruiting within the next 12 months of the programme.

As the CCR Graduate Scheme has been growing, employers have had a positive experience of using the Graduate Scheme and are willing to share those experiences directly with other members of the business community, whether that be in their nearby locality, or within their sector. For example, a joint event is being planned alongside Vale of Glamorgan Council to promote the scheme, inviting a Penarth-based employer as a case study. Scheme success within the Vale of Glamorgan have been attributed to 'Tec Marina' a serviced office space in Penarth which houses many growing businesses and has been very active in promoting the programme within their network. An extension and expansion of the scheme would enable more targeting to take place within co-working spaces such as this.

In addition, there are sectoral interests emerging. At a Housing Investment Fund event with Community Housing Cymru, Lovell Partnerships took the opportunity to talk about their positive and continued engagement with the scheme. Immediately after the event, CCR was contacted by a number of the RSLs attending the event and many of these leads are now being pursued with positive signals for a scalable, sector-wide impact.

The strategic case is reinforced by the pilot findings to date. The scheme continues to build momentum and demonstrate significant potential with talented individual's being

[14] Sheffield Rise website (2018) see also https://www.theguardian.com/business/2015/apr/13/rise-up-sheffield-graduate-scheme-stopping-city-brain-drain
[15] Sheffield Rise website (2018) see also https://www.theguardian.com/business/2015/apr/13/rise-up-sheffield-graduate-scheme-stopping-city-brain-drain
[16] Sheffield City Council website (2018) http://democracy.sheffield.gov.uk/ieDecisionDetails.aspx?Id=1514

both retained and moving back to the region. This is providing significant private leverage and productivity outputs.

Headlines are:

- 100% of the first cohort of graduates have all been offered permanent positions upon completion of their placement (8 placements finished to date);
- Vacancies advertised are aligned to CCR priority sectors;
- Two graduate leads employed to run and operate the pilot;
- A notional rate of private sector leverage of £1:5.80;
- Engaged with 200+ businesses across the region and beyond as at February 2020. Whilst businesses across all areas of CCR have engaged in the scheme, 50 unique establishments have advertised vacancies to-date, with targeted work now underway to achieve outcomes in all ten LA areas (see Figure 3);
- Within the first 8 months of delivery 50 placements have been advertised; 28 are filled with others being turned around in quick succession;
- This has generated the coordination of 11 assessment centres, with the receipt of 694 applications;
- Already, 15 businesses that have participated in the scheme have indicated they would like additional graduates and are currently discussing options with the team for a second intake;
- Further opportunities and potential are now opening up around upskilling existing employees and learning and development;
- Graduate applicants have been received from all universities in the region, across the UK as well as from international and non-EU establishments;
- Chief sectors recruiting graduates in the region are Advanced Materials/ Manufacturing; Creative Economy; Financial and Professional Services; Life Science and Pharmaceuticals and IT (Figure 2).

Figure 3 – Areas of engagement

LA Areas of businesses engaged		
LA	Number	%
Blaenau Gwent	10	5.2%
Bridgend	19	9.8%
Caerphilly	32	16.5%
Cardiff	51	26.3%
Merthyr Tydfil**	1	0.5%
Monmouthshire	15	7.7%
Newport	33	17.0%
Rhondda Cynon Taf	14	7.2%
Torfaen	8	4.1%
Vale of Glamorgan	8	4.1%
Other*	3	1.5%
TOTAL	**194**	100.0%

*Other represents businesses that have been signposted to the team from outside of the Capital Region

** Business engagement events have been arranged to drive a targeted approach in localities where take up has been slow

Lessons Learned

Lessons learned through the pilot period which help reinforce learning for the strategic case are as follows:

- Timing and sequence. Whilst the one year pilot has performed well and demonstrated significant growth potential – the timing of the start of the programme was out of synch and mis-aligned with the graduate-business cycle. This is also relevant to the business planning cycle and financial planning cycles of local businesses, as budgets are set a year in advance, staff / revenue resources need to be planned a year ahead.
- It takes time to mobilise, build trust and a reputation. The three month mobilisation period January-April 2019 was on reflection, not sufficient to recruit the two officers, develop the workings of the scheme and - generate the initial leads and interest. Whilst the scheme did go live on 1 April, the co-ordinators had just started and so a lot of the development time had to be twin tracked with delivery. This needs to be borne in mind for key stages of scheme evolution and priority given to developmental time.
- Working differently and embracing innovation. The scheme needs to work outside of conventional boundaries. For example, the tipping point regarding the surge in demand from graduates only occurred once vacancies were advertised on the Indeed platform. This approach is outside of the traditional advertising route for many businesses due to the size of their establishments. Initially the lack of publicity surrounding the vacancies had a negative impact upon quality of applications received and ability to fill the positions.
- Broadening support and engagement. Key to securing business engagement and participation in the scheme should be supported by Local Authority partners and Universities in the region due to their links with their local business communities. Improving levels of support, interest and brokering introductions via local teams – this must constitute a stronger dimension of the scheme in future. Strategic buy-in from all institutions needs to be reviewed and refreshed moving forward.
- Direct business-to-business engagement. The most powerful tool is business word of mouth. The Regional Business Council has facilitated roadshow events – but this needs to be stepped up with consideration given to targets for placements in the short-term. The Regional Skills Partnership continues to play a strong support role in terms of industry events and using case studies to promote the scheme, along with access to priority sector cluster groups and more localised business partnership events.
- Positive obligations and social clauses. Consideration is currently being given to how this can be embedded as a core requirement of submissions to the Investment Fund Framework. As the scheme has operated, learning has been adapted from the Metro Plus Common Assessment Framework and how local construction and project development opportunities can support skills requirements.
- Sector focus. Certain sectors are better represented than others. With the new focus on building sector clusters, there is an opportunity to be more targeted in the sectors where there are specific needs, skills shortages and requirements, in alignment with the Regional Employment & Skills plan.
- Better co-ordination & engagement of university contributions – the majority of applications are not coming via universities and this indicates the difficulty inherent in keeping in touch with graduates who have left university and the area. This is a key issue for universities to address in terms of the wider skills issue. Contact is being made with graduates via digital and social media platforms in the main. This is an area of development for the programme to

ensure all of the 4 Universities coordinate efforts to promote the programme and engage with their students

- Role of industry, trade and membership bodies – some of the greatest business demand has been generated from industry and trade body events. This has to be sustained and strategically planned to ensure high levels of engagement can be achieved. A more targeted approach aligned to industry pipeline forecasts is needed moving forward.
- Business Capacity to engage – initially the main focus of the programme was to engage with SMEs, due to the very nature of their business they are few in numbers and quite often deliver dual roles / functions within their organisations. This had an impact on turn-around times from businesses to applicants post interview, resulting in some of the graduates seeking employment elsewhere and the vacancies not being filled.

CCR Employment and Skills Plan

The Cardiff Capital Region Skills Partnership has developed a 3 year vision for employment and Skills across the Region, in consultation with business, education and training providers to inform and influence Welsh Government on its future planning and funding of post 16 learning ensuring a demand led and sustainable skills system which will lead to increased productivity and prosperity across the region. The plan has embraced industry feedback that access to a skilled and able labour market ready to embrace industries of the future is a prerequisite. The CCR Graduate Scheme compliments and contributes to the core objectives of the Skills plan which are:

- Strengthen the post-16 further education offer in priority sectors through increased specialisation to meet the demand from employers across CCR
- Improve planning of curriculum to ensure colleges, training providers and others are delivering the right balance and mix of provision for learners and businesses
- Develop a more joined-up approach to skills delivery across CCR to support people into work and to progress in work
- Broaden the apprenticeship offer at levels 3, 4, higher and degree by responding to government policy changes
- Influence the work of Qualifications Wales and work with key stakeholders to maximise opportunities and ensure that emerging qualifications meet industry needs
- Establish more effective approaches to careers information, advice and guidance to address issues of sector perception and promote the key sectors as viable career options.

Nesta work

The Nesta work undertaken in 2019 to support future skills development in the CCR states that the framework developed for the Graduate Scheme could form a blueprint for future skills schemes. In fact, it states that development of initiatives such as Shared Apprenticeships should integrate with the process developed so as to focus more on user journeys and the connections across programmes. It also adds two valuable insights:

- The need to explore potential for single points of entry to overcome confusion and lack of clear signposts
- The need for the model to be powered by digital platforms and reduce some of the people intensive focus, making the process more streamlined and efficient.

Part of the broader Future Ready Skills framework offer will encompass engagement with the whole education spectrum. Starting off with schools, feeding into an apprenticeship offer which will be followed by the graduate offer. It is anticipated as the future skills framework is developed both the apprenticeship and graduate schemes shall become a single point of access for businesses to seek advice and guidance. This should help address areas of market failure and endeavour to create a more inclusive and accessible system within which businesses can more effectively operate. Options are currently being explored to establish a Shared Apprenticeship programme at CCR-wide scale. To date, individual establishments have not succeeded in developing a shared approach – albeit the levels of interest in both Aspire and Y-Prentis remain significant. Some sector specific programmes are operating – but the overwhelming feedback from those businesses engaged and those who want to engage is that there is a clear gap for an intermediary and a clear single point of access that promotes all offers in a neutral but co-ordinated way.

Economic Case

For the original business case to support the pilot, case studies and labour market intelligence was shared with representatives from the four universities in the Cardiff Capital Region in order to gauge whether there was an appetite to develop a similar initiative in the region.

Through various workshops that were facilitated by the Office of the Cardiff Capital Region City Deal, approaches to enhance the graduate retention rate in the region by supporting businesses were explored.

The key spending objective was to support businesses to create additional graduate-level employment in the private sector. Crucially, the scheme would have to contribute toward key City Deal metrics including:

- £4bn private sector leverage
- 25,000 additional jobs
- 5% increase in GVA

The rate of private leverage achieved on the first 28 placements is £540,988 without on-costs. This is based on a full salary costing. With on-costs at c30% (NI/ pension, office overheads, equipment, training and line management), this figure reaches £703,284 and provides £5.80 for every £1 of CCR monies invested. However, it should be noted that this is a notional figure with every new graduate appointed, impacting this. The salary range offered span £17,500-£24,500; with an average salary of £19,231 (without on-costs) and £25,117 with on-costs.

Figure 4 – Examples of roles and salary ranges

Type of Graduate Role and Salary (without on-costs)		**Sector**
Land and Partnerships Graduate Graduate Bid Coordinator	£18k / £22k	Land / Development
Renewable Energy Graduate Trainee	£18k	Energy

Type of Graduate Role and Salary (without on-costs)		Sector
Graduate Quality Engineer Graduate Operations Trainee Manager	£17k/ £27k	Advanced Manufacturing
Trainee Finance Broker Graduate Trainee Accountant Graduate Client Relationship Account Manager	£18k/ £20k	Fintech
New Product Design, Development and Engineering Executive Graduate Service Desk Engineer x 2 Graduate Technology Engineer Graduate Client Relationship Account Manager Graduate Technical Support Team Member Training and Sales Support Coordinator	£24,500	Digital / Cyber
International Trade Executive	£18k	Internationalisation
Graduate Marketing Executive Graduate Communications Executive Graduate Marketing Assistant Graduate Commercial Executive Graduate Graphic Designer Graduate Digital Marketer Graduate Marketing and Communications Officer @ 2	£18k-£22k	Creative economy
Graduate Conjugation Scientist Graduate Production Technician	£19k-£23K	Life science

In the original business case, the assumed potential benefits and risks associated with the scheme were outlined as below. Commentary has been added under the heading 'what the pilot found' to provide an up-to-date view on actual benefits achieved.

Figure 5 - Benefits

Main stakeholder beneficiaries	Benefit no.	Main Benefit Criteria	What the pilot found
Cardiff Capital Region	1	Potential for sustainable economic benefit – increase the number of graduate-level employees in the private sector	Initial engagement has been steady, as the program has evolved, out-puts have increased as demand has been realised across all businesses rather than just SMEs. The scheme has manifest potential to continue to grow as recognition of the benefits of participating in the program are increasingly realised.
Businesses	2	Improved productivity	It is too early in the program to evaluate. End of graduate placements surveys will be circulated to capture graduate impact. However, anecdotal feedback from business suggests productivity has improved

	3	Business growth	It is too early in the program to evaluate. End of graduate placements surveys will be circulated to capture graduate impact and whether this has had a direct impact on business growth.
	4	Reduced costs for recruitment	Feedback will be sought in the end of placement questionnaire. Initial feedback suggests that business wouldn't have invested in advertising on a national recruitment platform, so it is assumed establishments would benefit from reduced costs for recruitment.
	5	Improved networking opportunities	Business to Business engagement has improved through networking opportunities, the programme has also contributed towards arranged and sponsored events.
	6	Improved ability to attract staff	The use of a national recruitment platform has enabled businesses to attract staff from a broader talent pool that a localised graduate recruitment platform would have achieved
	7	Increase in new ideas	Business have been able to exploit the benefits of recruiting a graduate and utilising their creativity to increase innovation within their businesses. Further details will be captured through the end of placement survey.
Graduates	9	Improvement in career prospects	100% of the first cohort of graduates who commenced in Sept 2019, have all been offered permanent positions upon completion of their placement. All graduates have also completed their professional qualification during this time.
	10	Improved opportunity for networking	Events have been coordinated through the team to encourage graduates to engage as a cohort. This includes workshops, invitations to events and conferences
	11	Improved graduate employability	Participation in the program will enhance employability opportunities of the graduates as not only would they have completed a paid placement, they would have completed a professional qualification and received bespoke employability support through-out. As in point 9 and a follow up survey will be circulated 9 months post placement to enquire as their

			current employment status and whether the program has influenced this.

Figure 6 - Non-financial risks

Risk No.	Non-financial risks	What the pilot found
1	Lack of appeal of the programme to businesses	Businesses have been engaged and supportive of the programme, all of the feedback to date has highlighted there has been a gap in the market on 'know how' for smaller enterprises to access graduates and surprisingly some larger business who didn't realise graduate employment was an opportunity for them.
2	Lack of appeal of the programme to graduates	Initially there was a lack of awareness, this has been overcome through targeted marketing campaigns and the use of an International recruitment platform
3	Business confidence / willingness to recruit damaged by Brexit	To date the programme has not experienced any negative backlash due to Brexit. The only feedback to date is that business are concerned about the uncertainty that Brexit could realise for their organisations
4	Failure to attract businesses from each local authority area	Business engagement has been taking place across all of the 10 LAs. Graduate placements have been slower in some LAs than others. This will be addressed through a more targeted approach during the full roll-out of the scheme and through the increased capacity.
5	Failure to support businesses of strategic significance	Many businesses identified within our priority sectors have existing graduate programmes that they can access (e.g. Welsh Finance Graduate scheme). The main focus of the programme has been not to duplicate existing programmes, but address market failure in providing support to the wider eco-system and supply chain that feed businesses of strategic significance.

Figure 7 - Financial risks

Risk No.	Financial risks	What the pilot found
1	Potential vulnerability to deadweight loss if businesses would have recruited graduates in the absence of the programme	The businesses who have participated would not have otherwise recruited graduates into their organisations. If the programme was not in place the additional benefits would not have been created

2	Difficulty to assess costs per output prior to the programme's implementation (i.e. more applicants than anticipated could increase the costs associated with assessment centres)	Application sifting and coordination of assessment centres is time intensive which could be reviewed as progression is made towards an electronic system where by applicants could be prioritised through a digital platform. As the programme grows, application numbers will increase, which will have an incremental impact on officer time. Accurate costs per output can only be assessed post 6 month completion
3	Providing support to businesses could prove to be more resource intensive than anticipated	Face to face business engagement is resource intensive, but is essential during programme set up to build relationships, trust and confidence in delivery. As the programme evolves and alternative methods of engagement are explored this should have a positive impact on resources.
4	Risk the programme does not secure other sources of funding which would allow the programme to operate independently of the wider investment fund.	This is an on-going risk of the programme. To date little work has been undertaken to explore programme sustainability with the application of a fee (or other charge). As the programme is still developing and bedding in, opportunities to be independently financially viable need to explored and could be aligned to the development of an emerging digital platform e.g. sponsorship & advertising opportunities

In exploring how to maximise benefits and to avoid or minimise risks, the following standard critical success factors were considered at the time of the pilot business case. Based on real-time learning from the pilot they have been updated and amended to reflect the evidence-based factors deemed most critical to future growth and success of the programme.

Figure 8 - Critical Success Factors

Key CSF – as informed by Pilot	Based on learning - how well does/is the option:
Strategic fit and business needs	Satisfy the investment objectives and business needs? Optimise the identified benefits? Align with and promote national, regional and local strategies?
The programme is currently satisfying the investment objectives and business needs through starting to reverse the trend of low graduate retention across CCR by matching the skills needs of employers (demand) with graduates (supply). This is evidenced through the number of business that have engaged with the programme the number of graduate placements that have been advertised and the number of vacancies filled. Additional focus to optimise associated benefits needs to be factored into the future programme, e.g. post placement surveys will capture value added; business benefits; employee benefits etc. A detailed impact analysis needs to be considered in terms of the benefit to the business; the local economy; and the	

Key CSF – as informed by Pilot	Based on learning - how well does/is the option:
individual. The programme aligns to the strategic objectives identified within the • Industrial & Economic Growth plan (2019) • Regional Employment and Skills Plan 2019-2022 • Prosperity for All (WG 2017) • Employability Delivery Plan • Apprenticeship Skills Policy Plan • Economic Action Plan • Well-Being of Future Generations Wales Act 2015	
Value for money	Optimise available resources and provide value for money?
The programme has evidenced return on value for money on many fronts. Providing the revenue infrastructure for a small team creates returns on average of £5.80 for each £1 of City Deal investment (based upon the current delivery model and recognising the notional nature of a part-way evaluation), however it is anticipated to increase to £8.45 for each CCR £1 invested with the new proposal. These are conservative estimates based upon average projected salaries with 30% on-costs. Broader value for money in terms of improving local graduate employment opportunities; assisting innovation and productivity in local businesses; improved business engagement and communication (all of which accurate outcomes will be picked up through the poste placement survey)	
Potential achievability	Acceptable to key stakeholders? Politically acceptable? Operationally and physically achievable?
A number of successful graduate schemes operate within SE Wales which triggered initial concern from key cluster stakeholders that the programme would duplicate their graduate offer. This was addressed through seminars and engagement events when the bespoke offer of the City Deal Graduate scheme became clear that the programme was addressing pockets of market failure where businesses has not been successful in recruiting a graduate and would complement existing programmes. This has led to the mutual exchange of information and signposting of opportunities, which reflects how the programme has been accepted by key stakeholders across key priority clusters. Feedback from December 2019 Cabinet indicates that the programme is strategically important and aligned with improving accessibility into such programmes for businesses right across the region. The scheme has evidenced, through its initial near full-year of delivery that it is operationally and physically achievable. The programme will need additional resource injected into it to ensure it will be able to meet future targets.	
Supply-side capacity and capability	Attractive to potential suppliers to deliver the requirements?
The programme has been delivered 'in-house' through the City Deal office through professional experienced officers. A future assessment of delivery options will need to be undertaken to ensure the sustainability and fit for purpose of the programme. This will also align to evolving the program in in parallel to any digital advancements that are made to deliver less resource intensive outcomes. Program delivery options and budgets would be re-aligned accordingly.	

Key CSF – as informed by Pilot	Based on learning - how well does/is the option:
Potential affordability	Affordable within the forecasted revenue of the organisation? Affordable within the forecasted capital funding of the organisation?
The programme is funded by the City Deal Wider Investment Fund via the HM Treasury Revenue Grant	

In order to maximise the impact for businesses in the region, the pilot has substantiated that the Graduate Scheme must have a core offer and clear identity to attract as many high-calibre applicants as possible. This relies on all aspects of the system working together and being aligned. Acting on and implementing all of the lessons learned will be critical to this. Bringing more coherence and self-identity to the programme, ensuring continued fit with the wider CCRCD investment framework, programme of work and in particular, synergies with the Future Ready Skills Framework, will be critical to this. In addition, as further schemes develop under this framework, such as for example, a Shared Apprenticeship Programme and a schools based Learner-Employer initiative – seeking opportunities for integration, single entry points, clear learner pathways and digital platforms will be key development opportunities that go to the heart of the continued critical success of the programme.

The offer to graduates

The programme provides an accessible platform for graduates to access bespoke opportunities in the area, available to apply for any graduate with an undergraduate degree. The graduate leads, in partnership with the careers service in the universities provide wraparound support for the graduates from advice on their application form; to encouragement and preparatory guidance for interviews and selection processes. Feedback is provided to unsuccessful applicants at all stages of the application and recruitment processes and signposting is provided to other similar advertised vacancies that may be of interest.

The graduates become part of a cohort that gives them additional identity and peer to peer support for the first few months of working life. The additional benefit of the leadership qualification, for which specific modules can be chosen to meet employer needs, enhances the experience, transferable employability skills and ultimately employment opportunities for the recent graduate.

The offer to businesses

One of the main appeals of the Graduate Scheme to businesses is that flexible approach that can be offered, depending on business needs and capacity. For example some businesses are interested in being informed of all stages of the recruitment process i.e. attending assessment centres. Some business have job descriptions ‘ready to go’ whilst other businesses may require support and assistance to put a tangible job description together.

Feedback so far suggests that businesses are interested in investing and employing graduates on a longer-term basis. Existing businesses that have employed a graduate with the Scheme have been willing to take part in case studies or events to raise awareness of the scheme to other businesses within their local authority or sector, emphasising the importance and impact of ‘business-to-business’ promotion. This also

has the additional benefit of raising the profile of that particular business within the Cardiff Capital Region.

The Graduate Scheme is working alongside existing trade bodies and associations (such as Community Housing Cymru and the South Wales Chamber of Commerce) to promote the benefits of taking part in the scheme to relevant business members and stakeholders. This partnership approach builds further legitimacy and trust in the scheme for businesses, if a relevant trade body is willing to provide a platform for it.

In considering the sufficiency of the offer to businesses, the conclusion is that the main aims of the scheme remain the same, with some minor additions and enhances:

- All roles need to be paid, graduate-level positions
- There should be potential for a job at the end
- Employers make final recruitment decisions
- Short surveys should be completed at the end to secure open and transparent feedback
- The creation of 'Partnership Agreement' between industry and the programme
- The creation of a MOU which ensures compliance with GDPR
- Continued investment is needed in business engagement and building upon local level connections
- More work needs to be done to leverage opportunity off the back of CCR investments
- The role for the CCR Business Council must be considered as a key avenue through which to support and create awareness of the scheme

In addition, the Nesta feedback on the scheme is valuable. Particularly around ways in which learner pathways could be built to and from the Graduate Scheme, the importance of collaboration and co-ordination with other complementary current and future schemes, to create single points of access and importantly, development of more digital points of access and underpinning data and digital platforms. Building in time and resources into the core team going forward will help create the development capacity to learn, iterate and develop the resilience and relevance of the scheme ongoing.

Soft skills were seen as being particularly important for employers, including attitude, punctuality, dress code, diligence, public speaking and willingness to learn. Such factors remain as core aspects of the programme as qualities to assess in the recruitment process for graduates and/or themes to promote in the induction. Feedback from businesses engaged in the programme feel the softer skills are just as important as qualifications as attitude to engage enables greater development within the role and the broader organisation.

Preferred way forward

Option 1 – Do nothing
No market intervention and coordination across the region. This is not considered the preferred way forward as evidence shows without co-ordination and know-how, outcomes could not have been realised. It is evident from the level of interest from business that there is a need and demand for such an offer due to the level of take up through the pilot, testimonials and case studies, future interest garnered and the levels if ongoing engagement with the scheme.

Option 2 – Incentivised offer
Consideration has been given to an offer, similar to those identified in the strategic case above to incentivise placements within each organisation. After consideration of this approach, it has been determined not to be a preferred option for the region as one

of the main objectives of the City Deal is to try and reverse the reliance upon subsidy and support for businesses. This would also have a negative impact on the programmes ability to maximise private sector leverage; which is one of the City Deals core strategic outcomes.

Option 3 – Continue to evolve the programme based upon the principles of the pilot.
Overall, the preferred way forward has been identified as building upon the successes of the pilot period, implementing and acting upon some of the aspects that could work better and in short, scaling-up and rolling out an enhanced version of the pilot into a full programme. Whilst studies and research are important – building the future of the scheme in this way ensures it is built upon and experiential learning. There is no replacement for real-time and real-world experience and in so many ways, the pilot period has enhanced full production of this programme.

The report to Cabinet in December 2019 recommended scaling up from the pilot of 50 in 1 year to a total 125 graduates over 2 years. It is suggested that the scheme is scaled up to an additional 500 over a four year period commencing in 20/21. Given the current delivery of 50 in the first pilot year, this will be profiled as follows:

Figure 9 – Proposed Profile of Graduate Scheme Scale-up

Graduates recruited	2020/21	2021/22	2022/23	2023/24	Total
	80	140	140	140	500

Based on a capacity assessment of the current team, which comprises two members of staff and aligned to other skills programmes that operate at this scale, scaling-up to this degree will require:

- 5.5 FTE members of staff, inclusive of 1 Graduate Coordinator; 3 x Graduate Leads; 1 x Business Support and a 0.5 FTE graduate digital/ engagement officer
- A budget of £1,538,475 which includes the staffing budget and a realistic budget for programme development/ digital design / event management/ non-salary expenditure etc.
- Support from the Universities careers services to engage with businesses and signpost to the programme
- Support from the Universities careers services to increase graduate engagement and awareness of the program
- Increased support from Local Authorities to assist with business introductions and to showcase the program
- Support from the Regional Skills Partnership to showcase the program and engage with priority sector clusters

Engagement of 200+ businesses to date has unlocked 50+ graduate opportunities; therefore with the right strategic support from all agencies identified, upscaling the program to achieve 500 graduate placements across the whole region is judged to be achievable.

The current delivery model allows for the graduate to be employed on a fixed term basis with the recruiting organisation, this has be delivered through a number of options e.g. an internship or a placement. To date the conversion rate of the first cohort of graduates to be taken onto a permanent contract is 100%. This is not a guaranteed outcome for the graduate however, it is an outcome that the programme will be tracking and monitoring ongoing.

The potential impact of programme delivery over a four year period for 500 additional graduate placements is an estimated £13m of private finance which equates to £8.45 private sector leverage for every CCR £1 invested. This is a conservative estimate based upon an average salary of £20-21k a year (over life of scheme) with 30% on-costs. Current feedback indicates that the majority of businesses that have engaged through the programme anticipate offering the graduates permanent positions post internship. Actual leverage will be calculated on an annual basis and reported to Investment Panel, the Regional Skills Partnership and Regional Cabinet as part of the annual monitoring report.

Broader benefits of the programme aside from additional job creation, include

- Addressing the under employment of graduates across CCR
- Maximising graduate potential
- Business Development & Growth
- Improved communication and university accessibility for business
- Increased local spending capacity for the graduates
- Networking and cohort engagement for the graduates
- Opportunities for business to business engagement
- Signposting to additional support via trade/ representative bodies
- Access to City Deal networks and engagement events
- Business / brand promotion through the programme

<u>Key Performance Indicators</u>

The scale-up of the scheme over a four year period, will seek to target:

- 500 graduate placements
- For every £1 off CCR investment - £8.45 of private leverage over the life of the scheme as a whole
- 60% conversion rate into permanent roles
- £13m private sector leverage

Commercial Case

The scheme to date has run from the City Deal office in Tredomen with the current two-staff team being mainly field-based to facilitate high levels of business engagement, graduate support and visibility with the HE community and other partners (Universities / Local Authorities / Business forums). As this was initially setup as a pilot, a partnership approach with the Universities was considered the best way forward. MOUs are in place with each of the universities, which are reviewed on an annual basis.

This current approach has worked well. However, consideration will need to be given to discrete space for the team to work out of, given the importance of developing its identity and the expanding staff base. In addition, the City Deal Office oversees strategic programme development. This is very different to a hands-on operational environment. Consideration needs to be given to how both teams can be best accommodated, retaining complementary links whilst supporting their different growth paths.

The team will continue to be managed and overseen by CCR's Head of Business Development and Inclusive Growth. This ensures the alignment of business development opportunities with the continued development of the scheme and enables a core focus on issues of economic inclusion and tackling inequality. In addition, given the role liaises with Universities, other stakeholders in the Skills and Talent space and organisations such as Careers Wales and FE Colleges – it is appropriate that the scheme develops in line with wider strategic opportunities. Examples of this are recent

work to promote the scheme on a national and international stage through participation in Wales in London week. This is a great opportunity to open up practice; engage with new and different markets and stakeholders and create a wider awareness of the richness of the CCR offer.

It is also proposed that a programme for engagement with individual Council Business Groups and Networks is established. This will be best supported through the CCR Business Council and the role of Head of Business Development and Inclusive Growth.

The scheme is predicated on strong rates or leverage and private sector contributions. Other than the enabling or 'seed' contribution of the CCR City Deal, there is no other public sector contribution and as such, no state aid or procurement considerations.

Financial Case

The four-year budget is set out as below:

Figure 10 – Four-year budget

	Projected Expenditure 19/20	**Proposed Budget 20/21**	**Proposed Budget 21/22**	**Proposed Budget 22/23**	**Proposed Budget 23/24**	**Total Budget to 23/24**
Graduate Lead (Gr7)	43,950	43,914	44,792	45,688	46,602	**224,946**
Graduate Lead (Gr7)	38,331	39,466	41,474	42,684	43,604	**205,559**
Graduate Lead (Gr7)	0	38,299	40,255	41,474	42,684	**162,712**
Co-ordinator (Gr9)	0	49,399	51,749	53,097	54,454	**208,699**
Graduate Support (Gr6)	0	25,109	26,148	26,694	27,253	**105,205**
Digital Support (Gr6 .5)	0	16,416	17,091	17,806	18,283	**69,595**
Non-salary expenditure	6,000	15,000	15,000	15,000	15,000	**66,000**
USW Secondee	14,400	14,400	14,400	14,400	14,400	**72,000**
Qualification cost	8,740	45,500	65,000	65,000	65,000	**249,240**
Website, bilingual marketing and events	8,100	16,000	16,000	16,000	16,000	**72,100**
Evaluation	0	15,000	0	25,000	0	**40,000**
Contingency	22,419	10,000	10,000	10,000	10,000	**62,419**
Total	**141,940**	**328,503**	**341,909**	**372,843**	**353,280**	**1,538,475**

The current budget forecast has been created on the assumption that delivery of the program will continue in line with the pilot scheme but with additional resources put in place to allow for the increase in activity described and justified above. Staffing costs are based on Cardiff Council's salary scales and on-costs with an assumed annual inflationary uplift of 2% from 2021/22 onwards.

Regular monitoring of costs against budgets will take place during the life of the scheme and reported via the appropriate channels with decisions sought if the budget assumptions transpire to be inappropriate. For, example, as the benefits of digital engagement are explored further, it is anticipated that the staffing costs will reduce over time. Impact of which will also be monitored through the annual performance report to ensure the program is continually delivering at its optimum whilst utilising available resources to their maximum.

It should also be noted evaluation costs included above will enable a full cost/ benefit analysis to be undertaken to provide a real time economic impact assessment which

will also provide full insight into value for money of the programme. The evaluation will also capture and provide a qualitative outputs which will to highlight additionally of the programme.

The Cardiff Capital Region City Deal Business Plan 2020/21, approved by Regional Cabinet at its meeting of 19th December 2019 set out that Revenue Resources of over £5.5m have been set aside for 'Future Revenue Projects' over the period to the end of Financial Year 2023/24. It is expected that this project will be funded from this resource.

Management Case

The aim is to deliver 500 graduate interns through the full-scale roll out of the scheme over a four year period. Salaries achieved with on-costs and post-scheme salaries and company investment in skills and training will be captured to demonstrate full private and additional funding leveraged.

Universities in the Cardiff Capital Region have agreed to undertake the student focussed element of the 'Attraction' stage, provide premises, support in parts of the 'Application and Assessment' stage and support in parts of the delivery of the 'Internship Programme' stage. The programme will continue to take this apprach along with re-enforce stratiegic links with all of the universtites to ensure this approach continues and all business contacts are maximised to ensure adequate scale up. This relationship has been formalised through an MOU and overseen by a small project management group which consists of the University Rep / City Deal Rep. This group provides the strategic direction for the programme, monitors budgets, assurance, risk and outcomes. It is anticipated that this group will expand to include a representative of the Regional Skills Partnerhsip to ensure alignment with delivery of the the strategic outcomes contained in the 3 year Skills and Employment Plan.

5.5 FTE members of staff will be appointed to undertake delivery of the programme – inclusive of the two officers who currently make up the team. In addition to this, a Graduate Coordinator will be appointed so the team can demonstrate leadership by example. Development capacity will also be in-built in the 0.5 FTE post to focus on future development of the scheme, particularly in relation to learner pathways and linkages to wider aspects of the skills offer and digital platform development to improve the efficiency and effectiveness of the scheme and enhance visibility and accessibility. The team will need further strategic co-ordination as the 'Future Ready' Skills Framework evolves, which will be factored into the development of the financial case for additional programmes. Flexibility has been built into the team to accommodate wider activity of the emerging pillars of the skills framework. The team will be required to undertake the delivery / performance management of the programme. This will include:

- The SME focused element of the 'Attraction' stage;
- Business engagement and local organisation involvement;
- The human resource support services from the 'Application and Assessment', 'Matching' and the 'Internship Programme' stages; and,
- Monitoring and data management.

The credentials and track-record of the staff and the SME/Industry capture plan will be crucial to ensure that high-quality career opportunities for graduate candidates are created as part of the programme. Induction will be heavily reliant upon the existing team and knowledge transfer given the significance, expertise, relationships and local business knowledge they have gained.

All staff will work out of the Office of the City Deal under the direction of the Head of Business Development and Inclusive Growth and will use Office of the City Deal, university and local authority premises in order to engage businesses flexibly and deliver graduate intern starts in all ten local authority areas.

The outputs of the programme are achievable with a fairly modest staffing structure due to the cost-effective approach of leaning on the pilot and expertise and existing provisions across the region's universities, local authorities and partner organisations. As discussed earlier in the document, there is potential for synergies and connections to be built with other aspects of core skills provision within the region. One example is CCR current work on establishing a region-wide shared apprenticeship scheme and a schools-employers programme.

The following outputs will be monitored by staff delivering the CCR Graduate Scheme:

- intern starts;
- number of applicants per position;
- business location and sector;
- intern salaries and post duration;
- the conversion rate of interns to post-internship jobs;
- post-internship salaries and contract length;
- feedback on the programme from businesses and graduate;
- job satisfaction and future prospects;
- investment in skills and training; and,
- connections into other apsects of CCRCD skills offer
- Business Growth

Given the activity now needed to scale-up the scheme, recruit and develop the wider practices and procedures the scheme will need to rely upon, it is suggested that an annual progress report is taken to Cabinet.

The scheme will also provide regualr reports into the Regional Skills Partnership and as required into REGP and Chief Executive's to ensure ongoing full visibility and reporting of its key outputs and to increase interest and engagement ongoing. A full evaluation structure will be developed, based on the above KPIs to allow this. This will be important given the scheme will feature as part of the first CCRCD Gateway Review in April 2021.

Figure 11 – Provisional Timescales for the first year of activity

Timescales	**Activity**
March 2020	• FBC to be presented to Regional Cabinet • RSP Consultation
March – July 2020	• Recruitment of the team • Begin to explore digital enhancements and opportunities
Summer 2020	• RSP engagement & agree reporting approach
October-November 2020	• Develop Evaluation & Monitoring processes

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Future Generations Assessment Evaluation

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 03000 040414 – ext 19003** **E-mail: Kellie.Beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** The core aim of scaling up the Cardiff Capital Region (CCR) Graduate Scheme is to enhance productivity, innovation and economic growth while promoting the CCR as a destination for talented graduates. This would be achieved by providing targeted human resource support services to businesses and facilitating events to release untapped graduate-level recruitment potential.
Proposal: CCR Graduate Scheme	**Date Future Generations Evaluation form completed: March 2020**

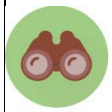
1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposal seeks to build on the success of an intervention that could secure external sources of funding to embed a long-term link between graduates and businesses, particularly those in priority sectors and SMEs, in the region. This link is crucial to increasing private sector demand for highly skilled workers. Whilst wholly positive, effort must be made to ensure that businesses in the most deprived parts of the region also benefit from the scheme and that a coordinated approach is adopted with existing graduate recruitment activity.	The approach to delivery involves leaning on expertise and existing provisions across the region's universities, local authorities and partner organisations and therefore optimising public value in establishing proof of concept of the graduate scheme. A sectoral focus and experimental approach in delivering the graduate scheme would be more likely to establish partner buy in for the programme beyond the pilot. Moreover, links with business support departments in all local authorities will allow the scheme to target high-value businesses and priority sectors to maximise the value added of the programme.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal reflects an opportunity to ingrain and embed economic resilience within businesses as a result of the fresh ideas, innovation and productivity gains that graduates can contribute. Stronger links between businesses and universities would also create a fertile environment for the develeopment of more integrated partnerships to support business resilience. A sectoral focus and experimental approach in delivering the pilot would also be conducive to establishing various windows of opportunity to secure sustainable support for the programme beyond the pilot.	The programme will work with partners to identify specific resources to incorporate practical guides on line management of interns, carrying out career conversations, principles of job design, and strategic workforce planning. Such resources are particularly important as transitioning internships into jobs may require different type of advice. It is likely that larger businesses and businesses from key sectors will have more established career pathways and jobs demanding higher skills than businesses in sectors reliant on lower-skilled roles. Such factors will be accounted for in the industry engagement plan.
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Additional graduate level employment will have a positive impact on a range of sustainability considerations, including health benefits of being in employment and reduced pressure on public services due to individuals moving from being economically inactive or unemployed into employment. Furthermore, providing a higher number of opportunities that include training and development will provide potential to get local people into steady and stable work, which in turn, reduces the stress burden around financial issues which can be a key contributor to mental health problems.	A qualification, an induction and events have been included in the programme to instil a commitment to continuing professional development in the graduates and by extension, the wider business community. Working with partners to strengthen the support to businesses beyond the internship period presents the opportunity to create more sustainable employment.
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	A core aim of the proposal is to sell the Cardiff Capital Region as a destination for talented graduates. Accordingly, efforts have been made to ensure that communities in each local authority area would benefit from the proposal.	Links with business support departments in all local authority areas will not only allow the scheme to target local economic priorities, but will also ensure the programme is conducive to delivering enhanced economic development across the whole region.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The project seeks to create sustainable opportunities in the Cardiff Capital Region within the context of underemployment of a high proportion of graduates. A graduate-facing event led by the Well-being of Future Generations Office has been incorporated into the programme to achieve a greater impact on local social, economic and environmental wellbeing. The event would involve promoting the business opportunities from the circular economy, energy efficiency and other business benefits the well-being act could offer.	A coordinated approach with partners, including signposting businesses to provisions that could meet their needs and working with partners to encourage additional events for graduates.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The coordinated approach between higher educational institutions, local authories and business representative organisations underscores a significant commitment to regional prosperity and selling the brand of the Cardiff Capital Region as a destination for talented graduates. Additionally, the events present the opportunity for graduate involvement in or promotion of more recreational activities and networking.	Consideration has been given to the approriate amount of information and events that graduate interns could be invited to in order to ensure an inundation of invitations does not detract from attendance to events that are beneficial to those on the scheme.
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Within the context of significant underemployment of graduates in the Cardiff Capital Region, the creation additional graduate-level opportunities would allow people from different and diverse backgrounds to benefit from a range of opportunities that are unlikely to emerege in the absence of this intervention.	Information on the application process will be included on the website for the CCR Graduate Scheme and feedback will be provided to unsuccessful candidates to help them to learn from the experience and improve their employability skills for future applications.

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?
 Balancing short term need with long term and planning for the future	The proposal is about creating long-term prosperity that will enhance the number of higher level skills opportunities in the region as well as sustained growth in businesses across the Cardiff Capital Region.	An experimental approach combined with continual assessment will help to maximise the positive impacts.
Working together with other partners to deliver objectives	The programme has been developed in partnership with universities, business representative groups, local authorities and other partners. It has taken an inclusive approach to engagement and is working with a wide-range of partners.	Continuing to engage partners, including those that offer additional support services to businesses, will be crucial to maximising positive impacts of the programme.
Involving those with an interest and seeking their views	Surveys, consultation, workshops and research from various interest groups were used to develop the scheme and strike a balance between creating an offer to graduates while minimising the burden of participation for businesses.	Continual engagement with businesses and graduate interns will present the opportunity to provide feedback on the programme and review whether there is scope for improvement in the programme's delivery in future.
Putting resources into preventing problems occurring or getting worse	The ambition to create a long-term support service to help businesses overcome barriers to recruitment would result in the creation of a service that provides a tailored response for businesses that face similar barriers.	Working with sector groups and business representative organisations could support the development of the aforementioned sustainable approaches to incentivising graduate recruitment.
Considering impact on all wellbeing goals together and on other bodies	The partnership arrangements between the ten local authorities in the region, the four universities and business representative organisations ensure that a coordinated approach is adopted.	Not at this time

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	Should the proposal be successful opportunities will be open to all.	None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all aspects of the future workforce.	Particular attention will have to be paid to how the opportunities are conveyed as consistently as possible to all aspects of the future workforce.
Disability	Should the scheme be approved, training and skills development will be done on a flexible basis ensuring accessibility and equality of access.	As above	As above
Gender reassignment	Should the scheme be approved, training and development processes will be focused on all equalities principles and matters, including gender.	As above	As above
Marriage or civil partnership	Should the proposal be successful, employment and recruitment processes will have regard to all of the protected characteristics including the rights of married couples or those in civil partnerships.	As above	As above
Pregnancy or maternity	Should the proposal be successful, proper regard will be had to the rights of any employees with regard to pregnancy/ adoption/ maternity and paternity.	As above	As above
Race	Should the proposal be successful and a recruitment and appointment process begin, proper regard will be had at that time, regarding promoting equality of opportunity, translation services and general support to ensure opportunities are genuinely open to all members of the community/ workforce.	As above	As above
Religion or Belief	As above.	As above	As above

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?
Sex	Again, should the proposal be successful, proper regard will be had to working conditions and rights and ensuring equity.	As above	As above
Sexual Orientation	As with all of the section above.	As above	As above
Welsh Language	Should the bid be successful we will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	As above

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	As above
Corporate Parenting	If successful, an opportunity exists to advise and support graduates about the potential for careers, growth and personal development.	None arising	As above

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

- Data and evidence on the Cardiff Capital Region Economy
- Academic research
- Graduate mobility trends
- Survey research and business repsonses
- Reports on future trends

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 proposal will support businesses to grow and deliver additional graduate positions that would not be present in the absence of the intervention. The experimental approach in the pilot will allow proof of concept of various ideas to be attained thereby creating a range of paths to creating a self-sustaining programme beyond the pilot.

7. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress
NA			

8. 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:	NA

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 March 2020

HOMES FOR ALL THE REGION – FULL BUSINESS CASE FOR A CCR HOUSING INVESTMENT FUND

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM 6b

Appendices 1a, 1b, 2 and 3 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To seek Regional Cabinet's formal approval to establish a Housing Investment Fund entitled 'Homes for all the Region' via endorsement of a Full Business Case (FBC).

2. To set out details of how the £45M Housing Investment Fund will be structured, operated and the associated timescales in respect of the Fund's two proposed inter-connected sub-funds – £35M Viability Gap Fund and a £10M SME Finance Fund.

3. To set out the next steps and timescales, including the necessary delegations required, in order to operationalise the two sub-funds.

Background

4. The concept of creating a Housing Investment Fund was first considered and approved by Regional Cabinet at its meeting of the 12th February 2018. However, there are already a number of interventions in place to address the shortage of quality housing in the region, including Housing Funds operated by Welsh Government (through its commercial arm – Development Bank Wales (DBW)), and other commercial operators. It was therefore essential that Cardiff Capital Region (CCR) took some time to carefully scope out its requirement through a clear articulation of its 'Problem Statement'. In addition, there was a need to

ensure that CCR's solution worked collaboratively alongside existing products, minimising duplication and maximising complementarity.

5. Having invested the necessary time in undertaking detailed market research and analysis, carrying out extensive collaborative discussions with Welsh Government, DBW and other commercial operators, CCR has moved quickly and decisively through a detailed 3 stage HM Treasury Green Book compliant business case development process. Regional Cabinet approved the first stage, Strategic Outline Case (SOC) at its meeting of the 21st October 2019, with Outlined Business Case (OBC) (stage two), being approved on the 19th December 2019.

6. This report considers the third and final stage – Final Business Case (FBC), which is attached at Confidential Appendices 1a (FBC) and 1b (Technical Annex) and which seeks to provide Regional Cabinet with a thorough and robust assessment of how its proposed Housing Investment Fund meets HM Treasury's 5 Case requirements in respect of:

   - **Strategic Case:** Makes the case for change, demonstrating synergy, holistic fit and strategic alignment in supporting the overall aims of objectives of CCR's Investment & Intervention Fund (IIF).

   - **Economic Case:** Through the identification of a proposal that delivers best value for money including, wider social and environmental benefits and in particular delivery against CCR's Economic Inclusion objectives.

   - **Commercial Case:** Demonstrates that the preferred option is effectively procurable and that a well-structured deal with the market can be achieved. Key to this is demonstration of a clear understanding of the services, outputs and milestones required to be achieved and associated risk management.

   - **Financial Case:** Demonstrates the affordability and funding of the proposed Fund, within the parameters of the Annual and 5 year JWA Business Plans. Providing Regional Cabinet with the necessary assurance that the investment would indeed adequately fund the stated options set out in the Economic Case.

   - **Management Case:** Demonstrates that robust arrangements have been considered and will be in place for delivery, monitoring and evaluation of the Housing Investment Fund. Furthermore, demonstrating the Housing Investment Fund will be managed in accordance with best practice, subjected to independent assurance and rigorous project management.

Issues

7. The OBC confirmed that the key problem to be solved in respect of CCR intervention in the regional housing market, is that of 'stalled sites' – sites left vacant as a result of deindustrialisation that are unviable for housing delivery.

Closing this viability gap is vital, as left unaddressed, development will be pushed onto alternative sites that do not address some of the sustainability and resilience issues important to creating cohesive communities that are capable of thriving. Given the location of many of the sites within the region, there are important gains to be made in respect of CCR's economic inclusion objectives.

8. The proposed principal fund set out in the OBC is a Viability (marginal) Gap Fund. This fund seeks to provide very patient continuity finance – or gap funding – to tackle the issue. In-built is the principle of overage / gain-share at the point the site is developed and achieved an agreed level of return with the support of the CCR intervention. The OBC outlined that this fund will operate via a 'Block of Finance' arrangement pursuant to which the nominated Accountable Body (i.e. Cardiff City Council) will hold the funds within a ring-fenced provision in accordance with its financial management arrangements. The Accountable Body will release such funding directly to the relevant local authority sponsor once a decision to award has been made by the CCR Cabinet. All such funding will be subject to the funding terms and conditions detailed in the FBC. As such, there is no immediate requirement to appoint an FCA accredited fund manager to oversee the operation of the fund but CCR will keep this under review as the fund develops and moves into the implementation phase.

9. In addition, the OBC also identified a second potential fund which could run in parallel with the principal Viability Gap Fund – a SME Finance Fund. This would address a further imperative around engaging SME house-builders which are currently under-represented in the region. Based on the available evidence on SME house-building in the region, the level of deal-flow and site suitability, this would be a much smaller fund and given the need for FCA accreditation, would require an external professional fund manager.

10. Since the approval of the OBC, further discussions have taken place with Welsh Government and the Development Bank of Wales (DBW) to ensure that there are clear differentiators between existing products and the proposed SME Finance Fund. In addition, soft market testing has been undertaken to further test the level of deal flow that may be originated, alongside a re-assessment of the costs associated with fund set-up, management and operation. The work has concluded that a sustainable and value for money SME Finance Fund could be delivered, providing Regional Cabinet with necessary confidence to approve the commencement of a public sector compliant procurement process asap.

11. The FBC sets out the extensive road-testing and soft market testing undertaking to support both funds. In respect of the deal-flow in particular for the Viability Gap Fund, over 170 sites have been appraised by commercial experts. This shows that there is significant potential around deliverability across all ten LA areas. However a proposed fund straddling both Viability Gap and SME Finance Funds of £30m – as previously proposed – will not be sufficient in making the impact needed.

12. The FBC therefore concludes that the overall fund value is increased from £30m (£15m CCR and £15m WG) to at least a £45m Fund (£30m CCR and £15m WG) leaving the door open to potential further WG and other co-investment as the

scheme progresses and outcomes are achieved. It should be noted that whilst this is the suggested split and the basis upon which the approval is sought, this will need to be kept under review in order to ensure optimal use of resources over the life of the programme.

13. In relation to wellbeing goals – it is clear that for sites that have sat fallow and will continue to do so without targeted action – strong intervention is needed. This is not the easiest intervention CCR could perform, but it is the right one and tied in with promoting economic inclusion and linking homes, jobs, infrastructure and connectivity. In terms of the SME Finance Fund, again, there are similar funds that operate, however these are not fulfilling gaps around pre-planning support, modern methods of construction and up-front pre-start costs. Addressing some of these issues will contribute to building better local resilience and ensuring benefits can be re-circulated into local economies.

14. CCR has clear ambitions to move beyond implementing activity that mitigates risks and consequences to more proactively engaging in the kind of localised activity that is important for sharing prosperity. This focus on 'Place' and ensuring every area can feel the benefits is key to creating resilient economies than can provide good standards of living for local people, using and recycling local resources and distributing benefits at a 'whole place' level.

15. The FBC provides an update only in respect of the SME Finance Fund – albeit the rationale, shape and structure of the Fund is made clear and basic approvals sought – the business case cannot be completed until the procurement of a fund manager is complete. Therefore and subject to Regional Cabinet's approval, the next steps are to commence the detailed preparation of a full commissioning strategy, timetable and documentation to facilitate the procurement of a FCA Regulated Fund Manager. Once complete, the final stages of the SME Finance Fund business case can be concluded and reported back to Regional Cabinet for consideration and approval. This will include developing all necessary legal protection measures for Cardiff Council, as the nominated Accountable Body, in entering into loan contracts with WG for Financial Transactional Capital funding, such as back to back agreements.

16. For these reasons, the rest of this report largely focuses on the conclusions reached, proposed way forward and next steps for the Viability Gap Fund.

<u>Key Features of the Viability Gap Fund</u>

17. In view of the proposed overall Fund increase to £45m, as the principal fund, the FBC makes the case that the Viability Gap Fund size is £35m. This will comprise £30m CCR funding and £5m WG cap-ex. Over 170 sites have been tested and appraised by commercial experts to inform this. The Fund will be LA-led and co-ordinated at the local level by Councils, which are best placed to take a strategic overview of the housing needs and requirements of their areas. There is an expectation that to maximise and leverage investment, that close working relationships with RSLs and home-builders will be developed.

18. Programme minima has been developed to ensure that at least 50% of the fund will be targeted at the areas of lowest economic competitiveness in the region – as informed by the UK Competitiveness Index 2019. This will ensure the investment criteria is focussed on driving levels of economic inclusion. In addition, industry-accepted definitions of viability, overage and value for money have been adopted. This will be important in demonstrating that minimum thresholds can be met as set out in the FBC, whilst complying with local planning policy and the requirements of welsh building regulations. The FBC details a range of outcomes, with the 'Upper Levels' suggesting the:

    - Potential to deliver up to *2,800 additional homes;
    - Potential to leverage an additional *£870M of additional economic output (GVA uplift);
    - Potential to secure up to *£490M in additional Private Sector Leverage;
    - Need to focus on compliance with local planning policies to enhance quality and delivery;

    ** Note: These Upper Levels of outcomes are based on the full £35M fund delivering units that are local planning policy compliant and no more. We await details of Welsh Government's Funding Terms & Conditions in respect of its £5M contribution, which may place a 'reasonable endeavours' requirement to deliver units which exceed local planning policy requirements, in which case (as demonstrated by the FBC scenarios) the range of outcomes delivered will reduce.*

19. This shows real potential to make a significant contribution to core City Deal Requirements around jobs, growth and leverage and importantly, spreading and distributing growth in bold ways across the entire region.

20. It is important to be clear that the fund will target marginally unviable sites within the region that have a requirement in the range of £1M to £8M, primarily linked to the number of units to be delivered and the value for money criteria set-out in the FBC. The fund will target sites of between 40-350 units (albeit flexibility will apply to larger schemes where phasing may be appropriate, subject to discussion with Welsh Government). These are recognised as mid-sized sites in the region which could make a significant impact on housing delivery rates – but which would demonstrably not otherwise be able to come forward.

21. This 'sweet spot' will complement other funds such as WG's proposed 'Strategic Stalled Sites Fund' which seeks to targets the most unviable larger sites (greater than 350 units) and others that currently operate on a different but complementary basis. This means the funds can interact and leverage off one another where needed and this offers potential for integrated marketing across the funds in order to provide signposting and clear access points.

22. Sites that meet the Fund and Eligibility Criteria (and where the assessment criteria demonstrates non-viability), will be prioritised. This will be defined in accordance with industry-accepted definitions. The scheme will run on a competitive basis and will be subject to application and a prioritisation process, which will be principally based on the extent to which they can prove and optimise value for money. For the purposes of the fund, value for money is defined as:

- The number of homes delivered per £ of public investment
- Weighted for connectivity of homes to economic opportunity
- Accounting of inclusivity of economies outcomes

23. Cardiff Council will act as the nominated Accountable Body and will be the recipient for all WG funds with the relevant legal safeguards put in place to balance risk across all 10 LAs.

24. Given the patient finance needed, realisation of any Return on Investment (ROI) might be long-term and this would have to fit with WG funding conditions. Whilst a draft set of conditions have been discussed with WG, details of the final conditions are expected imminently.

25. In relation to implementation, investments will only be allocated on a State Aid compliant basis, which will be the responsibility of LAs to determine in accordance with guidance provided by CCR's legal advisers, Pinsent Masons. In the main, capital investment must only be allocated towards either:

    - general public infrastructure investment required to bring forward a development (connections or infrastructure upgrades), or
    - remediation and preparation of sites (land reclamation, readying brownfield sites etc).

26. As per the Investment and Intervention Framework, this Fund is compatible with the infrastructure component which requires ‘creating the conditions for private sector success and civic benefit’. This is thus enabling and promoting investment in the region that is not always capable of being measured on a conventional and somewhat 'blunt' direct Financial ROI basis. ROI in this case is more about ‘net additionality’ and unlocking future benefits.

27. However, returns to the fund will still be important. Where housing developments deliver a positive outturn (profit) – this will be shared between developers and CCR via an agreed overage arrangement – and recycled to the Fund. A profitable scenario will be one in which outturn sales are above the (current price) forecast values within the original viability-assessment. This will form a trigger point at which a pre-agreed overage arrangement will commence. There will be strict caps on developer profits and any upside shared on a 50-50 basis.

28. As stated above, the Viability Gap application process is Local Authority-led and CCR will provide resource support to LAs which will act as site sponsors. Council teams have been engaged extensively throughout the process along with RSLs and the HBF. They have been informed about the ‘Call for Sites’ process and timeframes and the need for development appraisals. LAs will be required to consider:

    - the need to work with delivery partners as some sites will be in LA ownership and others in private ownership;
    - the strategic sites that are likely to perform best against the Fund objectives and Eligibility criteria;
    - routes to planning and delivery of proposed sites;

- design and delivery risks.

Resourcing, Technical Support and Programme Co-ordination

29. Levels of capacity and resources within LAs are variable. This cannot be an impediment to engagement in the programme. In order to address this and ensure a level playing field, a series of resourcing measures will be implemented to support the key stages of fund operation. Match funding of £500,000 will be made available to LAs to support the development process with the expectation that further delivery support will be leveraged from key partners associated with each site.

30. CCR will also procure external expertise in relation to a Fund Co-ordinator and Technical Advisors and will also make available a level internal resources in order to deliver a 'blended approach' to capacity and capability. This blend of resources will provide:

    - Support, clarification and guidance to LAs completing applications;
    - Scrutiny and challenge of applications received;
    - Ranking and prioritising schemes according to value for money and inclusivity outcomes;
    - Providing investment advice to CCR Team, Investment Panel & Cabinet who will sign off packages;
    - Ongoing monitoring of delivery outcomes and out-turn on sites, including recommendations on funding drawdown, scheme implementation (ensuring sites progress against plan), assessment of overage sums due and support to CCR in respect of benefits realisation.

31. The intention is to procure these services from one provider. To this extent soft market testing has been carried out to ensure such an approach is deliverable by the market. This confirmed that there are specialist 'one stop shop' organisations capable of delivering the package of services required. In addition, market testing suggested the need to put in place a level of internal CCR resource to work alongside the appointed advisors. This 'blend' would maximise the operation of the fund in value for money terms, but critically ensure that fund knowledge was transferred and retained in-house. This is an important consideration given that the Fund could be in operation for a period of at least 4 years.

32. Information gathered as part of the soft market testing has been used to develop the resource scheduled set-out at Confidential Appendix 3, and which is in-line with industry norms for this type of fund. An illustrative Service Specification for the procurement of Technical Advisor Panel is attached at Confidential Appendix 2. Finally, it should be noted that whilst these resources are available to LAs to answer queries and questions, to assist them in completing their applications, LAs will need to identify internal resources of their own. In addition, supporting site information e.g. site surveys etc. will need to be procured separately to maintain independence and avoid any perceived conflicts of interest.

Approach Co-funding

33. 'Homes for the Region' is a CCR brand under which the current two funds (and potential future funds) will operate. The Viability Gap Fund and the SME Finance fund will be initially funded by a £30m contribution from the CCR infrastructure component of the Wider Investment Fund and a £15m contribution from WG comprising £5m cap-ex and £10m Financial Transactional Capital. Standard HMT/ WG Terms and Conditions as previously set out for CCR will apply. Cardiff Council, as CCR's Accountable Body, will perform the role of Accountable Body for the fund to facilitate the 'block of finance' funding model. Arrangements to support this, such as legal back-to-back agreements will be put into place to support this across the 10 LAs and ensure that any risk and exposure is borne across all partners and appropriately underwritten such that Cardiff Council does not assume any additional risk and is placed in no worse position than any other LA partner.

34. As outlined above, whilst draft funding Terms and Conditions have been discussed with WG regarding their injection of capital, final details are expected imminently, as WG need to transfer the funds no later than the 31st March 2020. For this reason, the recommendations propose that Cabinet delegate the authority for these to be reviewed and if deemed appropriate, be accepted once received.

35. This approach to co-funding and seeking up-front investment leverage is consistent with the principles of the Investment and Intervention Framework approved by Cabinet in May 2019. This enables CCR to demonstrate it is maximising delivery impact for every £1 invested from the Wider Investment Fund.

Role of the Accountable Body

36. Related to the above is the co-ordination role to be played by the Accountable Body. As stated earlier in the report £10 million of WG funding is Financial Transactional Capital, which is proposed to be ring-fenced as part of the operation of the SME Finance Fund. This is effectively a Loan from WG to a Local Authority which is repayable at a set date in future. The loan must be passed on to third party recipients and is not for use by public bodies. The loan is repayable in full, irrespective of whether sufficient funds are available from the recycling of the SME Finance Fund over the period of its operation.

37. Cardiff Council has agreed to be the recipient of the WG transactional funding in this case in order to meet the tight timescale of WG to release the funds by 31st March 2020. In undertaking this decision, Cardiff Council is supportive of the outcomes from the Housing Investment Fund for the region, but it should be noted that the detailed terms and conditions of this funding from WG have not been received at the time of writing.

38. In respect of the FTC, Cardiff Council will need to undertake its own due diligence over the course of the next few months which will be supported by CCRCD as part of the further development of the proposed operation of the SME Finance

Fund. This is to ensure that the impact on its own performance measures is understood and the financial position of Cardiff Council's rate payers and financial resilience is protected by all other partner local authorities via an agreed 'back to back agreement' of the loan liability. This may be either via existing agreements in place or further agreements to be developed and approved by respective Councils with the clear intent and purpose that Cardiff Council does not assume any additional risk and is placed in no worse position than any other LA partner.

39. It should also be noted that the WG £5 million grant to be used towards the Marginal Viability Gap Fund is a direct grant award to Cardiff Council, acting as the Accountable Body, rather than to CCRCD. A mechanism will need to be put in place to ensure this can be transferred and held on behalf of CCRCD, without significant implications on Cardiff Council, for the funds intended purpose.

Governance Arrangements

40. In principle the governance arrangements for the Viability Gap Fund will mirror those agreed for the Investment & Intervention Fund. Regional Cabinet will be the ultimate decision maker in respect of the site prioritisation exercise, the detail of which will be developed by the Technical Advisor Panel once appointed and scrutinised, assessed and validated by the Investment Panel prior to Cabinet decision making.

41. In respect of the SME Finance Fund, details and the structure of the governance arrangements will be explored through the procurement exercise, but it is expected that regular monitoring reports will be received from the Fund Manager which again, will be presented to Investment Panel for scrutiny prior to being submitted to Regional Cabinet for review and approval.

Revenue & Capital Resource Requirements

42. The Financial Case within the FBC clearly sets out key assumptions in respect of the quantum and profile of Revenue resources need to set-up and operate the Viability Gap Fund. As outlined above, this information has been derived from soft market testing of organisations that have carried out similar roles for other Housing Funds, both in England and Wales. Given that CCR are about to undertake a commercial procurement for these services, the sums being requested for approval at this time are fully set out in Confidential Appendix 3.

43. In respect of the Capital resources, the Financial Case within the FBC sets-out a total requirement of £45M, with £35M being initially allocated to the Viability Gap Fund and £10M of Financial Transaction Capital being fully allocated to the SME Finance Fund. An indicative profile of fund utilisation over the next 4 years, along with the proposed financing arrangements are set-out in Table 1 below.

Table 1. Capital Resources and Indicative 4yr Profile

Capital Resource Requirements

	2020/21	**2021/22**	**2022/23**	**2023/24**	**Total**
	£Ms	**£Ms**	**£Ms**	**£Ms**	**£Ms**
Viability Gap Fund	0	10	15	10	35
SME Finance Fund	0	2	4	4	10
Total Capital Resource Requirements	**0**	**12**	**19**	**14**	**45**
Funded by:					
WG General Capital Grant	0	5	0	0	5
CCR Capital Funding	0	5	15	10	30
WG Financial Transactional Capital	0	2	4	4	10
Total Funding	**0**	**12**	**19**	**14**	**45**

44. The FBC confirms that the sums (and associated profiles) set-out in Confidential Appendix 3 and in Table 1 above, can be accommodated within the allocations included within the current Annual and 5 Year JWA Business Plans. Further details are set-out within the Financial Implications section of this report.

Assessment Risks & Issues

45. The Commercial and Management Cases set-out details of the Risks and Issues that have been captured as part of the business case development process. Whilst these are summarised at Appendix 4, the Financial and Legal Implication sections of this report also sets out the key risks and issues under each sub-heading.

Compliance with CCRCD Assurance Framework

46. The Investment & Intervention Fund (IIF) outlined the need to comply with the Joint Working Agreement (JWA) and in particular with the Assurance Framework appended as a key schedule to that agreement. This represents a condition of the City Deal funding 'passported' down from HM Treasury via the Welsh Government funding terms and conditions. The key requirement is to complete a Green Book compliant 5 Case Business Case as part of the process of approving City Deal monies being allocated to approved projects.

47. The IIF introduced the concept of 'Proportionality' in respect of the Green Book approach, acknowledging that there will be instances where the value of funding requested and/or complexity of the proposal may allow a 'lighter touch' approach to the 3 stage, 5 Case iterative development of the business case. However, in this case the approach adopted is to apply the Green Book requirements in full.

48. To this extent (and building on the work completed at the Strategic Outline Case) Local Partnerships have undertaken a high-level review of the draft FBC. Their

comments and findings have been incorporated within the final version of the FBC attached at Confidential Appendices 1a & 1b.

Investment Panel

49. Investment Panel met on 28 February 2020 and considered the draft FBC and Technical Annexes comprehensively. Investment Panel recommended that the conclusions drawn were appropriate and acknowledged the significant contribution the Housing Fund could make towards the City Deal targets of Jobs, Private Sector Leverage, GVA and Economic Inclusion. This was further endorsed by both the Regional Economic Growth Partnership and the Programme Board/Chief Executives group which also met on the same day. In summary, the key points noted included:

- Sites to be submitted with Planning permission attached, however, where Planning permission has not been secured: (1|) an explanation as to why this is the case and (2) a credible Project Plan setting out how Planning permission could be secured within the Fund's timescales;

- Clarification of Welsh Government's Funding Terms & Conditions and in particular any requirements they may stipulate in respect of 'recycling their funds';

- Once developed, the Prioritisation Framework and detailed Evaluation Methodology, Criteria, Weightings and Scoring Guidance to be agreed by the Investment Panel;

- Regarding the Viability Gap Fund profit sharing credentials should be emphasised and reinforced;

- Investment Panel to be presented with the prioritised list of sites following the completion of the prioritisation exercise by the Technical Advisor Panel ahead of onward recommendations to CCR Regional Cabinet.

Reasons for Recommendations

50. To seek Regional Cabinet's approval of the Final Business Case in respect of its Housing Investment Fund entitled 'Homes for all the Region', comprising of two parts: a Viability Gap Fund and a SME Finance Fund, as set out in this report.

51. In respect of the Viability Gap Fund, to approve a fund value of £35M, comprising £30M of CCR capital resources and £5M of Welsh Government General Capital Grant. Furthermore, to approve the revenue resources required to set-up and operationalise the fund over an initial 4 year period.

52. In respect of the SME Finance Fund, to provide Regional Cabinet with a progress update on the work done since the approval of the Outline Business Case. To seek approval of a £10M fund value, wholly funded by Welsh Government

Financial Transactional Capital and the revenue resources needed to progress the formal procurement of a FCA regulated fund manager.

Financial Implications

53. The report proposes the setting up of a Viability Gap Fund (£35m) and a SME Finance Fund (£10m), with the detailed operating requirements of the latter to be the subject of detailed financial implications as part of a further report to Regional Cabinet. The Full Business Case as well as Strategic and Outline cases have been prepared with input from a range of professional property, legal and financial advisors and has have been the subject of review by Investment Panel as part of the Investment and Intervention Framework. The Business case sets out the principles for site assessment and prioritisation of the viability gap fund, with detailed evaluation methodology, criteria and weightings to be determined by a Technical Advisor Panel.

54. The level of CCR investment proposed from the Wider Investment Fund approved by Welsh Government (WG), HMT and Local authorities is £30m, rather than the £15 million previously proposed and this can be accommodated within the 5 year Joint Working Agreement Business Plan. This represents a significant investment as part of the £200m infrastructure indicative allocation based on the CCRCD Joint Working Agreement and the core aims and objectives (Jobs, Private Sector Leverage, GVA and Economic Inclusion).

55. In approving the proposals, Joint Cabinet must have regard to the outcomes identified in the final business case to ensure these are proportionate to the core objectives and key performance indicators set and required to be met as part of HMT / WG grant funding. Processes will need to be put in place to measure and capture the outcomes and performance of the funds against stated outcomes in this business case, as well as financial monitoring and accounting processes to manage distribution and recovery from both funds.

56. Funding of £15m is from WG (£5m cash grant and £10m loan). The detailed terms and conditions are not yet confirmed or accepted, but initial discussions suggest that this will require one local authority to accept the key terms and conditions on behalf of the CCR. The report sets out the further due diligence and requirements indicated by that local authority prior to the grant and loan identified in this report being accepted and available for use for the purposes set out in this report.

57. Where WG funding is accepted, the terms and conditions in respect to the operation of that fund will need to be considered, and any funding agreed for projects will need to be provided to CCRCD and project sponsors on the terms that reflect obligations as a result of external funding.

58. The two funds identified will incur revenue costs. The first element of this is cost of managing and operating the fund such as additional staff costs or services and advice to be the subject of external procurements. A detailed revenue resourcing plan is set-out in Confidential Appendix 3. The second element is £500,000 to match fund applicants' own funds for supporting the development and submission of bids for funding. These costs will need to be met from the Wider Investment Fund revenue top slice set aside for such costs. Ongoing costs and proportionality to outcomes need to be reviewed periodically as part of the overall performance monitoring of the funds.

Legal Implications

59. External legal advice has been sought from Pinsent Masons in relation to the establishment of the 'Homes for the Region' Fund and is summarised as follows:

1. the proposed establishment of the Fund is consistent with the terms of the Joint Working Agreement;

2. the preferred option would be to set up the Fund as a 'Block of Finance' pursuant to which the nominated Accountable Body (i.e. Cardiff City Council) will hold the funds within a ring-fenced provision in accordance with its financial management arrangements. The Accountable Body will release such funding directly to the relevant local authority sponsor once a decision to award has been made by the CCR Cabinet.

3. CCR should retain the option to evolve / transition the Block of Finance into a corporate Limited Partnership structure if justified in the future once the Fund has gained traction and additional sources of co-investment;

4. the Councils have the requisite legal powers to set up the Fund as a Block of Finance and to invest in approved projects;

5. the governance structure will mirror those arrangements agreed for the IIF in June 2019 such that the Regional Cabinet will remain the ultimate decision maker for each decision to make an investment into a site (acting on the recommendation of the Investment Board and advice of the Technical Advisor Panel);

6. the SME Finance Fund will require an FCA regulated Fund Manager to be procured via an open tender procedure (ie. under the Public Contracts Regulations 2015);

7. an overarching funding agreement will need to be prepared once the WG funding conditions are confirmed and such agreement shall substantially be in the form agreed for the IIF and shall, amongst other matters, recognise that Cardiff Council is acting for and on behalf of itself and the other LA partners and shall not assume any additional liability or be placed in any worse position by virtue of accepting this role;

8. the Fund shall be financed, initially at least, via public funds with no private sector investment made directly into the Fund. Parallel private sector investment may be directly invested into individual projects or via a subsidiary public private joint venture;

9. The State aid analysis here is somewhat complex and has been set out in detail in the Technical Annexes to the FBC. Whilst it is not possible at this stage to present definitive conclusions in relation to all potential categories of beneficiary, our preliminary conclusions are that:

   (a) provided that any such profits generated by the Fund are recycled / reinvested into the Fund then there would be no aid to the Accountable Body;

   (b) State aid to any Fund Manager could be avoided if it were selected via an open public procurement process;

   (c) State aid to contractors building any works could also be avoided in this way;

   (d) In relation to developers, Viability Gap Funding may be given on a no-aid basis if:

      1. it is used to construct general infrastructure (unless the construction of that infrastructure were the obligation of the developer, e.g. under a s106 agreement);

      2. if it is made in compliance with the *German Land Scheme*; or

      3. it satisfies the Market Economy Operator Principle ("MEOP").

   (e) In relation to the SME Fund, there will be no aid to the SMEs if the loan or equity finance were made in accordance with the MEOP;

   (f) However, apart from loan finance, where the Reference Rate Communication may be relied upon to establish a proxy for the market rate, applying the MEOP requires a case by case expert analysis;

   (g) For that reason, it may be more practical to rely upon a block exemption such as the GBER or the *de minimis* regulation, though again in the case of the GBER a case by case analysis would be required to ensure that the relevant conditions were complied with;

   (h) It will be for the LA sponsor to satisfy itself and assume any risk associated with State aid as part of the application process for any Viability Gap Funding or SME Funding and the funding terms shall expressly pass such risk to the LA sponsor (as is standard practice for any public sector funding application).

Delegations

60. 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.

Well-Being of Future Generations (Wales) Act 2015

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

62. The wellbeing 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.

63. The Regional Cabinet must be satisfied that the proposed decision accords with the principles above.

64. 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.

65. 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

66. 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

67. It is recommended that the Cardiff Capital Region Regional Cabinet endorse the recommendations of Investment Panel, as ratified by Programme Board and REGP in respect of:

a) approval of 'Homes for the Region' and the FBC for the establishment and operation of a CCR Housing Investment Fund, which shall be structured in two parts: a Viability Gap Fund and a SME Finance Fund (in accordance with the terms of the FBC);

b) approve, on account of the evidence presented in the FBC, increasing the fund envelope to £45M (£30M CCR and £15M WG) noting the potential to seek further co-investment as the scheme progresses;

c) in respect of the principal Viability Gap Fund, to approve the set-up of a £35M capital housing fund, along with the revenue resources as set-out in Confidential Appendix 3 to facilitate scheme operationalisation through a third party technical panel and co-ordinator and for which procurement is currently underway and to provide match funding to support to Local Authorities through Phase A and Phase B stages of the process (as detailed in the FBC);

d) note the timescales in respect of fund launches and the process that will need to be concluded to operationalise the fund, with the proposed prioritised list of sites being brought back to Regional Cabinet for consideration and approval;

e) approve the decision to nominate Cardiff Council as the Accountable Body for the Fund and, if approved, delegate authority to the City Deal Director (in consultation with the Chair/Vice Chairs of the Regional Cabinet, the Section 151 Officer and Monitoring Officer for the CCR Regional Cabinet) to put in place a suitable 'back-to-back' funding agreement (principally in the form of the Overarching Funding Agreement agreed for the IIF) to recognise that Cardiff Council is acting for and on behalf of itself and the other LA partners and shall not assume any additional liability or be placed in any worse position by virtue of accepting this role (noting point (f) below); and approve entry by the Councils into such agreement;

f) note that details of the final Welsh Government Funding Terms & Conditions are yet to be received and agree to delegate authority to the City Deal Director in consultation with the Chair/Vice Chairs of the CCR Regional Cabinet, the Joint Committee's Section 151 and Monitoring Officers to review and accept these, in conjunction with these being acceptable to Cardiff Council;

g) note that appropriate monitoring and evaluation arrangements will be put in place, which amongst other matters will include annual reports to Regional Cabinet, through the advice/ auspices of Investment Panel;

h) in respect of the SME Finance Fund:

I. To approve a £10M capital fund along with revenue resources as set-out in Confidential Appendix 3 (in respect of Recommendation hII below);

II. To agree to delegate authority to the City Deal Director in consultation with the Chair/Vice Chairs of the CCR Regional Cabinet, the Section 151 and Monitoring Officers of the CCR Regional Cabinet to commence the detailed preparation for the commissioning of a FCA Regulated Fund Manager and once complete, the final stages of the SME Finance Fund business case can be concluded and reported back to Regional Cabinet for consideration and approval.

Kellie Beirne
Director, Cardiff Capital Region City Deal
9 March 2020

Confidential Appendices

Appendices 1a, 1b, 2 and 3 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

EXEMPT Appendix 1a Homes for the Region - Full Business Case (FBC)

EXEMPT Appendix 1b	Homes for the Region – FBC Technical Appendices
EXEMPT Appendix 2	Illustrative Service Specification for Technical Advisor Panel
EXEMPT Appendix 3	Revenue Resource Requirements for Viability Gap Fund and SME Finance Fund
Appendix 4	Assessment of Risks
Appendix 5	Wellbeing of Future Generations Evaluation

Appendix 4

Homes for all the Region – Assessment of Risks

1. Commercial Risk allocation

Within both the development of applications to the fund, and the terms and conditions attached to the receipt and deployment of Viability Gap Funding, all commercial and delivery risk associated with the development of the approved scheme will be assumed by the LA Partner sponsor. It will be a matter for the LA Partner to contractually pass down the funding conditions and risks to the relevant third party developer to the extent considered necessary. The following table summarises this risk allocation.

Table 1. Risk allocation between CCR and scheme promoters on the design, build, and sale of homes through the Viability Gap Fund

Commercial Risks	Responsible		
Type	CCR	Scheme promoters and delivery partners	Description
1. Application risk		✓	LA Partner scheme promoters will be responsible for the development of applications to the fund at risk, under the knowledge that CCR provides no guarantee that funding support will be provided and any investigative work undertaken may prove abortive.
2. Construction and development risk		✓	Funding awards shall be provided on a fixed sum basis and shall be conditional on the achievement of agreed milestones; all cost overruns are the responsibility of the LA Partner scheme promoters, and they will need to setup the appropriate commercial, risk and contractual arrangements necessary with their delivery partners in order to mitigate.
3. Transition and implementation risk		✓	LA Partner scheme sponsors will be responsible for ensuring that funding awards are spent strictly in accordance with the agreed milestones to achieve completion of the development outputs
4. Operating performance risk	✓	✓	LA Partner scheme sponsors are responsible for ensuring that delivery partners have the necessary skills and experience to fully complete projects to plan

			CCR will be aware that the scheme places a number of resource and capability requirements on scheme applicants and that reputational, relational and commercial risks could occur if these are not monitored closely and with appropriately resourced management, support and oversight by its internal team and external advisors
11. Financing risks		✓	LA Partner scheme sponsors and delivery partners are responsible for ensuring that all other funding and financing requirements are in place throughout the duration of the project

2. Risk Management Strategy

Risk is a central consideration for CCR in the set up and operation of the Viability-Gap fund.

Public sector funding needs to be managed in accordance with HMT principles set out in Management of Risk. Safeguards must be maintained to protect against theft and fraud.

Necessarily, as the range, type and complexity of funding and finance approaches managed is increased, so does the risk to which CCR will be exposed, and CCR needs to have a clearly defined risk appetite for and financial investments which are made through its capital funding allocation.

The risk framework set out will be reviewed on a bi-annual basis by City Deal senior management, led by the project officer.

Identified risks in general for the Viability-Gap Fund are set out in the table below. This is a live risk management framework, which will be added to as the project moves towards implementation and delivery.

Table 2.

Risk	Impact	Mitigation
High interest in the fund	Ability to process applications	Limiting the number of applications per Local Authority
Large number of high cost impact schemes put forward, limiting ability to spread benefits throughout the region.	Benefits not shared proportionately across Local Authorities.	Extension of fund to smaller sites sized if required (i.e. less than 40 units). Clear communication to Local Authorities of the programme balance principles, and that lower

		overall cost sites may well score better for programme-balanced Value for Money
Use of public funds not as specified	Reputational risk, risk that expected outcomes are not achieved.	Clear written process for Local Authority responsibility and ownership of detailed project management arrangements, with private sector partners as required. Local Authority due diligence and State Aid investigation on individual propositions, and commitment to ongoing internal audit Ongoing monitoring arrangements of project outcomes

Future Generations Assessment

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 919286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** Development and operation of a Housing Viability Fund and a SME Finance Fund
Proposal: Homes for all the Region	**Date Future Generations Evaluation form completed: 2 March 2020**

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Genuinely shared prosperity is feature of the funds with a focus on programme minima for economic inclusion, viability analysis and prioritization of low competitiveness areas that can show connections with public transport, jobs and regeneration opportunities	The scheme seeks to move beyond creating wealth – to spreading wealth. The SME Finance Fund has also been introduced as a secondar fund to stimulate local house-building, promoting local skills growth and development and ensuring local benefits and retained and recycled back into local areas.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and	The scheme sets the conditions only for unlocking sites and the weight of responsibility around	Resilience is embedded through the focus on areas of lower competitiveness and productivity and the ened for demonstrations of connections to jobs,

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?
can adapt to change (e.g. climate change)	delivering on core objectives will be through local-led delivery	public transport and community infrastructure. Independent additional work has been undertaken with CHC, RSLs, home builders federation, CBRE, DBW and Savills to comprehensively tests assumptions and deliverability and contirbutions to sustainability and resilience.
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	The focus on connections to multi-modal public transport is front and centre as well as the SME Fund which seeks to maximize local benefits and effects	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Improving regional infrastructure and building homes for all the region will make a key contribution to travel to work modes, denser labour market creation and development of human connections	This wil feature as a core part of the viability assessment and VFM checks Local planning policies will need to be complied with Procurement is underway for a skilled Technical Advisory Panel to implement, monitor and review such conditions
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	CCR could have prioritized easier-commercial led development. However the evidence base points to the need to solve the problems wrought by market failure.	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People	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.	The fund will be accessible by all LAs and for all communities.

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?
are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The scheme has a strong 'tilting the playing field' component and is aimed at levlling up provision, accessibility and opportunities in the region	The SME fund management will operate on criteria to open up opportunities that enable and help local providers

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?
Balancing short term need with long term and planning for the future	The scheme operates over four years and yet, will build legacy for the future around which denser labour markets can be created and access to new opportunities such as Metro and Metro Plus	The scheme viability criteria and VFM credentials will be tested and validated via the Technical Advisory Panel and adopted and signe doff by Investment Panel
Working together with other partners to deliver objectives	The scheme is a partnership across public and private and involves all ten councils, RSLs, developers and land owners and agents.	Ongoing co-ordnation and support will be offered through a co-ordinator role and the establishment of a dedicated fund to support all LAs
Involving those with an interest and seeking their views	TfW and WG are the scheme proposers and there will be opportunities for comprehensive public engagement as part of the full scheme business case	Local planning policies will need to be adopted and adhered to in relation to local consultation and public engagement

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?
Putting resources into preventing problems occurring or getting worse	The evidence base shows such sites have blighted communities. Continuing to 'do nothing' will ensure problems will grow worse and situations that impact communities negatively will not improve	
Considering impact on all wellbeing goals together and on other bodies	At the front of the FBC is a consideration of wellbeing objectives and the potential of the scheme to maximize contributions towards resilience and prosperity in particular.	Each scheme will need to demonstrate contribution to wellbeing goals as part of investment criteria.

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	Las will be required to inform the shape, type and nature of provision required inclusing tenure, flexibility, lifetime homes and so on…	None arising at this time – needs to be assessed through scheme delivery and compliance	Relevant criteria to be be developed via technical advisory panel

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?
Disability	As above – the LA will be required to comply with local planning requirements and to demonstrate the vale it is adding through scheme development in accordance with local housing needs assessments	As above	This will be demonstrated at criteria application stage
Gender reassignment	As above As regards any allocation of affordable or social housing, this will be done in strict compliance with adopted lettings policies and procedures for the fair and independent allocation of homes	As above	Ongoing and long-term monitoring frameworks for demonstrating scheme benefits
Marriage or civil partnership	As above	As above	As above
Pregnancy or maternity	As above	As above	As above
Race	As above	As above	As above
Religion or Belief	As above	As above	As above
Sex	As above	As above	As above

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

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents	All Councils will have individual adopted safeguarding procedures and policies which must be complied with	
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care	As above	

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

- Evidence of market supply and demand – Savills 2019
- KPMG SOC 2019
- KPMB OBS – 2019
- Testing site viability and deliverability – Savills 2019-20
- Partner data and evidence
- WG evidence on Innovative Housing Fund
- Soft market testing
- Evidence from similar Homes England programmes

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 the ensuring he criteria to be developed and adopted through the Technical Advisory Panel is robustly tested and challenged prior to adoption

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:	**March 2021**

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

CARDIFF CAPITAL REGION DIGITAL INFRASTRUCTURE FRAMEWORK AND STRATEGIC OUTLINE CASES FOR FIBRE PROVISION PROGRAMME & WALES 5G PROGRAMME

REPORT OF CLLR HUW DAVID & CCR DIRECTOR

AGENDA ITEM 6c

Appendices 2 (Strategic Outline Case – Full Fibre), 3 (Full Fibre Plan) 4 (Investment Panel Log) & 5 (Strategic Outline Case – Wales 5G) to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To seek approval of the proposed CCR Digital Infrastructure Framework which overarches activities and interventions in the digital infrastructure space, showing their fit and contribution to the region-wide digital connectivity needed to optimise economic growth.

2. To seek approval, on recommendation of Investment Panel, of the Strategic Outline Case for the Full Fibre Programme to 330,000 premises in core CCR towns and settlements. To make the case for the release of £35k to begin the process of early business case development and the first phase of due diligence.

3. To seek approval, on recommendation of Investment Panel, of the Strategic Outline Case for the consortium-wide Wales 5G Programme proposal which is backed by an approved £5m grant from DCMS, matched by £5m private sector contributions for the Rural Connected Communities (RCC) project component. To work with WG, other public, private and HE partners to build upon the RCC project and scale into 5G Wales – a wider programme which has the potential to impact the whole of the Cardiff Capital Region. In order to progress this, an up-front funding contribution of up to £150k is required of CCR to shape the delivery and legal structures and mobilise the resources and expertise to give the wider programme the best chance of success.

4. To note and support the ongoing discussions with Welsh Government regarding co-investment in innovative digital infrastructure provision.

5. To note the other digital infrastructure proposals which have entered the Investment Framework, which are fully integrated into the Digital Infrastructure Framework and will be brought forward as part of this plan in due course. Included in which is the DCMS Local Full Fibre Network (LFFN) project which was reported to Regional cabinet in July 2019.

Background

6. Regional Cabinet agreed a report on Digital Interventions in CCR in July 2019 which noted the change in direction of the Digital programme strand in order to ensure compatibility with the Investment and Intervention Framework. It further addressed the need for re-positioning of the LFFN project and more a more integrated approach to digital infrastructure across CCR and Welsh Government to provide a solid base from which to leverage full fibre provision, wireless technologies and 5G deployment.

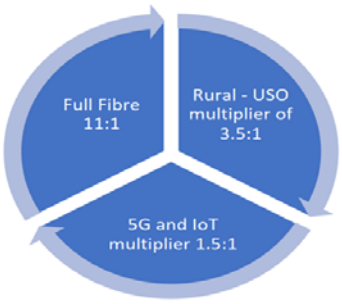
7. The report set out that CCR would take on the role of enabling full fibre provision – but would not be expected to grant fund it, instead directing the market, seeking co-funding proposals and leveraging existing voucher schemes and government funds. The focus is on the role of CCR in creating the conditions for digital infrastructure provision recognising the Investment Framework and its innovation and challenge funds play a role in attracting broader digital innovation, skills and business-led proposals.

Unlocking potential

8. Delivery of a capable and resilient core digital infrastructure in CCR is a foundational requirement. Digital connectivity underpins almost every aspect of modern life across work, travel, leisure and health. High speed reliable internet to the home or business is now widely viewed as the 4th utility. By 2020, the volume of global internet traffic is expected to be 95 times that of 2005, and connected devices will out-number the global population by nearly seven to one. In the UK, fixed internet traffic is set to double every two years, while mobile data traffic is set to increase further at a rate of 25% to 42% per year.

9. Improving fibre connectivity in CCR is critical with evidence demonstrating the dearth of commercial investment which has resulted in an underlying gap in delivery capability compared with other UK regions. Having an informed picture of optimum connectivity and how to best mobilise the levers, investment packages and incentives to attract the market and ensure every area is positively impacted – not just those the market deems as most commercially attractive – is crucial. The adoption of a CCR Digital Infrastructure Framework, will set this out clearly along with what is needed, where and by when and focusing in the tools and levers that can be applied to make it happen.

10. The requirement of full fibre infrastructure across the region is key to driving economic growth and inclusion. High-order digital connectivity stimulates innovation and the creation of new business sectors – key in the context of the CCR's priority sectors. According to research, the UK's business community, most particularly it's SMEs which make up 96% of all Cardiff Capital Region businesses, could stand to benefit significantly. Access to full-fibre could unlock billions in business productivity, competitiveness as well as unlocking new markets; business start-ups and workplace agility. The UK Government commitment is for full fibre to benefit more than 15 million premises by 2023. Full-fibre is also an essential platform for the roll-out of 5G, unleashing an £11:1 multiplier as in Figure 1 below:



Economic Benefit Multipliers over 15 years – Economic uplift for every £1 invested

Full Fibre, 11:1 multiplier[26]

Rural, 3.5:1 multiplier[27]

5G and IoT, 1.5:1 multiplier[28]

[26] extrapolation from Regeneris Report – The Economic Impact of Full Fibre Infrastructure in 100 Towns and Cities

[27] UK Govt case for USO intervention

[28] EC report on 5G impacts, TeliaSonera Inst, benefits of 4G Sweden & Estonia

Digital Infrastructure Framework

11. The Digital Infrastructure Framework – sets out the desired plan for fibre connectivity and 5G and wireless enhancement for CCR and is attached at Appendix 1. The Framework also maps the contribution that could be made by the proposals submitted to date, into the Investment Framework, to bring this plan to life. These will be subject to all necessary approvals, but demonstrate there is real market interest in creating a full fibre future for CCR across rural connectivity, 5G deployment, enablement of specific features such as the Core Valley Lines and full fibre provision. CCR is a diverse space. There will be no one size fits all technology solution and so the map in Appendix 1 illustrates the hybrid and blended approach needed.

12. The Digital Infrastructure Framework has been shaped by CCR team working extensively with providers to establish interest, capability and the commercial viability and deliverability of products and services. It is this soft market testing and engagement with interested organisations that has developed confidence in the approach. This is further backed up by submissions into the Investment Framework – two of which are considered further below – with more to follow.

13. The Framework must now be quickly mobilised to ensure optimisation of a deployment and capability plan (backed up by a demand analysis review that is being undertaken to inform this work). Given the sequence of the work needed

deliver proposals, more proactive work can be undertaken to promote developments as open access and capable of engaging Internet Service Providers (ISPs) that may have previously seen Wales as a closed market. The Framework also encompasses new developments in CCR, including the South Wales Metro and commercial and housing development activity, ensuring we direct the capacity for fibre grade connectivity at design stage. This sets the scene for deployment of Internet of Things solutions using both LORAWAN and 4/5G networks – key to innovation readiness. CCR has engaged closely with WG officials on this and our framework is supported by them.

Strategic Outline Case – Full Fibre Enablement for 330,000 Premises

14. As stated above, one of the submissions into the Investment Framework is from a global private sector infrastructure company, with track record and credentials in the commercial deployment of fibre connectivity – at scale. The proposal aims to deploy Ultrafast capability to the premise and is a combination of installation of new fibre and use of existing OpenReach assets. This is a whole-sale model and is open access meaning any ISP can provide the local service – maximising consumer choice and flexibility.

15. The provider is currently piloting roll-out of the scheme in another area of the UK. They have a plan for rollout that splits the UK into 12 areas, with CCR being one in which deployment would start in 2025. The incentive of the CCR Investment Fund and the priority focus afforded to digital however, has attracted them to the region, ahead of their deployment plan. The basis of the investment ask is debt finance over a medium-term financial model and sees investment focussed at c330,000 premises in towns, smaller settlements and large villages across the region. Roll-out in the CCR would take approximately four years to complete.

16. The confidential Strategic Outline Case attached at Appendix 2 (exempt from publication) highlights the target areas for intervention. The cities are not included in this proposal given their ability to attract wider market interest. Confidential Appendix 3 sets out the initial deployment plan (exempt from publication). Dialogue is progressing with WG to understand potential for co-investment. Continued discussion will enable collaboration and ensure no overlaps with Wales-wide interventions, such as the Trunk Road concession.

17. Investment Panel considered this proposal initially as a SIFT 1a on 11th November 2019 and agreed that it should progress through the Investment Framework and this early stage advice was reported to Regional Cabinet on 18th December 2019. Again, at the meeting on 21 January 2020, Investment Panel agreed that a SOC should be drafted and on 28th February the SOC was endorsed for onward presentation to Regional Cabinet. In brief, this sets out a £220m investment requirement, with up to £50m debt financing required of CCR and requiring creation of a Special Purpose Vehicle to operate the network. The loan period would likely be in the region of 7-8 years with security offered through provision of a Parent Company Guarantee. Interest rates would be in line with the market and state aid requirements. The Investment Panel Recommendation Log of 28th February is attached as confidential Appendix 4

and suggests in the first instance, £35k is released to carry out early stage due diligence in order to inform the proposal more fully. Whilst further and more comprehensive due diligence costs would be met as part of the commercial agreement, in the first instance it is proposed the initial work is met from the CCR Programme Development Budget.

Strategic Outline Case – Wales 5G Programme

18. A further submission has been made to the Investment and Intervention Framework for the delivery of a Wales 5G Programme. This proposal is led by the now moth-balled Innovation Point and is currently being co-ordinated from within Welsh Government. Currently, the cornerstone project of Wales 5G Programme is the Rural Connected Communities initiative which has been allocated £5m from DCMS matched by £5m from private and academic partners. Blaenau Gwent and Monmouthshire Councils are core partners to the DCMS project which requires quick mobilisation in March 2020.

19. The wider strategic opportunity that exists is to build upon this initial win and exploit 5G potential across the region and on a Wales-wide basis. The Wales 5G programme, led by WG, is seeking £31m in total with a requirement of up to £3.65m (investment in return for equity) from CCR with the remainder being made up from other public and private partners – with WG and Tech Valleys supporting in principle c£5m.

20. Given the contributions made to date by WG and key partners of c£500,000 and an ongoing commitment to a further c£100,000 of investment in mobilisation, the SOC sets out an immediate ask of CCR of up to £150,000 to be released quickly to influence, shape and develop the wider strategy and proposition. The SOC is attached as confidential attachment at Appendix 5 (exempt from publication).

21. The £150,000 CCR + £100,000 WG/ partners contributions essentially acts as the bridge between the DCMS RCC project and the wider £31m 5G programme. The initial seed fund would enable the programme to have a fighting chance and although this would be CCR funds ‘at risk’ – the early commitment is necessary to understand and develop the potential. Without it, the prospect of the project does not exist. It is proposed that the fund would catalyse:

    - creation of a Special Purpose Vehicle with a public/ private shareholding;
    - all necessary legal and financial arrangements;
    - deal terms around equity investment and share-holding;
    - specialist technical support and advice and staffing capacity;
    - shaping and development of the full programme.

22. At this stage there are risks involved as this is speculative and subject to partnerships, commitment of match funding, securing relevant specialist expertise, capacity and high-order legal and financial support. There is also opportunity cost consideration. However without taking this first step, the bigger

risk is in not engaging at all and never understanding the potential. In essence, the up to £150,000 secures CCR's place around the table and its ability to influence, direct and shape process and outcomes.

23. The 5G Wales Programme could offer a sense of comparative advantage for inward investment and opportunities for smart infrastructure and innovation development. Alongside full fibre, 5G forms the core of a modern place-based infrastructure to drive economic and social value creation. It is a growth enabler in terms of the priority sectors and clusters identified in the Industrial and Economic Growth Plan and given CCR lags behind much of the UK in relation to fitness for purpose of digital infrastructure – could see it accelerate ahead UK deployment of next generation wireless.

24. Having previously recommended to Cabinet at SIFT 1a, that the scheme gained entry to the Investment Framework (18 December 2019), on 28 February Investment Panel provided the view that the Wales 5G programme was aligned to the Economic and Industrial Growth Plan. There is undoubtedly an opportunity to show leadership on 5G deployment as both a sector in its own right and as an enabling tool for the region's priority sectors and clusters. However the proposal does require better definition, structure and clarity around leadership and commerciality and it is accepted that the best way to achieve this is for the up to £150,000 CCR contribution to essentially guarantee a role and contribution in shaping it. Again, the Recommendation Log is attached as confidential Appendix 4 (exempt from publication).

Investment Framework – other complementary proposals

25. The above two proposals alone make a significant contribution to the Digital Infrastructure Framework. However, they do not address issues of intractable rural not-spots. This is particularly prevalent in northern areas of Bridgend, the Vale of Glamorgan and rural Newport and Monmouthshire. A proposal has recently been received into the Investment Framework which has the potential to address this based on a combined wireless and fibre approach, which allows gigabit connectivity (LIDAR) to isolated areas. This is a proven technology and is currently being considered for roll-out in Monmouthshire. This proposal appears to be fully compatible with the Fibre to the Premise project already detailed and when combining both projects it will deliver a digital solution comprehensively across the region. The proposal is based on a repayable finance over a medium-term financial model leveraging DCMS funds and commercial investment. This proposal is currently in the very early stages of being tested by Investment Panel in - as reported to Cabinet on 18 December 2019.

26. In addition to this, a proposal has been received for fibre enablement of the Core Valleys Lines. Working with Transport for Wales, Cardiff Capital Region is looking to maximise the opportunity by harnessing the digital transformation of the Core Valley Lines. As part of the existing plans fibre will be installed along the Core Valley Lines in order to run critical Command and Control systems. CCR is working with TfW and Welsh Government in order to maximise the opportunity around increasing the capacity of this fibre for commercial use.

Again this proposal is investment-based and is not seeking subsidy or grant and is in the early stages of development and will be reported to Cabinet at the relevant juncture.

Progress with Local Full Fibre Network Project

27. Work is ongoing with Welsh Government to re-position the project in line with new DCMS guidance and ensure optimum impact is achieved with the c£6/7m funding available. The coverage of the project has been extended from the original four LAs to all 10 LAs in the Cardiff Capital Region and is concentrating on upgrading 316 sites with copper connections to the OpenReach FFIB product and will be carried out during 2020/21.

Financial Implications

28. This report seeks Regional Cabinet's approval to set aside £35,000 to support early stage due diligence for the Strategic Outline Case for the Fibre to the Premise proposal and £150,000 of funds to advance and shape the Strategic Outline Case for the Wales 5G Programme.

29. If approved, the City Deal financial contribution can be met from sums set aside in respect of the Wider Investment Fund 'Top-Slice' and it is anticipated that these costs will be incurred during Financial Year 2020/21.

30. Any subsequent approvals for further expenditure on these projects as a result of the Business Cases brought forward will be subject to periodic financial and performance reports throughout the year. Access to funds will need to be through agreed criteria which align to the requirements of the Investment Framework itself. This includes the requirement to produce acceptable business cases in line with the funding requirements set out by HMT and Welsh Government as well as best practice. This is key, to ensure that City Deal funding terms and conditions are observed at all times and the risk of costs proving to be abortive at a later stage are minimised.

Legal Implications

31. The report, amongst other things, seeks authority for further due diligence work to be carried out to develop proposals for the projects referred to. It is understood the Overarching Funding Agreement which sets out the investment criteria has been complied with to assess the applications at the SIFT stage.

32. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. As set out in the body of the report, to ensure compliance with the JWA, business cases will be developed for each project and the approach taken will be consistent with the HM Treasury Green Book and business case appraisal process , applied in a manner that is proportionate to the project in question.

33. It is important that the due diligence and development of the business case involve consideration of the legal issues raised by the proposals to ensure that the proposals, as developed, meet all legal requirements. It should be noted that developing the business cases is likely to require significant legal resource, which will need to be funded by the CCRCD, as part of the costs of developing the full business case. By way of example only, consideration will need to be given to;

34. a) the legal powers available to the Councils and the Regional Cabinet to provide the various forms of investment under consideration, b) the governance arrangements that should be put in place to administer the Funds (how and by whom decisions will be taken to award grants, loans, provide guarantees etc. at varying financial thresholds), c) the terms and conditions that should attach to the various proposed funding arrangements, and d) consideration of any planning law issues, state aid and procurement law implications.

35. It is noted Members are asked to approve the release of funds in the sum of i) £35,000 and ii) up to £150,000 in regards to the proposed projects and is further detailed in the financial implications. There is always a risk that expenditure on developing proposals could prove abortive if, amongst other matters, the project does not progress. That said funding could not be secured without the business cases being developed so the risk of abortive costs incurred in developing business cases is not unique to these particular projects. It is also worth highlighting, that there appears to be an 'enhanced' risk with the one particular proposal for the reasons as set out in the report and the rationale for proceeding notwithstanding the risk is further set out.

Well-being of Future Generations (Wales) Act 2015

36. 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.

37. 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
- deliver an integrated approach to achieving the seven national well-being goals;
- work in collaboration with others to find shared solutions;
- involve people from all sections of the community in the decisions which affect them.

38. 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 to this report (Well–being of future generations assessment Appendix 6) for Member's consideration.

39. 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

40. 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

Reasons for Recommendations

41. The reasons associated with these recommendations are:

- to provide a detailed picture of the proposed Digital Infrastructure Framework for the region as a necessary backdrop to directing and channelling the proposals and projects being brought forward through the Investment Framework;
- seek approval for the Strategic Outline Cases for the Full Fibre Enablement to 330k premises project and the Wales 5G Programme

project, committing to the next stage of the business case development and release of funds for early – as endorsed by Investment Panel;
- to provide an update on other complementary projects coming through the Investment Framework;
- to provide an update on LFFN and ongoing collaboration with WG.

RECOMMENDATIONS

42. CCR Regional Cabinet is asked to:

(1) approve the Digital Infrastructure Framework drawn up as a means of positioning and aligning priority digital interventions and activities required in the Cardiff Capital Region;

(2) endorse the recommendation of Investment Panel that the Strategic Outline Case for the Fibre to the Premise proposal is approved and £35,000 of funds from the Programme Development Budget is released to support early stage due diligence;

(3) endorse the recommendation of Investment Panel that the Strategic Outline Case for the Wales 5G Programme and release of up to £150k of funds from WIF Top Slice to advance and shape the proposal and fully secure and leverage the DCMS and partner investment potential of £31m;

(4) note and support the ongoing discussions with Welsh Government regarding collaboration;

(5) note the compatibility of other related proposals which are currently in the very early stages of the Investment Framework process;

(6) note and support the current position of the LFFN DCMS project.

Kellie Beirne
Director, Cardiff Capital Region
9 March 2020

Appendices
Appendices 2 (Strategic Outline Case – Full Fibre), 3 (Full Fibre Plan) 4 (Investment Panel Log) & 5 (Strategic Outline Case – Wales 5G) to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1	Strategic Framework - Digital Connectivity Plan & Map
EXEMPT Appendix 2	Confidential Strategic Outline Case – Full Fibre to 330k premises
EXEMPT Appendix 3	Confidential Full Fibre to 330k premise deployment plan

EXEMPT Appendix 4	Investment Panel Log 28 February 2020
EXEMPT Appendix 5	Confidential Strategic Outline Case - Wales 5G Programme
Appendix 6	Wellbeing of Future Generations Assessment

Strategic Framework : Digital Connectivity Plan

This strategic framework focusses on answering the following questions:

1. *What are the conditions required to make the Cardiff Capital Region one of the most digitally advanced regions in the UK?*
2. *What steps are required to initiate the activities to realise these conditions?*

Wider context and why this focus?

Digital connectivity underpins almost every aspect of modern living across work, travel leisure and health. High speed reliable internet to the home or business is now widely viewed as the 4th utility. By 2020, the volume of global internet traffic is expected to be 95 times that of 2005, and connected devices will outnumber the global population by nearly seven to one. In the UK, fixed internet traffic is set to double every two years, while mobile data traffic is set to increase further at a rate of 25% to 42% per year.

There is broad and proven recognition that the provision of digital services drives economic growth and enables social inclusion and cohesion. There is also a growing recognition that the availability of world class digital connectivity stimulates innovation and the creation of new business sectors, however less than 10% of premised in our region have access to full fibre infrastructure.

According to research, the UK's business community, most particularly it's small and medium sized companies make up 96% of the Cardiff Capital Region businesses. In 2019, 9,584 start-ups were created in the Cardiff Capital region, representing 54 per cent of all new businesses created in Wales. Many of these businesses would stand to benefit enormously as access to full-fibre/gigabit connectivity could unlock billions in business productivity, innovation and access to new markets, in addition, an increase in growth would be driven from catalysing new business start-ups, while the increased ability for companies to support flexible working could add huge benefits to both businesses, citizens and the environment.

Our Vision

To have a digital environment which is open and flexible and has the ability to anticipate future demand and adapt accordingly, by working with the telecoms market and our key business sectors to allow them to compete and lead on a UK and Global level.

Measures of Success for the Digital Connectivity Plan

- Working with the market to enable **open, flexible, gigabit capable, or full fibre connectivity** throughout the region, through a hybrid approach of different solutions which interact with each other, allowing resilient and highly capable connectivity;
- To take **digital solutions from concept level through to deployment** for radical service delivery change in public sector including IoT, MedTech and Smart Devices.
- Availability and alignment of **skills in the digital environment** from apprentice level to highly skilled digital analysts

Strategic Focus

Digital connectivity is a critical enabling infrastructure that supports economic growth and social inclusion, and four strategic elements have been identified to deliver a globally competitive digital environment where our key business sectors can harness the opportunities provided by technologies such as 5G and Gbs services.

1. **Full Fibre/Gigabit Connectivity**

Full fibre has the highest immediate economic and social impact and is therefore a primary concern for the region to be at the forefront, this is evidenced by the UK government statement that the UK must achieve full fibre for 15 million premises by 2033. For 5G deployments, fibre connectivity is a pre-requisite and its absence will slow 5G and even 4G coverage. Residents and businesses having access to world class fibre networks and 5G will open the door to innovation at all levels and accelerate the move towards full digital transformation across both public and private sector organisations.

Global Connectivity

The implementation of a link to Ireland and onto the USA enabling the fastest possible connection through the worldwide global digital network. This link would immediately put the region on par with Manchester in terms of digital access, opening opportunities that are currently out of reach for data centres, financial cloud services and media and creative content providers.

What we will do;

- Work with Welsh Government to recognise the demand for this level of connectivity.
- Develop relationships with the operators to ensure all opportunities are maximised by having full sight of both private and public sector opportunities within the region

Regional Connectivity

Open access fibre/gigabit connectivity deployment throughout the region is essential, and should include public sector buildings, businesses and fibre to the home to ensure benefits for our businesses and citizens. By ensuring any targeted investment into fibre is maximising the impact the connectivity has to be of Carrier-Grade which will allow mobile telecoms operators to utilise the network and improve the mobile connectivity throughout the region.

We will;

- work with the market to ensure open full fibre/gigabit coverage across the region utilising the full range of potential stakeholders in using innovative commercial models
- develop proposals offering innovative wireless solutions which deliver reliable connectivity where full fibre is not logistically or financially viable
- work with Welsh Government to adapt the future PSBA model to become a more flexible systems integrator.
- Actively promote the region to the telecommunications industry to ensure that it is at the forefront of their investment planning
- work with key business sectors such as Creative and FinTech to understand the value of their aggregated demand within the dark fibre market to stimulate market investment.
- work with the major developers across the region to ensure digital connectivity in inbuilt into their development proposals
- Work with the 10 local authorities and other public sector organisations such as Health, to adopt a single wayleave and planning policy and charging matrix
- Work with major infrastructure projects such as South Wales Metro and Metro Plus programmes to ensure digital is included as default to maximise the services and impact of the project.

2. 5G Deployment across the Region

Presently 5G has been announced for deployment in the City Centre of Cardiff by various operators, such as EE and O2, and without a targeted approach by CCR, the rest of the region will be left behind and the digital divide will be even more apparent. By creating better market conditions for operators we can bridge the gap and ensure businesses and residents across the region can benefit from the step change in digital which 5G deployment will bring.

We will;

- Create an Infraco SPV which will become the one point of contact for operators in the market, allowing them to view the region as one opportunity

- Work with the 10 local authorities to harness the power of their public sector assets such as rooftops and street furniture to have a cohesive regional approach
- Identifying new user cases for 5G across the region, ensuring emerging and already established businesses are fully aware and understand what a 5G environment could do for their business
- Identify and trial innovative solutions for delivering public services in the future

3. Open Data Environment

Maximising the opportunities around the data rich organisations located within the region, such as Transport for Wales. This would enhance the understanding of Intelligent Data for all key business sectors to allow them to make more informed decisions.

We will;

- Work with Transport for Wales and the development of the South Wales Metro to create new innovative digital solutions for mobility around the region by creating opportunities around real time data solutions for mobility, smart parking, Park & Ride, EV infrastructure

4. Digital Skills

Digital development and technology is moving at an exponential pace and new technology is not new for long before the next version is available, therefore a large number of SME businesses and public sector organisations find it difficult to adapt quickly enough to compete. There is both a gap in the basic understanding of what is available and what technology they could or should be moving to in the future.

We will;

- harness the ability of talent the region has in the Universities in AI, Cyber and Data Analytics and ensure we are signposting both our businesses and students to the opportunity we have to develop businesses to use these skills within the region.
- Develop plans to upskill in all areas of digital, from apprentice level to highly skilled digital analysts
- Using the concept of the Public Services Test bed, to retrain current thinking within Public Sector to use innovate digital solutions

Future Generations Assessment

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 919286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** The proposal aims to seek cabinet support for the digital infrastructure framework and the SOCs for Full Fibre project and 5G
Proposal: Digital way forward	**Date Future Generations Evaluation form completed: 02 March 2020**

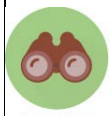
1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Digital is an underpinning requirement for economic growth and social prosperity. Developing approaches to new technologies and ensuring they can be scaled in the region, will not only attract businesses and investment, but develop the skills needed to meet these requirements.	The actions taken to maximize impact are around: • Development of shared approach with WG • Industry-led commercial infrastructure development • Links to future ready skills framework and digital skills development • The digital framework sees infrastructure needs in the round & brings together a

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?
		whole set of interventions that are fit for the future
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal reflects a desire to move forward with the digital agenda in ways which impact social, economic and wider wellbeing goals, ensuring we are resilient in the face of future challenges. Digital will support agility and options for minisming travel, home working and embedding local resilience.	A focus on data and evidence and the underpinning nature of digital in relation to EV, LEV air quality and active travel all demonstrate the key objectives with which digital interfaces.
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Digital connectivity is a 'hygiene factor' and seen today, as the fourth utility	Ensuring people in towns and smaller settlements across the region will create opportunities for people to feel better connected and to enjoy accessibility to services.
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Appropriate levels of connectivity across the region are key to enhancing coherence and connectedness of communities	5G SOC in particular is about building upon a rural focus and scaling up to benefit the wider region. Selecting and developing the right use cases is a risk area and must be done with consideration and thought.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above – digital connectivity is a core service and requirement for communities and businesses and educational establishments.	More needs to be done to work with government and industry partners to focus on global connectivity and enhancing UK internet link through international collaboration, thus inducing inward investment and FDI opportunities.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People	Digital offers a key means of optimizing this.	

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?
are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	This proposal goes to the heart of inclusive growth and ensuring equity of provision and equality of access.	

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?
 Balancing short term need with long term and planning for the future	Digital is an underpinning future industry that is central to the success and sustainability of all economic sectors and plays a significant social role.	The report sets out need for a digital plan for CCR which will cover short, medium and long-term aims as well as some early potential interventions that could lead to large scale delivery
Working together with other partners to deliver objectives	The proposal is a partnership with WG, other public bodies and businesses.	
Involving those with an interest and seeking their views	This approach has straddled regions, sectors, businesses, skills bodies, government groups and universities.	

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?
Putting resources into preventing problems occurring or getting worse	The project supports growth in a long-term high-productivity through a core digital connectivity offer. This will help ensure data, digital competency and bandwidth is in place to support growth and prosperity for all.	The FTTP SOC is aimed at levelling up digital supply and demand across the region.
Considering impact on all wellbeing goals together and on other bodies	The proposal is central to delivery of all wellbeing goals.	

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 proposal for base connectivity should be open to all and accessible to all. This makes the case to plan digital infrastructure development to bring a whole region to life.	None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all businesses and communities.	Planning through the Regional Skills Partnership
Disability	The proposal for base connectivity should be open to all and accessible to all		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	The proposal for base connectivity should be open to all and accessible to all	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above.		
Race	As above.		
Religion or Belief	As above.		
Sex	Again, should the proposal be successful, proper regard will be had to working conditions and rights and ensuring equity. Efforts in this regard need to be twinned with more support for women in particular in STEM related work.	Proportion of women employed in STEM related professions is generally lower than that of male counterparts.	Data and evidence through the activities of the RSP to inform any potential need for targeted recruitment processes.
Sexual Orientation	As with all of the section above.		
Welsh Language	We will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting	Opportunity exists to advise and support our young people about the potential for careers, growth and personal development through engagement with this sector		Ensure information about the industry in which the ten LAs are investors – is conveyed to and shared with young people in the care of the LA. Consideration should be given to city deal employment opportunities being more closely referenced in Corporate Parenting Policies and Strategies.

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

- Data and evidence
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends
- Work to date by Cube Ultra
- Demand analysis
- 5G Wales report
- Submissions into the CCR Investment Framework

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 proposal is a speculative one at this stage and pre-submission of EOI.

7. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress
Ensure the plan for digital connectivity is monitored to optimize and maximize contribution to wellbeing goals – e.g. prosperity, connected communities and opportunities through data and evidence to plan, prevent and shape behavioral change.	**As SOCs proceed through the business case stages and via detailed due diligence**	**Proposers and City Deal office**	

8. 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:	**June 2020 – as per phases of agreed due diligence**

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

STRATEGIC FRAMEWORK FOR MEDICAL DEVICES AND DIAGNOSTICS AND STRATEGIC OUTLINE CASE FOR LIFE SCIENCES PARK, LOWER TAF VALLEY

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 6d

Appendices 2 and 3 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To set out a Strategic Framework for the development of a Medical Devices and Diagnostics Cluster in the Cardiff Capital Region, consistent with the 'Analysis of Priority Sectors' Report 2019, which identified the sector as having significant growth potential. The framework is aligned to the Expression of Interest made to UKRI's Strength in Places Fund in September 2019 for CCR Med-tech and sets out the conditions needed to make CCR internationally significant in this regard and provides context against which to establish and align future interventions and proposals.

2. One such proposal recently received into the CCR Investment Framework and which has been subjected to the detail initial scrutiny of Investment Panel is from a Cardiff-based private property developer. The proposal seeks a Joint Venture approach to developing a Life Sciences Park at Junction 32, Coryton/ Lower Taf Valley. This report summarises a Strategic Outline Case to progress thinking and early stage development of the proposal.

Background

Strategic Framework – Devices and Diagnostics

3. Medical Devices and Diagnostics is a core priority sector for CCR and is prominent within both the Industrial and Economic Growth Plan and the wider Investment and Intervention Framework. CCR's participation in a recent EOI to

the Strength in Places Fund shows there is real interest and strong commitment in the sector across industry, SMEs, NHS and academia. Med-tech is one of the fastest growing sectors in the CCR. With over 200 businesses, mainly SMEs operating in the sector, with a combined turnover of £1.5bn and 8,000 employees, the growth potential is significant – both in economic and societal terms. In relation to research strengths, Cardiff University positions 8th on the 2014 Research Excellence Framework for clinical medicine through the School for Precision Medicine and Diagnostic Pathology Hub. In addition, there are anchor companies that have global status and act as a driver for inward investment and FDI. Creo Medical in Chepstow is an industry leader in endoscopic electro-surgery devices and Renishaw in Pontyclun, houses a healthcare centre of excellence in 3D industrial additive manufacturing. In addition, the SME presence is strong and vital.

4. It is critical that we take the opportunity to build upon these credentials and optimise the supply chain connections, maximise in-region supplier effects, reinforce and support the skills base and add value through collaborative R&D; marketing/branding and opportunities around FDI and inward investment. In addition, given developments across the region such as the Torfaen Medi-Park proposal and Monmouthshire Med-tech – there is a real opportunity to develop a cluster-scale approach.

5. The framework sets out a vision to create a fit for future eco-system enabling the CCR to be recognised as internationally significant in the field of Devices and Diagnostics. This is supported by anticipated measures of success, which include becoming a location of choice, intensity of R&D and innovaton-readiness, developing the volume and growth potential of businesses in the sector and skills proivision suitable for the dynamic interchange of disciplines needed to support a cluster approach. The framework further identifies five strategic pillars to prop up the model, which comprise eco-system development, capacity around pre-clinical and clinical trials (centres), shared resources to support new product/ service/ company formation and enhancing skills supply and availability - all along with having access to the right infrastructure, connectivity and physical provision.

6. It is proposed that a light-touch governnace structure is established to support the approach and this will be convened via the REGP and co-ordinated into the core business engagement work. MediWales and Life Sciences Hub Wales are both organisations that operate in the life sciences arena and have direct links to the business, health and academic community. There is an opportunity to work with such partners, but retain a steadfast focus on the core CCR objective to build a cluster-led approach and ensire a vibrant community of medical devices and diagnostic businesses. The Medical Devices and Diagnostics Strategic Framework is attached at Appendix 1.

Proposal – Life Sciences Park, Lower Taf Valley

7. In October 2019, a proposal was first received via the Investment Framework from a Cardiff based developer, as the owner of a significant and strategic site at Coryton, on the outskirts of Cardiff and at the foothills of the A470. The site has a strong history of supporting a prominent life sciences business and on

acquisition of the site in 2017, the developer has been committed to further establishing it as a centrally located strategic hub for fuelling regional med-tech growth.

8. The proposer is seeking co-investment in delivering a proposed Life Sciences Park. The project proposal seeks to:

    - Provide up to 225,000 sq. ft of Grade A office/ R&D accommodation
    - Complement the profile of an existing significant anchor tenant
    - Build upon heads of terms under agreement with wider significant research/ government and industry occupiers that will develop a Wales and UK-wide profile
    - Directly and significantly contribute to jobs, growth, private sector leverage – as well as Returns on Investment
    - Develop characteristics required to support range of high-value add sectors targeted in the Economic and Industrial Growth Plan and connecting to linked-supply chains already present in the region, such as Compound Semiconductors
    - Leverage further significant land holdings in the area and tie in with major new healthcare provision both planned and underway in the vicinity, as well as further strengthen the basis for improved rail connectivity linked to building regional capacity through Metro Central
    - Provide space and services for c2,000 high value jobs

9. In relation to outline deal-terms, the proposal is in its early phases. However, due to the initial work of Investment Panel in interrogating and examining the options potential of the proposal, the co-investment requirement would consider: an initial equity match (to mirror land acquisition contribution) coupled with a senior debt package. Such an option is likely to require facilitation through a corporate legal structure. The proposed deal terms also offer strong security for CCR and the deal would be structured on full commercial terms ensuring state aid compliance.

10. Investment Panel recommended to Cabinet in its October 2019 report that the proposal was fit for entry to the Investment Framework. In this time it has scored the proposal, considered the options associated with it and helped develop the proposal into a Strategic Outline Case. At its meeting on 28 February 2020, Investment Panel endorsed the Strategic Outline Case for onward approvals by Regional Cabinet and supported the need to advance the proposal quickly, through the commissioning of targeted demand analysis and initial due diligence at a cost of £30,000. This will enable the proposal to move through the business case process and for the results of the initial diligence exercise to be reported to Cabinet in quick time. Investment Panel has emphasised the prospect of strong commercial viability and is suggesting that the early phase of research is conducted swiftly, in order that this opportunity is not missed.

11. Regarding meeting the cost of due diligence, legal advice suggests that upfront initial due diligence costs should be met by CCR in providing the initial assurance

that the scheme is viable. The proposer then, subject to the process, covers the cost of detailed due diligence, which is added to the loan. In the case of a proposed Joint Venture, where there is an ongoing share of upside generated, it is common practice for the detailed due diligence and transaction costs to be shared. It is therefore suggested the initial £30,000 required is met from the CCR Programme Development Fund.

12. The Strategic Outline Case, as endorsed by Investment Panel is attached as a confidential and exempt document at Appendix 2. The Investment Panel Recommendation Log (28 February 2020) is further attached at exempt Appendix 3.

Financial Implications

13. This report seeks Regional Cabinet's approval to set aside £30,000 from the Programme Development and Support Budget to fund the immediate commissioning of demand analysis and initial due diligence for this proposal.

14. If approved, the City Deal financial contribution can be met from sums set aside in respect of the Wider Investment Fund 'Top-Slice' and it is anticipated that these costs will be incurred during Financial Year 2020/21.

15. Any subsequent approvals for further expenditure on this project as a result of the Business Cases brought forward will be subject to periodic financial and performance reports throughout the year. Access to funds will need to be through agreed criteria which align to the requirements of the Investment & Intervention Framework itself. This includes the requirement to produce acceptable business cases in line with the funding requirements set out by HMT and Welsh Government as well as best practice. This is key, to ensure that City Deal funding terms and conditions are observed at all times and the risk of costs proving to be abortive at a later stage are minimised.

Legal Implications

16. The report, amongst other things, seeks authority for further due diligence work to be carried out to develop proposals for the project referred to. It is understood the Overarching Funding Agreement which sets out the investment criteria has been complied with to assess the applications at the SIFT stage.

17. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. As set out in the body of the report, to ensure compliance with the JWA, business cases will be developed for each project and the approach taken will be consistent with the HM Treasury Green Book and business case appraisal process , applied in a manner that is proportionate to the project in question.

18. It is important that the due diligence and development of the business case involve consideration of the legal issues raised by the proposals to ensure that

the proposals, as developed, meet all legal requirements. It should be noted that developing the business case is likely to require significant legal resource, which will need to be funded by the CCRCD, as part of the costs of developing the full business case. By way of example only, consideration will need to be given to;

1. the legal powers available to the Councils and the Regional Cabinet to provide the various forms of investment under consideration;
2. the governance arrangements that should be put in place to administer the Funds (how and by whom decisions will be taken to award grants, loans, provide guarantees etc. at varying financial thresholds);
3. the terms and conditions that should attach to the various proposed funding arrangements, and
4. consideration of any planning law issues, state aid and procurement law implications.

19. Reference is made to legal advice having been sought and is set out in the attached exempt appendix 2 (Strategic Outline Case) to which Members are referred.

20. Members are also asked to approve the sum of £30,000 to be released from the Programme Development Budget which is addressed in detail in the financial implications. There is always a risk that expenditure on developing proposals could prove abortive if, amongst other matters, the project does not progress. That said funding could not be secured without the business cases being developed so the risk of abortive costs incurred in developing a business case is not unique to this particular project.

Well-being of Future Generations Act 2015 (Wales)

21. 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.

22. 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 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.

23. Regional Cabinet must be satisfied that the proposed decision accords with the principles above

24. 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 as an appendix to this report (Wellbeing of Future Generations Assessment) for member's consideration (Appendix 7).

25. 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

26. 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.

REASONS FOR RECOMMENDATIONS

27. There is a clear opportunity to develop a Medical Devices and Diagnostics cluster in the region and the attached supporting framework, provides background and steps for how this opportunity can be best realised. In addition, there is now a requirement, evidenced through the Investment Framework, to take forward to an initial stage of due diligence, a proposal that has the potential to make a significant contirnution to the aims set out.

RECOMMENDATIONS

28. It is recommended that the Cardiff Capital Region Joint Cabinet:

a) Notes and endorses the Strategic Framework for Medical Devices and Diagnostics which provides context to, and a set of priorities against which to position future interventions and investment proposals; and,

b) Approves the recommendation made by Investment Panel that the Strategic Outline Case is approved and £30,000 released from the Programme Development Budget to support the immediate commissioning of demand analysis/ initial due diligence

c) Approves to receive a further report, setting out findings and any proposed next steps of the business case development process, once Investment Panel has had opportunity to consider output

Kellie Beirne
Director, Cardiff Capital Region
9 March 2020

Appendices

Appendices 2 and 3 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

Appendix 1	CCR Strategic Framework – Medical Devices and Diagnostics
EXEMPT Appendix 2	Strategic Outline Case – Life Sciences Park, Lower Taf Valley
EXEMPT Appendix 3	Investment Panel Log 28 February 2020
Appendix 4	Wellbeing of Future Generations Assessment

Strategic Framework: Medical Devices and Diagnostics Cluster

This strategic framework focusses on answering the following questions:

1. *What are the conditions required to make the Cardiff Capital Region an internationally significant region in the field of Medical Devices and Diagnostics?, and*
2. *What steps are required to initiate the activities to realise these conditions?*

Wider context and why this focus?

- Identified as a priority sector/cluster in CCR Industrial and Economic Plan
- Interest in the cluster/sector for action from industry, NHS, and academia
- A bit of narrative on the sector/cluster and the opportunity, market opportunity etc.
- CCR to enable cluster development and growth

Med-tech is one of the fastest growing sectors in the Cardiff Capital Region. With over 200 businesses, mainly SMEs operating in the sector in the region, with a combined turnover of £1.5bn and 8,000 employees the growth potential is significant. In terms of the research base, Cardiff University positions 8th on the 2014 Research Excellence Framework for clinical medicine through the School for Precision Medicine and Diagnostic Pathology Hub. In addition, there are anchor companies that have global status and act as a driver for inward investment and FDI. Creo Medical in Chepstow is an industry leader in endoscopic electro-surgery devices and Renishaw in Pontyclun, houses a healthcare centre of excellence in 3D industrial additive manufacturing.

It is vital that we build upon these credentials and optimise the supply chain connections, maximise in-region supplier effects, reinforce and support the skills base and add value through collaborative R&D; marketing and branding and opportunities around FDI and inward investment.

Our Vision

Building on the existing assets and stakeholders in the region, create a vibrant ecosystem that is fit for purpose, of sufficient scale, scope and activity to make the Cardiff Capital Region an internationally significant in the field of Medical Devices and Diagnostics.

Measures of Success for the Medical Devices and Diagnostics (MDD) Cluster

- A **rich and cohesive ecosystem** where the diverse component parts engage with, and work collaboratively with each other with minimal barriers to realise their individual and collective aims;
- An increase of significant scale in **R&D and innovation capacity and capability** to drive new product and service developments;
- A **location of choice** for medical devices and diagnostics companies and institutions, supporting new start-ups and attracting inward investment;
- Increase in the number of **businesses within the cluster**, with increased employment and turnover/profit to boost productivity and accelerate economic and inclusive growth;
- Availability and alignment of **skills provision suitable for the dynamic change** in disciplines required for medical technology needs.

Strategic Pillars

Five strategic pillars have been identified that will be central to the achieving the vision. These pillars will result in an effective and seamless pathway to market for medical devices and diagnostic businesses, and enable the Health Boards to meet their clinical needs efficiently within the Cardiff Capital Region.

1. **Ecosystem development**

   Our region currently boats over 200 medical devices and diagnostic companies, is home to three Health Boards and three universities active in the field of medical devices and diagnostics. This provides a rich baseline of assets for further developing a cohesive ecosystem and develop a cluster identity within the region.

   We will:

   - Provide coordination, strategic voice and articulate a strategic narrative for the MDD cluster *(based on this strategic framework and subsequent versions)*
   - Establish a community of practice for the cluster, led by the cluster, with activities and tools to voice and steer change to meet cluster needs
   - Instigate tools and mechanisms to enable free moving collaboration between cluster members to further their collective aims and develop a strong economic and innovation ecosystem
   - Establish an observatory function that provides strategic insights and analysis into future market opportunities and challenges

2. **Enhance the pre-clinical and clinical trials capacity**

   The process of taking an idea into clinical application is long, expensive, specialised and challenging, and not all aspects of the development pipeline/process are available within the CCR region.

   We will:

   - Develop a number of Centres of Excellence and facilities to support the development and testing process within the region for all aspects of pre-clinical research, clinical trials, diagnostics, advanced manufacturing and high-fidelity surgical training. We will ensure that they all work collaboratively together to retain the expertise and value within the region and attract others to the region based on the unique collection of capabilities that will be available
   - We will ensure that pathway between facilities is seamless and available to all in the cluster
   - We will constantly assess gaps in provision and instigate actions to address these

3. **Shared Resources to support new product, service and company formation**

   The scale of the resource requirements and cost of taking an idea into market can be prohibitive for small companies, and is a key barrier to further innovation and exploitation of market opportunities.

   We will:

- Constantly and consistently audit, assess and analyse the resource required against existing provision, utilising the expertise available within the cluster/ecosystem
- Create a shared resource directory and actin plan in the region to support the further development of the MDD cluster. This will include specialist expertise in clinical excellence, health economics, legal and regulatory support in order to develop, test and prove market readiness and commercialisation of products and services

4. **Enhancing the availability of skills**

   The region is home to three universities and five further education collages, which provide a stream of well-educated workforce, but there is more to be done. We must ensure that the region has a highly skilled, motivated and forward thinking workforce. We must increase the amount, breadth and depth of high-value skills and roles educated and employed, and acting as a draw to employers and employees as the location of choice with the best people and places to develop medical devices and diagnostic products and careers in the UK.

   We will:

   - Ensure that there are apprenticeship routes available across the region to support the business needs of the MDD cluster from component assembly and biochemistry to data analytics and quality control standards
   - Encourage young people to consider MDD as a career of choice, helping save lives every day
   - Work with the CCR Graduate Scheme and encourage participation from cluster members
   - Work with the Collages and Universities to develop new and bespoke courses to meet the future and changing needs of the MDD cluster members

5. **Physical infrastructure**

   Whilst the region is not vast in scale, there is a lack of a locus of concentration for medical devices and diagnostic companies within the region – they are dispersed across the region, which is both a strength and a weakness.

   We will:

   - Create physical hubs across the region to support the development and growth of businesses within the MDD cluster from incubation units co-located with universities/health boards to the creation of a science parks for larger businesses to co-locate.

Governance

We propose establishing a Board of industrial (6 members – mix of larger businesses, SME, and Start-up), NHS, Academic, and government representatives to develop a focussed action plan to support the delivery of this strategic framework. [No more than ten

representatives in total]. The Board will report directly to the Regional Economic Growth Partnership and have direct links to the Regional Skills Partnership and the Regional Business Council.

This work falls under the Innovation, Research and Business Portfolio, led by Cllr Peter Fox.

MediWales and Life Sciences Hub Wales are both organisations that operate in the life sciences arena and have direct links to the business, health and academic community. These will be important partners, and could complement the work of CCR in seeking to foster regional cluster development and an economically vibrant community of medical devices and diagnostic businesses.

Future Generations Assessment

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 919286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** Provide overview of a SOC for JV deal to develop a Life Sciences Park at Lower Taf Valley
Proposal: Life Sciences Park, Lower Taf Valley	**Date Future Generations Evaluation form completed: 2 March 2020**

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Life sciences and in particular, medical devices and diagnostics is a key sector with strong growth prospects and reliance on a diverse supply chain of SMEs.	The report is at SOC stage only and ensuring the widening of benefits and interfaces with other key industries of the future will be developed through the necessary stages of business case formation.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The sector could represent a thriving eco-system of a different kind. Creating conditions for human connections, skills development and in-region supplier effects all form part of this picture.	The proposed site development will need to make a contirnution to decarbonsation and vital environmental eco-systems

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	This contributes directly to healthcare and provision, clinincal futures and R&D in special sectors such as genomics	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Providing good jobs in key future industries will be important to this	A greater contribution will be made to this by the aforementioned data capability, sectoral analysis and place assessments.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	This could see the region grow its international comparative advantage	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The SOC majors on the opportunity around supplier effects and in –region development of supply chains and SME support	

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?
Balancing short term need with long term and planning for the future	The proposal is a SOC at this stage and as the business case builds ad develops, will be able to shed greater light on these matters	
Working together with other partners to deliver objectives	A cornerstone of our process is the strength of partnership working. An update on governance proposals for the framework (Devices and Diagnostics) is set out in this report	Tie the approach into Medtech SIPF and the Medical Monday events
Involving those with an interest and seeking their views	Communications and engagement remain a feature of our work and will expand once the business case further develops.	
Putting resources into preventing problems occurring or getting worse	This is set out in the REGP work on the developing Regional Economic and Industrial Plan.	This will be an increasing focus of scheme and programme delivery.
Considering impact on all wellbeing goals together and on other bodies	As the business case progresses through the framework, this can be further considered.	

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	N/A at this stage	None arising at this time.	As the case passes through the business case development process and should a FBC be forthcoming, this will be looked at comprehensively as part of sustainability requirements.
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		
Sex	As above		.

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

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care		

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

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

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 the business case develops and the causes/ effects and consequences are understood – provision will be ongoing.

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:	**July 2020**

Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 MARCH 2020

INVESTMENT FRAMEWORK REPORT & INVESTMENT PANEL RECOMMENDATIONS – ADVANCING METRO CENTRAL

REPORT OF THE CCR DIRECTOR

AGENDA ITEM 6e

Appendices 2 (Weston Williamson Report), 3 (Outline Business Case) and 4 (Letters of funding Commitment) to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To provide an update on the Metro Central project and to set out the ask of the scheme promoters, Welsh Government and Transport for Wales, for up to £4m funding contribution towards the c£10m cost of completing essential design specification and technical requirements, which will inform and shape a programme-level Full Business Case.

Background

2. In January 2018, the Cardiff Capital Region City Deal Cabinet agreed in-principle to set-aside £40m of City Deal funding to support the redevelopment of Cardiff Central Station on the basis that match funding would be forthcoming from the UK Government, Welsh Government and the private sector and subject to a Full Business Case. On 22 July 2019, the UK Government announced a similar in-principle funding contribution of £58.3m. Welsh Government has also agreed to contribute £45m and the adjacent landowners are developing associated commercial proposals that will represent an investment of similar proportions. It should be noted that these figures are illustrative and subject to confirmation through ongoing business case testing, procurement and development.

3. Metro Central is a critical component of the overall South Wales Metro programme. Its capacity determines the overall capability and resilience of the network, and is also the sole connection between the Great Western Mainline and the Core Valley Lines. As such, the ability of the station to deal with increased patronage is fundamental to the future success of city-region infrastructure, and its ability to achieve dispersed and inclusive growth across the CCR.

4. A detailed governance structure (the Metro Central Delivery Partnership) has been established to oversee the development of the project including representatives from Cardiff Council, Welsh Government, Transport for Wales, Network Rail, the private sector, and in recent weeks has extended to include officers from the City Deal.

5. At the Cabinet meeting of 15 January 2018, it was agreed in principle to allocate £40m of City Deal Investment Fund capital towards delivery of the Metro Central project as outlined in this report, subject to:

    1) Discharge of the JWA Business Plan reserved matter;
    2) Formal approval of the Full Business Case by the City Deal Cabinet in accordance with the City Deal Investment Fund Assurance Framework and full consideration by the appropriate advisory bodies and sub-committees;
    3) Completion of the GRIP and WelTAG processes; and
    4) Commitment to match-funding from Welsh Government, UK Government and the private sector as outlined in this report.

6. Subsequently a request for a City Deal funding contribution of £100,000 was approved by the Cardiff Capital Region City Deal Cabinet in October 2019 to assist with the development of architectural proposals based on the initial feasibility studies undertaken by ARUP – the Weston Williamson work (Appendix 1). This work was required to test the deliverability of the initial feasibility work as part of setting the context and developing the brief for the detailed Full Business Case work required to satisfy the UK Government investment and the proposed full investment to be made by City Deal.

7. The commitment of £100,000 by the Cardiff Capital Region City Deal Cabinet was also considered by the City Deal Investment Panel prior to its approval. In their consideration, the Investment Panel also sought for further information to be provided following approval and in anticipation of the final consideration of the full funding of the project. These considerations, also endorsed by Regional Cabinet, included:

    - *Additional information to be appended to the current OBC to respond to the City Deal Requirements and demonstrate the case for the wider elements of the scheme (beyond rail) for which City Deal funds are sought – a programme-level case.*
    - *Confirmation of the DfT conditions for future investment.*
    - *Ensuring that the Cardiff Capital Region feature in governance arrangements.*
    - *Clarification of the overall funding envelope, including a summary of:*
        - *Total estimated cost (split across pre and post FBC approvals)*
        - *Funding split for each partner (for each phase)*
        - *Status of funding approval (for each partner)*
        - *Costs incurred to date (for each partner)*

- *Re-run cost benefit ratios relating to the above and low and high growth scenarios related to City Deal Requirements*
- *Assessment of ROI and basis on which investment is sought*

- *Re-submission of SIFT questionnaire to capture as much of the above as is practicable at this stage and present as one case*

- *Further elaboration of plans for sustainability, wellbeing and low carbon*

8. A full response to the considerations set out above can only be provided by the Full Business Case (FBC) as this will confirm detailed proposals with associated detailed cost estimates based on procured solutions. At this stage in the process the proposals remain indicative and therefore the considerations can only be partially addressed. However, it is clear from wider developments and the broadening scope of this complex and multi-faceted public-private scheme, a FBC must be at programme level (as opposed to merely at individual project-level) and give consideration to all elements of the scheme – in order to independently inform the basis upon which City Deal investment is made; the outcomes it will contribute to; and how benefits and momentum is captured and shared by all partners. This is particularly key in the light of City Deal Requirements around jobs, growth, private leverage and the types of ROI that might be delivered.

Summary of the Proposal

9. The January 2018 report outlined and approved the strategic case for the Metro Central project, predicated on a number of key tenets, namely:

Transport Infrastructure Requirements

10. Cardiff Central is of critical importance to the regional transport network. It is the only interchange station between the Core Valley Lines (CVL) and the UK inter-city mainline. The station handles around 13 million entries and exits per year, almost six times as much as Cardiff Queen Street which is the second most used railway station in Wales. Recent growth in passenger use has led to the station regularly operating at capacity, or close to capacity. During major event days capacity is regularly exceeded, requiring restrictions to enable the station to operate safely.

11. Passenger numbers are predicted to continue to grow into the next decade and beyond. By 2023 growth is expected to reach 22 million entries and exits, rising to 32 million by 2043. It is predicted that the station will exceed capacity on a daily basis by the mid-2020s, resulting in restrictions becoming a much more regular feature. This will effectively restrict growth of the Metro network and hold back the economic potential of the Cardiff Capital Region. In simple terms, an increase to the capacity of the station for trains and passengers is required to support the future growth and sustainability of the Core Valley Lines, and to ensure full realisation of the potential for economic growth across the region.

Private Sector Leverage

12. Historically, the expansion of Cardiff city centre has been constrained by the main east-west railway line. In recent years, significant progress has been made to assemble a series of regeneration projects, through public private partnership and concerted land assembly initiatives that have the potential to penetrate the main railway line and mobilise the expansion of Cardiff city centre towards Cardiff Bay. It is estimated that the overall regeneration potential of these key regeneration projects has the capacity to deliver circa 5,000,000 ft^2 of commercial development, comprising:

    - Central Square (1,000,000 ft^2)
    - Central Quay (1,000,000 ft^2)
    - Dumballs Road (1,000,000 ft^2)
    - Callaghan Square (1,000,000 ft^2)
    - Capital Quarter (500,000 ft^2)
    - St David's Square (500,000 ft^2)

13. In total, this amount of commercial development space has the potential to convert into more than 30,000 jobs over the next 10 – 15 years, leveraging in excess of £2bn of Gross Development Value, and over £1bn of GVA. This is significant component of the overall scheme and further evidences why a programme level Full Business Case is necessary in order to be clear about the benefits and opportunities CCR is helping to catalyse.

Regional Impact

14. The regional reach of Metro Central is potentially greater than any other regional project given its position at the heart of the Metro development and the quantum of jobs it can provide for the city-region. This is also backed up by current evidence that shows that commuters using Cardiff Central are four times as likely to live outside the boundaries of Cardiff as within them. Furthermore, the premise of Metro Central is also to drive regional business growth through improved connectivity with the national rail infrastructure. As the sole connection between the Core Valley lines and the national rail network, Metro Central would therefore act as one of the city-region's key means of connectivity with the rest of the UK.

Modernisation of Cardiff Central Train Station

15. The fundamental elements of the project remain as was presented in the 2018 Cardiff Capital Region Cabinet Report, are set out below. Regional Cabinet has been clear that any investment it might make, will be on core infrastructure facilities that will drive regional benefits – not on public realm and environmental enhancements in the immediate locality.

    - Alternatives entrance/gateline locations
    - Platform 0
    - Vertical transportation (VT) alternatives
    - North-South unpaid alternatives
    - Commercial opportunities

- Roof enclosure
- Back of House /Servicing
- Intermodal links
- Public realm/landscape

Project Update

16. The January 2018 report outlined that the Metro Central project is a complex proposition that will need to involve a broader range of partners. It is clear that the scale of improvements required to modernise Cardiff Central Station and to make it safe and fit for purpose will require a significant contribution from Welsh Government and the UK Government in addition to contributions from the Cardiff Capital Region City Deal and the private sector. Unlocking rail related investment from UK Government requires a series of submissions to be made through the formal and detailed Governance for Railway Investment Project (GRIP) process. Similarly, it was outlined that any Welsh Government contributions will require submissions through the Welsh Transport Planning and Appraisal Guidance (WelTAG) process.

17. The initial stage for both of these processes (the Strategic Outline Case) was jointly commissioned by Cardiff Council, Welsh Government and Rightacres Property Ltd as part of the January 2018 report.

<u>Outline Business Case - Rail</u>

18. Following this, an Outline Business Case was submitted by Welsh Government to UK Government and is attached as Appendix 2 (exempt from publication). This is not a programme-level OBC and focuses only on the rail related component required to improve passenger capacity in the station – so as to inform UK Government investment. This follows HMT Five Case format, and aligns with the 2017 Welsh Transport Appraisal Guidance (WelTAG) and the Transport Analysis Guidance (WelTAG) published by the DfT.

19. As part of establishing the business case, the report defined following strategic objectives for the programme:

    - O1 Implement measures to alleviate crowding and congestion routinely experienced within the railway station, and to accommodate the region's event demand.
    - O2 Develop an enhanced, multi-modal interchange capable of functioning as the Capital Region's principal transport hub and the key station on the South Wales Metro network.
    - O3 Deliver an interchange that provides for the future generations of the Capital Region and Wales, by delivering sufficient capacity to accommodate long-term passenger growth.
    - O4 Enhance the connectedness and quality of access to Cardiff Central Enterprise Zone in a timely manner to ensure key development opportunities are realized.

- O5 Deliver qualitative enhancements that improve the passenger experience and create an interchange fit for the Welsh Capital and the Capital Region
- O6 Contribute towards improved air quality and help people live low carbon lifestyles by encouraging increased public transport usage and less private car transport.

20. For each objective, the "do something" option was compared against the "do minimum" option. The conclusion of the report's analysis was that the "do something" will deliver strongly positive results in relation to all of the above objectives, compared to the "do minimum".

21. For each programme element, the report also analysed the benefits and costs of the "do something" option (delivery of the enhancement programme), compared to the "do minimum" (retention of the existing facilities). Results were analysed and compared on a net present value basis, over the period ending at 60-years post-assumed scheme opening in 2023. In line with standard WelTAG and WelTAG practice, financial values in the Economic Appraisal are expressed in 2010 prices. Table 1 below summarises the results of this exercise.

Table 1: Economic appraisal – indicative results (£m, 2010 prices, discounted)

Cumulative values (60 years post-opening)	Low rail growth scenario	High rail growth scenario
I. Rail station enhancement		
Total benefits	44.11	51.38
Total costs	-28.71	-24.27
Net Present Value	15.40	27.12
Benefit to Cost ratio	1.54	2.12
II. New bus interchange		
Total benefits	8.56	9.17
Total costs	-5.62	-5.49
Net Present Value	2.93	3.67
Benefit to Cost ratio	1.52	1.67
III. Improved public realm & interchange areas		
Total benefits	54.60	54.60
Total costs	-25.79	-25.79
Net Present Value	28.80	28.80
Benefit to Cost ratio	2.12	2.12
IV. Consolidated programme summary		
Total combined benefits (I. – III.)	107.26	115.15
Wider benefits (programme-level)	1.48 (lower case)	4.60 (higher case)
Total costs (I. – III.)	-60.13	-55.56
Net Present Value	48.61	64.19
Benefit to Cost ratio	1.81	2.16

22. The results show a benefit to cost ratio of significantly greater than one in both scenarios considered, with a value exceeding two for the high growth scenario.

23. These scenarios were broadly in line with the findings of other reports into the impact of major station regeneration projects, a summary of which is provided in Appendix 3. These reports also emphasised the wider economic impact of such projects.

24. The report further concluded that “The programme will create an integrated transport hub that significantly enhances access to central Cardiff, as well as catalysing further commercial development in the Cardiff Central Enterprise Zone.” It also concluded that “The case for intervention is compelling and urgent. The railway station is already operating at close to capacity, and experiences overcrowding and congestion on a daily basis. Without urgent upgrades the station will be unable to accommodate projected passenger numbers during daily peak periods by the mid-2020s”

25. Further detail on the outcomes of the five case business model are included within the report in exempt Appendix 2.

26. In order to support the further development and progression of programme proposals, the report also outlined a number of recommendations with regard to key aspects of the analysis presented in the report, these include an enhanced analysis of options where a more detailed overall vision is presented. This is consistent with the need for a more detailed and comprehensive view through a Programme-level Full Business Case and must be progressed in order for key evidence to be presented which will inform the requirement for City Deal investment.

<u>Securing Funding Commitments</u>

27. Discussions between partners have also run in parallel with the development of the business case, and subsequently on 22 July 2019, the UK Government announced an in-principle contribution of £58m towards the redevelopment of Cardiff Central Station, subject to the completion of the final business plan and other necessary assurances (GRIP studies etc).

28. Furthermore, the Welsh Government have also made a commitment to investing £45m in the wider Metro Central development, comprising £30m towards the bus interchange and £15m towards ensuring that Metro Central is integrated with the wider Metro project through station enhancements.

29. The commitment from UK Government discharges the “Commitment to match-funding from Welsh Government, UK Government and the private sector” requirement to unlock City Deal funding outlined in the Cardiff Capital Region Cabinet Report of 15 January 2018. Together with the private sector contribution the total contribution is expected to exceed £160m in totality – with the true level of investment leverage and opportunity to be evidenced through a programme-level business case.

30. Subsequently two matters outlined in the 15 January 2018 are now outstanding, namely the finalisation of the GRIP and WelTAG processes and the commissioning of a programme-level Full Business Case by programme proposers, TfW and WG which will need to be informed and scoped by CCR, in advance of procurement and subsequently, recommended by Investment Panel to Regional Cabinet for approval.

31. Letters of confirmation of funding are attached as Appendix 4.

Governance

32. The overall Metro Central Project is currently being overseen by the Metro Central Development Partnership (MCDP), which is formalised through a collaboration agreement that has been signed by the Welsh Government, Cardiff Council, Network Rail Infrastructure Limited and Rightacres Property Co Limited.

33. The partnership covers the wider Central Square development, and as such includes a wider development footprint than the Metro Central development. The shared aim of the partnership is to provide a co-ordinated and managed approach to the redevelopment of the areas of Cardiff Central Station, Central Square and Central Quay in an integrated way.

34. The terms of reference of the MCDP outlines that the purpose of the steering group is to:

- Provide a co-ordinated and managed approach to bring forward the redevelopment of the areas of Cardiff Central Station, Central Square and Central Quay in an integrated way in accordance with the agreed Vision;
- Enable agreement to be reached between the partners on key aspects of Metro Central including scope, funding, timing, consultation, consenting and delivery;
- Ensure that all project partners are engaged, coordinate their input and work together to deliver agreed objectives.

35. The key activities of the MCDP Steering Group are to:

- Agree a Programme of Projects in line with the agreed Vision
- Review submitted proposals, identifying outputs and timing and their development into Projects;
- Ensure the integration of each Project into wider the Vision;
- To monitor progress and endorse decisions made within the governance structures of the members' respective organisations
- Co-ordinate any bids made for public funds for project delivery
- Monitoring the progress of Projects and overall delivery of the Vision;
- Coordinate communications with other stakeholders and the wider public.
- The MCDP Steering Group is not a decision-making body, however actions it may wish to see taken can be agreed as a recommendation that the members may seek to ratify under their respective governance arrangements.

36. As overall scheme proposers, Welsh Government chairs meetings and provides secretariat support. Underneath the Metro Central Development Partnership, there are a number of sub-groups responsible for components of the overall Metro Central project. These groups comprise:

- Stations Alliance Working Group (Short-Term Projects at CCS)
- Commercial
- Metro Central Programme Full Business Case
- South Side Connectivity
- Cardiff Central Interchange Supervisory Board
- Active Travel

37. Membership of these various sub-groups is given in table x below.

Table 2: Metro Central Working Group Sub-Group membership

	RAP	CC	WG	TfW	NR	TfW RS	CCR	DfT
Stations Alliance Working Group (Short-Term Projects at CCS)				✓	✓	✓		
Commercial	✓	✓	✓	✓	✓	✓		
Metro Central Programme Full Business Case		✓	✓	✓	✓	✓	✓	✓
South Side Connectivity		✓	✓	✓	✓	✓		
Cardiff Central Interchange Supervisory Board		✓	✓	✓	✓	✓		
Active Travel		✓	✓	✓	✓	✓		

38. It is proposed that in order to ensure that the regional benefits of the Metro Central that a nominated representative of the Cardiff Capital Region is invited to the Metro Central Development Partnership Steering Group.

39. It is also proposed that there is a position for the Cardiff Capital Region on all Metro Central Working Group Sub-Groups, except for the Active Travel group (on the basis that this comprises a local rather than regional issue). A summary of the proposed new governance representative arrangements is provided below.

Table 3: Metro Central Working Group Steering Group and Sub-Group suggested membership

	RAP	CC	WG	TfW	NR	TfW RS	**CCR**	DfT
Metro Central Delivery Partnership Steering Group	✓	✓	✓	✓	✓	✓	✓	
Stations Alliance Working Group (Short-Term Projects at CCS)				✓	✓	✓	✓	
Commercial	✓	✓	✓	✓	✓	✓	✓	
Metro Central Programme Full Business Case		✓	✓	✓	✓	✓	✓	✓
South Side Connectivity		✓	✓	✓	✓	✓	✓	
Cardiff Central Interchange Supervisory Board		✓	✓	✓	✓	✓	✓	
Active Travel		✓	✓	✓	✓	✓		

40. The CCR Director attended MCDP for the first time on 10 February 2020. In seeking clarity about arrangements, sequence and timing of proposals, the following was confirmed:
    - WG and TfW are the programme proposers to CCR and will play the lead co-ordination function and have accountability for the programme as a whole
    - The scope of the scheme is broadening to focus on further infrastructure connections and opportunities such as the Cardiff Central to Cardiff Bay, Junction 33 and Coryton.
    - Current plans to commission individual business cases for the various component parts of the wider programme – will not be sufficient for CCR in demonstrating core requirements around leverage, growth and returns
    - That a programme-level Full Business Case should be commissioned by the scheme proposers, to capture all of the benefits, momentum and upside created by the scheme as a whole. This should be closely shaped and informed by CCR in order that full requirements can be met
    - That a recommendation would be brought for consideration to CCR Investment Panel (prior to Cabinet) regarding the finalisation of the design specification/ outstanding GRIP and WelTAG work, recognising this is needed to inform a Full Business Case. However this would be conditional upon a commitment from the proposers that a programme-level Full Business Case would be simultaneously commissioned in order to provide answers to outstanding questions posed by CCR
    - The design work is judged to cost in the region of £10m (10% of total project costs) but final costs will be subject to the outcomes of a full tender exercise. It is proposed that this is made up of >£4m CCR and >£6m DfT. The CCR contribution is deductible from the ring-fenced £40m. This is in light of WG already committing £30m of its proposed £45m for the Bus Interchange.

<u>CCR Investment Panel and the Regional Transport Authority</u>

41. CCR Investment Panel has a role in providing advice and assurance to Cabinet around investment proposals. To date it has made an onward recommendation to Cabinet on the £100,000 Weston Williamson work. Conditions were attached to this and were approved by Regional Cabinet relating to gaps in the current picture. These conditions are set out in paragraph 7 above. Cabinet added a further condition around CCR funds being directed into core infrastructure requirements only. Whilst certain conditions have been discharged such as governance representation, it is clear that the main points cannot be addressed until the Full Business Case is produced. The Full Business Case cannot be produced until the design/ GRIP work is complete. However, given the wider scope of the scheme and the commercial interests that feature, it is clear that a project level Full Business Case will not be sufficient. As set out in paragraph 41 above, it is suggested Investment Panel endorses these conditions, in order for a programme level case to be developed that establishes the ask, offer, benefits and potential to meet City Deal Requirements.

42. Additionally, the Regional Transport Authority (RTA) has jurisdiction in relation to informing decision-making on infrastructure schemes capable of delivering

benefits at a regional level. At its meeting on 27 February 2020, the RTA considered the report and made the following comments in respect of:

i. The need to be clear about the basis on which City Deal investment is made
ii. The need for clarity about the wider potential of the scheme to deliver wider benefits

43. RTA fully supported the report recommendation to CCR Regional Cabinet.

44. Investment Panel met on 28 February 2020 and considered the report comprehensively. Investment Panel recommended that the conclusions drawn were appropriate and reinforced the need for a programme level full business case in order to capture full benefits and value of the scheme, including potential for ROI. This was further endorsed by both the Regional Economic Growth Partnership and the Programme Board/Chief Executives group which also met on the same day.

Clarification of Investment

45. The total estimated cost of the Metro Central development is £185m, of which £30m is a contribution towards the new bus interchange; and £155m is a contribution towards the improvements to Central Train Station. This funding is split across:

- Bus Interchange (£30m)
    - Welsh Government (£30m)
- Central Train Station(£155m)
    - City Deal (up to £40m) - repositioning of north concourse; weather protection; remodelling of internal stairways.
    - Dft (£58.3m) - Platform 0 and other rail infrastructure related work; new barriers; improvements to platform areas; commissioning of second tunnel.
    - WG (£15m) - Improvements to north-south connectivity and Metro integration
    - Private sector (c£40m) - new concourse buildings and car parking

46. The development of the Full Business Case will be predicated on discharging the requirements outlined in the Cardiff Capital Region report of 15 January 2018, in particular the completion of the completion of the GRIP and WelTAG processes. In addition, it seeks to discharge the requirements of Investment Panel as endorsed by Regional Cabinet in October 2019 and as agreed at MCDP meeting on 10 February, the need for a Programme-level Full Business Case to capture the benefits of the whole scheme, as opposed to individual parts and clarity regarding the ask of CCR the offers, benefits and returns.

Costs Incurred to Date

47. The total costs incurred on the project to date include:

- Welsh Government costs of circa £250,000, which include feasibility studies, and the development of the Outline Business Case (produced by Arup).
- Cardiff Council have also made a contribution of £50,000 to the development of feasibility studies, as well as the Outline Business Case.
- The Cardiff Capital Region City Deal have contributed £100,000 to the development of the visioning work produced by Weston Williamson Partners.

Assessment of Return on Investment

48. The Investment Panel also requested for a re-run of the cost benefit analysis relating to high and low growth scenarios related to the City Deal requirements, as well as an assessment of the return on investment. In response to the this the development of the programme-level full business case will include further detailed consideration of:

- Total number of jobs created, focussing on indirect and induced.
- Increase in GVA associated with the development.
- Total private sector leverage
- The basis on which investment is made

49. In addition, the Full Business Case will also look at the additional return on the proposed up to £40m City Deal investment in relation to core aspects of the programme as a whole as well as a full economic impact assessment. This will be based partly on the consideration of how the development of Central Station can unlock further employment growth, the proportion of the additional employment growth that will be taken by rail commuters, and the proportion of those workers who will work across the Cardiff Capital Region. Currently modelled data suggests that the majority of rail commuters into Cardiff City Centre come from outside Cardiff (circa four out of five rail commuters).

50. To maximise the impact of Metro Central, the Cardiff Council Economic Strategy has placed the development at the centre of its vision for Cardiff and the city-region. This is not only based on the identification of the project as a Cardiff Capital Region City Deal priority, but also through a consultation process that identified the project as one that would drive jobs and growth for both Cardiff and the Cardiff Capital Region.

51. The project is also expected to exceed expected impact (in comparison with other nation schemes) as there is significant undeveloped brownfield land in the vicinity. In addition, analysis by Centre for Cities has shown that, compared with high performing cities in the UK, Cardiff is particularly underserved in terms of commercial property. To that end there is both the land supply and demand for investment in commercial property that will deliver the necessary economic impacts and returns for the Metro Central project. To maximise the impact of the Metro Central, Cardiff Council will also dedicate its economic development team to supporting investment in and around Central Square, in line with both its economic strategy, the Cardiff Capital Region Industrial and Economic Plan and the commitments included in the January 2018 Cardiff Capital Region report.

Progress in Securing Private Sector Leverage

52. The up to £40m in principle commitment was made with consideration of the significant private sector investment that would be leveraged from the Metro Central project. This development forms part of the wider Metro Central development of circa 5 million sq ft of commercial/residential development with the potential to accommodate more than 30,000 jobs and leverage £2bn of private sector investment over the next 10 – 15 years. Given the location of the development, as well as recent employment trends, the majority of jobs created within the Core Employment Zone would be taken up by residents across the city-region.

53. Furthermore, the sizable private sector investment and employment contributions leveraged from the development would make a considerable contribution to the overall jobs and GVA objectives of the City Deal, which in turn places less pressure on other projects to contribute towards these objectives.

54. The up to £40m in principle commitment has also subsequently supported the promotion of the Central Quay development that was outlined in the 15 January 2018 report. The development formed part of the Department for International Trade's *Wales Investment Opportunities* portfolio. This portfolio was launched in MIPIM in March 2018, and continued to be promoted by the Department for International Trade.

55. The prospectus outlined the key elements of the masterplan of Central Quay as being:

- Offices – between 6 and 12 storeys –110,000 m2
- Residential – up to 1,000 apartments in blocks ranging from 4 to 24 storeys
- Hotel – 200 beds – 6,000 m2
- University campus – 21,000 m2 in 2 blocks
- Student accommodation – 2 towers of 20 and 23 storeys, 24,000 m2
- Multi-storey car park – 695 spaces
- Leisure – brewery visitor centre food & beverage outlets, retail and public realm

56. More recently the Cardiff Capital Region and Cardiff Council have developed an investment prospectus to promote investment opportunities across the city-region. A significant element of this prospectus is focussed on the impact of the Metro on city-region developments, including Central Quay. The prospectus will form the basis of the Cardiff Capital Region proposition at MIPIM 2020.

57. The impact of all the above and the potential created will be assessed comprehensively through the aforementioned programme-level Full Business Case.

Next Steps – Finalising Design Specification and a Programme-level Full Business Case

58. The next phases of the project are interlinked. First, the GRIP and WelTAG processes must be finalised. This is important in informing the Full Business Case, but the commissioning of the programme level Full Business Case must also be activated immediately, with the processes being twin-tracked, in order to meet City Deal Requirements.

59. As noted in paragraph 40 above, the anticipated cost of the design finalisation through these technical processes is circa £10m, of which it is proposed that the Department for Transport funds £6m, and the Cardiff Capital Region City Deal funds £4m. The costs associated with the production of a programme level Full Business Case, will need to be met in full by the programme proposers, WG and TFW. This was agreed on 10 February 2020 at the MCDP.

60. The proposed timescale and next steps for the project are as set out below:

- Issue tender for finalisation of design/ GRIP/ WelTaG - Spring 2020
- Commissioning of Programme-level Full Business Case – Spring 2020
- Full WelTAG and GRIP evaluation process including detailed economic impact assessment [circa 18 months]
- Final sign-off of Full Business Case – 2021
- Delivery phase – Circa 3 years
- Project completion – 2024

Financial Implications

61. This report seeks Regional Cabinet's approval for the release of up to £4m of the in-principle allocation of £40m it approved for the Metro Central scheme at its meeting of 15th January 2018. This will contribute towards the circa £10m cost of finalising design work and technical specifications that are required to inform a Full Business Case.

62. Funding of a capital nature has been identified and set aside for Metro Central, however, for capital funding to be released, a Full Business Case will need to be approved. Therefore, if after considering the Full Business Case, Regional Cabinet decides not to proceed with the scheme, then these pre-development costs will become abortive and would need to be funded in full from revenue resources.

63. The Wider Investment Fund Top-Slice may be able, in part or in full, to fund such abortive costs should they arise, although it should be noted that in such an instance, Regional Cabinet will pursue all avenues available to mitigate costs and there may be recourse to the ten Partner Authorities to provide funding, which would be negotiated at such a time as necessary.

Legal Implications

64. From the body of the report it can be seen that the decision sought, is to approve up to £4 million of City Deal funding to finalise design work and technical specifications needed to inform the Full Business Case. This a substantial amount and there is always a risk that expenditure on developing proposals could prove abortive if, amongst other matters, the project does not progress. That said funding could not be secured without the business case being developed so the risk of abortive costs incurred in developing a business case is not unique to this particular project and it is important matters are considered in the context of the overall cost of the design work being in the region of £10 million (10% of total project costs), of which £6 million is being funded by Department for Transport (DfT).

65. As the Metro Central proposal develops, detailed legal advice will be required, (along with all other relevant professional advice) and set out in the Full Business Case, to ensure that the proposals as developed meet (i) all legal requirements; (ii) HMT and Welsh Government funding conditions and are in accordance with the Investment and Intervention Framework.

66. In considering this matter regard must be had to the provisions of the Joint Working Agreement concluded by the ten participating authorities in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'). As part of the Full Business case it will be important to understand the spend profiles of when funding will be required and to ensure that matters are such that approval of the Metro Central project will, amongst other matters, keep the totality of City Deal spend within the Affordability Envelope (that is the overall costs and investment agreed by each Council), as defined in the JWA).

67. Detailed legal advice must be sought on the procurement so to ensure matters comply with, amongst other things, procurement legislation and the Accountable Body's contract standing orders and procurement rules.

Well-being of Future Generations Act 2015 (Wales)

68. 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.

69. 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 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.

70. Regional Cabinet must be satisfied that the proposed decision accords with the principles above

71. 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 as an appendix to this report (Wellbeing of Future Generations Assessment) for member's consideration (Appendix 7).

72. 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

73. 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.

REASONS FOR RECOMMENDATIONS

74. There is a clear need to progress the Metro Central programme with the pace and focus required by core partners and in order to meet delivery timeframes. To do so, it is understood that a programme level FBC is required in order to illustrate the richness and multi-faceted nature of proposals. This is critical in demonstrating the ability to meet City Deal requirements in respect of jobs, growth leverage and ROI. However, it is equally recognised that the FBC cannot be produced in full, until the technical design components of the regulatory process (GRIP and WelTAG) are progressed.

RECOMMENDATIONS

75. To advance the Metro Central programme in line with core City Deal Requirements, Investment Panel has considered it necessary to seek Cabinet approval of up to £4m of City Deal funding towards the c£10m cost (to be confirmed through a full procurement exercise) of finalising design work and technical specifications (through statutory GRIP and WelTAG processes) for the project established in the January 2018 report and needed to inform the Full Business Case, subject to the following:

a) The revised governance arrangements, as outlined above and inclusion of the CCRD Director as a member of the Metro Central Delivery Partnership;

b) The commissioning by the scheme proposers, Transport for Wales and Welsh Government of a programme-level Full Business Case that responds in full to City Deal Requirements;

c) Full consideration of the programme contribution to the Cardiff Capital Region City Deal project objectives of jobs created, GVA uplift and private sector leverage and returns on investment;

d) Receipt of bi-annual updates from the MCDP to the Regional Transport Authority and Investment Panel in respect of costs, procurement processes, delivery updates and periodic progress with programme development as a whole. This should include all finalisation of GRIP and WelTAG processes.

Kellie Beirne
Director, CCR City Deal
9 March 2020

Appendices
Appendices 2, 3 and 4 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of

the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1	Summary Major Station Regeneration Project Examples
EXEMPT Appendix 2	Weston Williamson Report
EXEMPT Appendix 3	OBC approved by UK Government/ DfT Rail
EXEMPT Appendix 4	Letters of Funding Commitment
Appendix 5	Wellbeing of Future Generations Assessment

Appendix 1 - Summary of Financial and Economic impacts of station improvement case studies

Case study	Summary Financial and Economic impacts
Sheffield station upgrade Redevelopment of station as a new gateway, better integrated with the city. Project involved substantial facelift and renovation, expansion of station concourse, upgrading of passenger facilities.	**Financial impacts** • £25m of capital investment • Increases in property value around the station analysed in the study **Wider economic benefits** • Employment impacts of the project plus property value uplifts Estimated wider benefits in excess of £75m • Up to 3,000 jobs generated.
Station enhancement project for a major European airport The station experiences significant crowding in peak periods, and offers a poor quality environment. Enhancement involves substantially improved station with increased capacity including a new concourse, expanded facilities, new platform access point and ticket barriers.	**Financial impacts** • Capital investment in excess of £120m • Uplift in retail revenues • Uplift in fare revenues (attracting additional demand) **Wider economic benefits** • Improved access point for local business park – potential scope for contribution from marginal business rate uplift • Benefit to cost ratio of between 1.4 and 2.3
Redevelopment and enhancement of a major terminus station Station redevelopment and expansion proposal combining creation of a new passenger concourse covering station platform footprint plus a new rail tunnel connecting previously terminating services into the route of another rail link.	**Financial impacts** • Capital investment in excess of £3bn. • Uplift in fare revenues (enhanced connectivity via new link) • Station retail revenue • Receipts from sale of over-station development space **Wider economic benefits** • Improved economic productivity, and resulting fiscal impact • Benefit to cost ratio between 1.7 and 4.7 (depending on intensity of economic activity facilitated) • Benefit to cost ratio without over station development of 0.8
Redevelopment and enhancement of a major terminus station Replacement of significantly overcrowded and constrained entrance with a new concourse area. High quality public realm, enhanced amenities, improved connections to adjoining local transport networks.	**Financial impacts** • Capital investment in excess of £250m • Increased retail income **Overall Benefits** • Benefit to cost ratio of 1.8 or more (depending on scenario / growth assumptions)
Redevelopment and enhancement of a major terminus station New station concourse and access area complementing existing concourse. Improved connection into key city centre areas and local public transport interchange points.	**Financial impacts** • Capital investment in excess of £1bn. • Uplift in fare revenues (new trips) • Station retail revenue • Contributions from developers (“upside” scenarios) **Wider economic benefits** • Benchmark uplifts in commercial rental values • Benefit to cost ratio of between 1.7 and 5.1 (depending on scenario / growth assumptions)

Future Generations Assessment

Name of the Officer completing the evaluation: **Kellie Beirne** **Phone no: 07826 9219286** **E-mail: kellie.beirne@cardiff.gov.uk**	**Please give a brief description of the aims of the proposal** Unlocking up to £4m for detailed design work finalisation – subject to programme-level business case
Proposal: Advancing Metro Central	**Date Future Generations Evaluation form completed: 2 March 2020**

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

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Creating he transport connectivity to drive capacity in the whole region will make a significant contribution to this.	Investment Panel has requested conditions are placed – featured in the report – which require more information and evidence relating to investment proposal, full economic impact, a programme level business case and enhanced sustainability and active travel measures
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and	Regard will have to be given in detailed design and WelTag phases to resilience and sustainability	Conditions imposed around active travel, wellbeing measures and sustainability

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?
can adapt to change (e.g. climate change)		
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	The focus on mulit-modal public transport is front and centre in this proposition to build capacity and capability region-wide	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Improving regional infrastructure and connectivity will make a key contribution to travel to work modes, denser labour market creation and development of human connections	Clear evidence of this capability will be tested through the business case process
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	This could see the region grow its strengths through connecting and linking key areas, economic zones and places	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	Metro Central is a regional connectivity enhahcement scheme that aims to drive provision to places that currently lack it.	Business case will test true regional capability benefits

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?
Balancing short term need with long term and planning for the future	This scheme will support the CCR over the long-term	Through the business case development process
Working together with other partners to deliver objectives	The scheme is a partnership across public and private and involves all ten councils	
Involving those with an interest and seeking their views	TfW and WG are the scheme proposers and there will be opportunities for comprehensive public engagement as part of the full scheme business case	
Putting resources into preventing problems occurring or getting worse	This is set out in the REGP work on the developing Regional Economic and Industrial Plan.	This will be an increasing focus of scheme and programme delivery.
Considering impact on all wellbeing goals together and on other bodies	As the business case progresses through the framework, this can be further considered.	

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	N/A at this stage which is detailed design and WelTag	None arising at this time.	As the case passes through the business case development process and should a FBC be forthcoming, this will be looked at comprehensively as part of sustainability requirements.
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		
Sex	As above		.

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

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care		

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

- Evidence and input contributed by theme leads
- Outcomes of assessments such as audit reports
- Delivery against targets set out in individual business cases/ approved project documentation
- DfT OBC
- ARUP economic impact work
- Weston Williamson detailed design work

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 the business case develops and the causes/ effects and consequences are understood – provision will be ongoing.

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:	**March 2021**