



Cardiff Capital Region City Deal  
Regional Cabinet Meeting

10.30am-12.30pm on Monday 15 June  
2020 Remote Meeting using Microsoft  
Teams

**Agenda**

1. Welcome and Apologies
2. Declarations of Interest
3. Minutes of the meeting held on 18 May 2020 Attached
4. 2019/20 Draft Statement of Accounts and Draft Annual Governance Statement Attached
5. Reports of the Investment Panel Attached
  - a) Recommendation Log and Project Updates  
*Appendices 1-8 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.*
  - b) Support for CS Cluster  
*This report and all appendices 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.*
6. Establishing a CCR Challenge Programme – Re-Building Local Wealth Post-COVID Attached
7. CCR Engagement within the Western Gateway Initiative Attached
8. Disclosure of Interests – Update Report Attached
9. Updated Regional Cabinet Portfolios 2020/2021 Attached
10. CCR City Deal – Future Resourcing Requirements Attached  
*This report is exempt from publication because it contains such information as described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of sections 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.*

**Kellie Beirne**  
CCR Director  
15 June 2020



**Bargen Ddinesig Prifddinas-Ranbarth Caerdydd  
Cyfarfod Cabinet Rhanbarthol**

10.30am-12.30pm Ddydd Iau 15 Mehefin 2020  
Cyfarfod o Bell yn defnyddio Microsoft Teams

**Agenda**

1. Croeso ac Ymddiheuriadau
2. Datgan Buddiannau
3. Cofnodion y cyfarfod a gynhaliwyd ar 18 Mai 2020 Atodedig
4. Datganiad Cyfrifon Drafft 2019/20 a Datganiad Llywodraethiant Blynyddol Drafft Atodedig
5. Adroddiad Panel Buddsoddi P-RC Atodedig
  - a) Cofnodion Argymell a Diweddariad Projectau  
*Mae atodiadau 1-8 i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd maent yn cynnwys gwybodaeth o'r fath a ddisgrifir ym mharagraffau 14 (gwybodaeth yn ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*
  - b) Cymorth ar gyfer Clwstwr LI-DdC  
*Mae'r adroddiad a'r holl atodiadau i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys gwybodaeth o'r fath a ddisgrifir ym mharagraffau 14 (gwybodaeth yn ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*
6. Sefydlu Rhaglen Herio P-RC – Ailadeiladu Cyfoeth ar ôl COVID Atodedig
7. Ymwneud P-RC â Menter Porth y Gorllewin Atodedig
8. Datgan Buddiannau – Adroddiad Diweddaru Atodedig
9. Portffolios Cabinet Rhanbarthol wedi'u Diweddaru 2020/2021 Atodedig
10. Bargen Ddinesig PRC – Gofynion Adnoddau ar gyfer y Dyfodol Atodedig  
*Mae'r adroddiad hwn wedi'i eithrio rhag cael ei gyhoeddi oherwydd ei fod yn cynnwys gwybodaeth o'r fath a ddisgrifir ym mharagraffau 14 (gwybodaeth yn ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*



**Cardiff Capital Region City Deal  
Regional Cabinet Meeting**

2.00-4.00pm on Monday 18 May 2020  
Remote Meeting using Microsoft Teams

**Minutes**

**Present**

**Leaders and Chief Executives**

Cllr Nigel Daniels	Leader	Blaenau Gwent CBC
Michelle Morris	Managing Director	Blaenau Gwent CBC
Cllr Huw David	Leader	Bridgend CBC
Mark Shephard	Chief Executive	Bridgend CBC
Cllr Philippa Marsden	Leader	Caerphilly CBC
Christina Harry	Chief Executive	Caerphilly CBC
Cllr Huw Thomas, Vice Chair	Leader	Cardiff Council
Paul Orders	Chief Executive	Cardiff Council
Cllr Kevin O'Neill	Leader	Merthyr Tydfil CBC
Ellis Cooper	Chief Executive	Merthyr Tydfil CBC
Cllr Peter Fox, Vice Chair	Leader	Monmouthshire CC
Paul Matthews	Chief Executive	Monmouthshire CC
Cllr Jane Mudd	Leader	Newport CC
Beverly Owen	Interim Chief Executive	Newport CC
Cllr Andrew Morgan	Leader	Rhondda Cynon Taf CBC
Chris Bradshaw	Chief Executive	Rhondda Cynon Taf CBC
Cllr Anthony Hunt, Chair	Leader	Torfaen CBC
Rachel Jowitt	Chief Officer	Torfaen CBC
Cllr Neil Moore	Leader	Vale of Glamorgan Council
Rob Thomas	Chief Executive	Vale of Glamorgan Council

**Officers**

Christopher Lee	Section 151 Officer	Accountable Body
Gareth Gates	Accountant	Accountable Body
Anil Hirani	Accountancy Manager	Accountable Body
James Williams	Solicitor	Accountable Body
Kellie Beirne	Director	City Deal Office
Rhys Thomas	Chief Operating Officer	City Deal Office
Nicola Somerville	Head of Inclusive Growth & Business Development	City Deal Office
Robert O'Dwyer ( <i>from 15:18</i> )	Head of Infrastructure	City Deal Office
Hrjinder Singh	Head of Finance, Risk & Assurance	City Deal Office
Suzanne Chesterton	Marketing & Communications Lead	City Deal Office
Nathan Llewellyn	Marketing & Communications Officer	City Deal Office
Nicola Butler	Business Development & Partnership Officer	City Deal Office

Liz Fitzgerald (minutes)	Business Development & Partnership Officer	City Deal Office
<b>Guests/Observers</b>		
Phil Pugh	Audit Manager	Wales Audit Office
Sara-Jane Byrne	Audit Manager	Wales Audit Office
Jenna Dillon ( <i>left 15:40</i> )	Senior Project Delivery Manager – South East Wales	Welsh Government
<b>Apologies</b>		
Alison Ward	Chief Executive	Torfaen CBC

## 1. Welcome and Apologies

Cllr Hunt opened the meeting and apologies were noted.

## 2. Declarations of Interest

- a) Michelle Morris, Blaenau Gwent CBC, declared an interest for item 9a in respect of her membership of the CCR Investment Panel.
- b) Christina Harrhy, Caerphilly CBC, declared an interest for item 9a in respect of her membership of the CCR Investment Panel.
- c) Paul Orders, Cardiff Council, declared an interest for item 9a in respect of his membership of the CCR Investment Panel.
- d) Paul Matthews, Monmouthshire CC, declared an interest for item 9a in respect of his membership of the CCR Investment Panel.
- e) Beverly Owen, Newport CC, declared an interest for item 9a in respect of her directorship of the CSC Foundry Board
- f) Chris Bradshaw, Rhondda Cynon Taf CBC, declared an interest for item 9a in respect of his membership of the CCR Investment Panel.
- g) Beverly Owen, Newport CC, declared an interest for item 10 in respect of the benefit of the project to Newport CC.
- h) Kellie Beirne, City Deal Office, declared an interest for item 10 as she is a Board Member of Research England, the funding body.
- i) Cllr Andrew Morgan, Rhondda Cynon Taf CBC, declared an interest for item 11 as a personal acquaintance of a member of the WAO team who had prepared the report.

## 3. Minutes of the meeting held on 9 March 2020

The minutes of the previous meeting were agreed as accurate, motioned and seconded by Cllr Hunt, Cllr David, Cllr Marsden, Cllr Fox, Cllr Thomas, Cllr O'Neill and Cllr Morgan.

## 4. 2019/20 Month 11 Joint Committee Revenue Budget Monitoring Position

- (1) Christopher introduced his report and noted that the net underspend detailed in Section 5 was consistent with monitoring reports produced during the year and that top slicing would not be required.

Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Blaenau Gwent; Merthyr Tydfil; Monmouthshire; Newport; Caerphilly; Rhondda Cynon Taf; Bridgend; Vale of Glamorgan; Cardiff; Torfaen.

- (2) It was unanimously resolved that the CCR Regional Cabinet:
  - (a) noted the final out-turn position against the approved Joint Committee Revenue Budget for the year ending 31 March 2020.

## **5. 2019/20 Annual Business Plan Quarter 4 Performance Report**

- (1) Kellie introduced her report. Kellie noted that the comments made at the Regional Cabinet meeting on 9 March 2020, minuted under Item 6 (2), had now been addressed by Appendices 7 and 8 to the present report. Kellie thanked all those who had participated in the activity.
- (2) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr Morgan and seconded by Cllr Marsden.
- (3) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Blaenau Gwent; Merthyr Tydfil; Monmouthshire; Caerphilly; Rhondda Cynon Taf; Bridgend; Vale of Glamorgan; Cardiff; Torfaen.
- (4) It was unanimously resolved that the CCR Regional Cabinet
  - a) noted the overall progress at Quarter 4 2019/20, including the final budget position set-out in Appendix 4;
  - b) noted the breadth and substance of the Communications report (Appendix 7) and CCR Media releases (Appendix 8) prepared during Quarter 4;
  - c) considered the attached report and associated appendices and approved the Quarter 4 performance report and authorised 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.

## **6. Gateway Review**

- (1) Kellie introduced the report and confirmed that SQW would now complete the final one-year-out report in December prior to the Gateway Review in March/April 2021. Kellie highlighted that all the work undertaken to date had been done in a pre-COVID-19 environment and that the COVID-19 pandemic would now significantly impact future activity. A more comprehensive risk report would be produced over the next few months.
- (2) Kellie also asked Leaders to note that employment contracts for existing City Deal staff expired in March 2021 and proposed that Cllr Hunt write to the UK Government to seek clarity on City Deal targets and give consideration to staff and resources. Leaders confirmed that Regional Cabinet were concerned about both the retention of current staff and securing future staff and agreed it should be discussed further. Christopher advised that the Accountable Body recognised the

risks and said that he was, in conjunction with Cardiff Council HR, preparing a report for Regional Cabinet.

- (3) Leaders discussed whether City Deal targets were still appropriate and if the reality of the timeframes of the Gateway Review should change in light of the impact of the COVID-19 pandemic. Kellie confirmed that as shown by the IIF tracker report, which is illustrative only – should all projects move to completion – targets could be fulfilled. Final clarity was awaited from Welsh Government on certain aspects of the funding. Kellie has indicated that baseline assessments had been set prior to the pandemic and had requested that this was noted as they moved into the final review. In light of the global pandemic Leaders agreed that both UK and Welsh Governments should review City Deal funding.
- (4) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr David and seconded by Cllr Marsden.
- (5) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Cardiff; Vale of Glamorgan; Bridgend; Rhondda Cynon Taf; Caerphilly; Newport; Monmouthshire; Merthyr Tydfil; Blaenau Gwent; Torfaen.
- (6) It was unanimously resolved that the CCR Regional Cabinet
  - a) noted and endorsed the One Year Out report and follow up actions which will be embedded in quarterly reporting of the Annual Business Plan 2020/21;
  - b) noted the timeframe for the Final Evaluation output to be delivered by SQW;
  - c) agreed an approach is formally made to UK and Wales Governments regarding co-design of the Gateway process in order to ensure the ‘new economic reality’ is captured and seeking urgent clarification on a number of outstanding issues, in order to ensure CCR is able to prepare comprehensively;
  - d) noted the immediate risks and issues that will impact Evaluation and Gateway Review, requiring attention and action – some of which will sit beyond the jurisdiction of the City Deal Office – and relate specifically to staffing and resourcing; and,
  - e) noted that a report will be brought back to Regional Cabinet setting out a full risk policy, revised City Deal Risk Register & Programme-Level Risk Log to fully capture all of the challenges/issues and ensure there is a robust approach in place and one that is capable of adapting/ being dynamic in these uncertain times.

## **7. A Framework for Regional Investment in Wales – Securing Wales’ Future**

- (1) Kellie introduced the proposed CCR response to the Regional Investment in Wales Framework proposal; the closing date was 5 June. She noted that she had highlighted the use of the term ‘regionalisation’ in the Framework. From CCR perspective the preferred term was ‘regionalism’, which was felt to be more open

and inclusive. Kellie recommended submitting the report to the Welsh Government consultation review, the UK Government and the Welsh Affairs Select Committee.

- (2) Voting on the recommendation was moved by Cllr David and seconded by Cllr Marsden.
- (3) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Cardiff; Vale of Glamorgan; Bridgend; Rhondda Cynon Taf; Caerphilly; Newport; Monmouthshire; Merthyr Tydfil; Blaenau Gwent; Torfaen.
- (4) It was unanimously resolved that the CCR Regional Cabinet:
  - a) noted and approved the proposed final response which is attached to this report at Appendix 1 for submission to Welsh Government on 5 June and to UK Government's Welsh Affairs Select Committee on 22 May 2020.

## **8. CCR Priorities for Addressing Economic Impact of COVID-19 and Beyond**

- (1) Kellie introduced the report that provided a commentary on the changes that were being seen. The impact of the global pandemic was dramatic and the report recommended that the response of the REGP and other economists agreed in February should still remain in place. In preparing the report, the CCR had engaged with a wide range of partners and stakeholders.
- (2) Leaders discussed the need for consideration to avoid duplication of effort and that further clarity from UK and Welsh Governments was required. As discussed in item 7 above it was agreed to submit the report to the Welsh Affairs Select Committee. Issues around the level of funding and the ability of City Deals to respond effectively to the new challenges imposed by the pandemic were also discussed. Cllr Hunt confirmed he was meeting with Wales Office Ministers the following week where he would raise these issues.
- (3) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr David and seconded by Cllr Marsden.
- (4) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Blaenau Gwent; Merthyr Tydfil; Monmouthshire; Newport; Caerphilly; Rhondda Cynon Taf; Bridgend; Vale of Glamorgan; Torfaen; Cardiff.
- (5) It was unanimously resolved that the CCR Regional Cabinet:
  - a) approved the document 'Priorities for Addressing Economic Impact of COVID-19 and beyond' which is contained at Appendix 1 and the development of a user friendly version to form an addendum (which will be iterated as required) to the Economic and Industrial Growth Plan and Investment and Intervention Framework;
  - b) approved submission of the document to the Welsh Affairs Select Committee Inquiry into the economic impact of COVID-19 on the Welsh economy.

## **9. Reports of Investment Panel**

**a) Recommendation Logs & Projects Update**

*Appendices 1-5 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.*

- (1) Rhys introduced the report. Kellie confirmed that projects would be returned to the CCR Regional Cabinet for further approval of business case progression.
- (2) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr Fox and seconded by Cllr Marsden.
- (3) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Cardiff; Vale of Glamorgan; Bridgend; Rhondda Cynon Taf; Caerphilly; Newport; Monmouthshire; Merthyr Tydfil; Blaenau Gwent; Torfaen.
- (4) It was unanimously resolved that the CCR Regional Cabinet:
  - a) noted the Recommendation Logs from the meetings of Investment Panel on 31 March and 28 April 2020 respectively;
  - b) approved the recommendations made by the Investment Panel in respect of SIFT 1As;
  - c) approved the SOC for an Evergreen Premises Fund and agrees the next step to develop an OBC at a cost of £45,000 and approves to receive the OBC in June;
  - d) noted the status update on the IIF tracker and the projects and proposals provided in the confidential appendices.

**b) Confidential Proposal – FBC COVID-19 Plasma Technology**

*This report and all appendices 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.*

- (5) Cllr Hunt confirmed that discussion of item 9 (a) would take place *in camera* due to the exemptions outlined above.

Rob O'Dwyer joined the meeting.

- (6) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr Marsden and seconded by Cllr David.
- (7) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Cardiff; Vale of Glamorgan; Bridgend; Rhondda Cynon Taf; Caerphilly; Newport; Monmouthshire; Merthyr Tydfil; Blaenau Gwent; Torfaen.



- (8) It was unanimously resolved that the CCR Regional Cabinet accepted the recommendations in the report.

**10. IQE Statement of Accounts 19/20, Annual Business Plan & Rent Deferral Request**

*This report and all its appendices 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.*

- (1) Cllr Hunt confirmed that discussion of item 10 would take place *in camera* due to the exemptions outlined above.
- (2) The motion to deal with the recommendations of the report *en bloc* was moved by Cllr Fox and seconded by Cllr Marsden.
- (3) Cllr Hunt obtained individual votes of acceptance from Leaders in the following order: Blaenau Gwent; Merthyr Tydfil; Newport (via Microsoft Teams Chat function); Caerphilly; Rhondda Cynon Taf; Bridgend; Vale of Glamorgan; Cardiff; Torfaen.
- (4) It was unanimously resolved that the CCR Regional Cabinet accepted the recommendations in the report.

Jenna Dillon left the meeting.

**11. WAO CCR City Deal Audit Plan 2020/21**

Phil Pugh introduced the Plan. Sara-Jane confirmed that they were proposing to follow a live investment through the framework process but had not yet chosen which one they would use to do so. Cllr Hunt thanked Phil and Sara-Jane for the Plan.

Cllr Hunt thanked colleagues and closed the meeting.



**Bargen Ddinesig Prifddinas-Ranbarth Caerdydd  
Cyfarfod y Cabinet Rhanbarthol**

2.00-4.00pm ddydd Llun 18 Mai 2020  
Cyfarfod o Bell yn defnyddio Microsoft Teams

**Cofnodion**

**Presennol**

**Arweinwyr a Phrif Weithredwyr**

Y Cyngorydd Nigel Daniels	Arweinydd	CBS Blaenau Gwent
Michelle Morris	Rheolwr Gyfarwyddwr	CBS Blaenau Gwent
Y Cyngorydd Huw David	Arweinydd	CBS Pen-y-bont ar Ogwr
Mark Shephard	Prif Weithredwr	CBS Pen-y-bont ar Ogwr
Y Cyngorydd Philippa Marsden	Arweinydd	CBS Caerffili
Christina Harrhy	Prif Weithredwr	CBS Caerffili
Y Cyngorydd Huw Thomas, Is-gadeirydd	Arweinydd	Cyngor Caerdydd
Paul Orders	Prif Weithredwr	Cyngor Caerdydd
Y Cyngorydd Kevin O'Neill	Arweinydd	CBS Merthyr Tudful
Ellis Cooper	Prif Weithredwr	CBS Merthyr Tudful
Y Cyngorydd Peter Fox, Is-gadeirydd	Arweinydd	CS Sir Fynwy
Paul Matthews	Prif Weithredwr	CS Sir Fynwy
Y Cyngorydd Jane Mudd	Arweinydd	CS Casnewydd
Beverly Owen	Prif Weithredwr Dros Dro	CS Casnewydd
Cyng Andrew Morgan	Arweinydd	CBS Rhondda Cynon Taf
Chris Bradshaw	Prif Weithredwr	CBS Rhondda Cynon Taf
Y Cyngorydd Anthony Hunt, Cadeirydd	Arweinydd	CBS Torfaen
Rachel Jowitt	Prif Swyddog	CBS Torfaen
Y Cyngorydd Neil Moore	Arweinydd	Cyngor Bro Morgannwg
Rob Thomas	Prif Weithredwr	Cyngor Bro Morgannwg

**Swyddogion**

Christopher Lee	Swyddog Adran 151	Corff Atebol
Gareth Gates	Cyfrifydd	Corff Atebol
Anil Hirani	Rheolwr Cyfrifeg	Corff Atebol
James Williams	Cyfreithiwr	Corff Atebol
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
Robert O'Dwyer (o 15:18)	Pennaeth Seilwaith	Swyddfa'r Fargen Ddinesig
Hrjinder Singh	Pennaeth Cyllid, Risg a Sicrwydd	Swyddfa'r Fargen Ddinesig
Suzanne Chesterton	Arweinydd Marchnata a Chyfathrebu	Swyddfa'r Fargen Ddinesig

Nathan Llewellyn	Swyddog Marchnata a Chyfathrebu	Swyddfa'r Fargen Ddinesig
Nicola Butler	Swyddog Datblygu Busnes a Phartneriaethau	Swyddfa'r Fargen Ddinesig
Liz Fitzgerald (cofnodion)	Swyddog Datblygu Busnes a Phartneriaethau	Swyddfa'r Fargen Ddinesig

### **Gwesteion ac Arsylwyr**

Phil Pugh	Rheolwr Archwilio	Swyddfa Archwilio Cymru
Sara-Jane Byrne	Rheolwr Archwilio	Swyddfa Archwilio Cymru
Jenna Dillon ( <i>gadawodd am 15:40</i> )	Uwch-reolwr Cyflawni Projectau - De-ddwyrain Cymru	Llywodraeth Cymru

### **Ymddiheuriadau**

Alison Ward	Prif Weithredwr	CBS Torfaen
-------------	-----------------	-------------

## **1. Croeso ac Ymddiheuriadau**

Agorodd y Cyngorydd Hunt y cyfarfod a nodwyd yr ymddiheuriadau.

## **2. Datgan Buddiannau**

- a) Datganodd Michelle Morris, CBS Blaenau Gwent, fuddiant ar gyfer eitem 9a parthed ei haelodaeth o Banel Buddsoddi P-RC.
- b) Datganodd Christina HARRY, CBS Caerffili, fuddiant ar gyfer eitem 9a parthed ei haelodaeth o Banel Buddsoddi P-RC.
- c) Datganodd Paul Orders, Cyngor Caerdydd, fuddiant ar gyfer eitem 9a parthed ei aelodaeth o Banel Buddsoddi P-RC.
- d) Datganodd Paul Matthews, CS Sir Fynwy, fuddiant ar gyfer eitem 9a parthed ei aelodaeth o Banel Buddsoddi P-RC.
- e) Datganodd Beverly, CS Casnewydd, fuddiant ar gyfer eitem 9a parthed ei chyfarwyddiaeth ar Fwrdd Ffowndri CCD
- f) Datganodd Chris Bradshaw, CBS Rhondda Cynon Taf, fuddiant ar gyfer eitem 9a parthed ei aelodaeth o Banel Buddsoddi P-RC.
- g) Datganodd Beverly Owen, CS Casnewydd, fuddiant ar gyfer eitem 10 parthed budd y project i Gyngor Dinas Casnewydd.
- h) Datganodd Kellie Beirne, Swyddfa'r Fargen Ddinesig fuddiant ar gyfer eitem 10 oherwydd ei bod yn Aelod o Fwrdd Research England, y corff ariannu.
- i) Datganodd y Cyngorydd Andrew Morgan, CBS Rhondda Cynon Taf, fuddiant ar gyfer eitem 11 gan ei fod yn gydnabod i aelod o dîm SAC a baratôdd yr adroddiad.

## **3. Cofnodion y cyfarfod a gynhaliwyd ar 9 Mawrth 2020**

Cytunwyd bod cofnodion y cyfarfod blaenorol yn gywir a chawsant eu cynnig a'u heilio gan y Cyngorydd Hunt, y Cyngorydd David, y Cyngorydd Marsden, y Cyngorydd Fox, y Cyngorydd O'Neill a'r Cyngorydd Morgan.

## **4. Sefyllfa Monitro Cyllideb Refeniw y Cydbwyllgor Mis 11 2019/20**

- (1) Cyflwynodd Christopher ei adroddiad a nododd fod y tanwariant net a nodwyd yn Adran 5 yn gyson ag adroddiadau monitro a gynhyrchwyd yn ystod y flwyddyn ac na fyddai angen brigdorri.

Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Blaenau Gwent; Merthyr Tudful; Sir Fynwy; Casnewydd; Caerffili; Rhondda Cynon Taf; Pen-y-bont ar Ogwr; Bro Morgannwg; Caerdydd; Torfaen.

- (2) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn:

- (a) nodi sefyllfa terfynol yr alldro o'i gymharu â Chyllideb Refeniw'r Cydbwyllgor a gymeradwywyd ar gyfer y flwyddyn yn gorffen ar 31 Mawrth 2020.

## **5. Cynllun Busnes Blynyddol 2019/20 – Adroddiad Perfformiad Chwarter 4**

- (1) Cyflwynodd Kellie ei hadroddiad. Nododd Kellie fod y sylwadau a wnaed yng nghyfarfod y Cabinet Rhanbarthol ar 9 Mawrth 2020, wedi'u cofnodi o dan Eitem 6 (2) bellach wedi cael sylw gan Atodiadau 7 ac 8 i'r adroddiad presennol. Diolchodd Kellie i bawb a oedd wedi cymryd rhan yn y gweithgarwch.

- (2) Cafodd y cynnig i fynd i'r afael ag argymhellion yr adroddiad *en bloc* ei gyflwyno gan y Cynghorydd Morgan a'i eilio gan y Cynghorydd Marsden.

- (3) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Blaenau Gwent; Merthyr Tudful; Sir Fynwy; Caerffili; Rhondda Cynon Taf; Pen-y-bont ar Ogwr Bro Morgannwg; Caerdydd; Torfaen.

- (4) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC

- a) yn nodi'r cynnydd cyffredinol yn Chwarter 4 2019/20, gan gynnwys sefyllfa derfynol y gyllideb a adroddwyd yn Atodiad 4;
- b) yn nodi lled a sylwedd yr adroddiad Cyfathrebu (Atodiad 7) a datganiadau P-RC i'r Cyfryngau (Atodiad 8) a baratowyd yn ystod Chwarter 4;
- c) yn ystyried yr adroddiad a atodir a'r atodiadau cysylltiedig ac yn cymeradwyo adroddiad perfformiad Chwarter 4 ac yn awdurdodi Cyfarwyddwr Bargaen Dinesig Prifddinas-Ranbarth Caerdydd i gyflwyno'r adroddiad yn ffurfiol, gan gynnwys gwybodaeth ategol i lywodraethau'r DU a Chymru, ac i randdeiliaid eraill yn ôl y gofyn, ar ran y Cabinet Rhanbarthol

## **6. Adolygiad Gateway**

- (1) Cyflwynodd Kellie yr adroddiad a chadarnhaodd y byddai SQW bellach yn cwblhau'r adroddiad un flwyddyn terfynol ym mis Rhagfyr cyn Adolygiad Gateway ym mis Mawrth/Ebrill 2021. Tynodd Kellie sylw at ffaith fod yr holl waith yr ymgymerwyd ag ef hyd yn hyn wedi'i wneud mewn amgylchedd cyn COVID-19 ac y byddai pandemig COVID-19 bellach yn cael effaith sylweddol ar weithgarwch yn y dyfodol. Byddai adroddiad risg mwy cynhwysfawr yn cael ei gynhyrchu dros yr

ychydig fisoedd nesaf.

- (2) Hefyd gofynnodd Kellie i'r Arweinwyr nodi bod contractau cyflogaeth ar gyfer staff presennol y Fargen Ddinesig yn dod i ben ym mis Mawrth 2021 a chynigiodd fod y Cynghorydd Hunt yn ysgrifennu at Lywodraeth Cymru i geisio eglurder am dargedau'r Fargen Ddinesig a rhoi ystyriaeth i staff ac adnoddau. Cadarnhaodd yr Arweinwyr fod y Cabinet Rhanbarthol yn pryderu am gadw staff presennol a chael staff yn y dyfodol a chytunwyd y dylid ei drafod ymhellach. Dywedodd Christopher fod y Corff Atebol yn cydnabod y risgiau a dywedodd ei fod, ar y cyd ag Adnoddau Dynol Cyngor Caerdydd, yn paratoi adroddiad i'r Cabinet Rhanbarthol.
- (3) Trafododd yr Arweinwyr a oedd targedau'r Fargen Ddinesig yn briodol o hyd ac a ddylai realiti amserlenni'r Adolygiad Gateway newid yng ngoleuni pandemig COVID-19. Cadarnhaodd Kellie, fel y dangosir gan adroddiad tracio IIF, sy'n ddangosol yn unig - pe bai'r holl broiectau'n cael eu cwblhau - y gellid cyflawni'r targedau. Roedd disgwyl am eglurder terfynol gan Lywodraeth Cymru ar rai agweddau penodol ar y cyllid. Mae Kellie wedi dangos y gosodwyd asesiadau sylfaenol cyn y pandemig ac wedi gofyn i hyn gael ei nodi wrth iddynt symud i'r adolygiad terfynol. Yng ngoleuni'r pandemig byd-eang cytunodd yr Arweinwyr y dylai llywodraethau'r DU a Chymru adolygu cyllid y Fargen Ddinesig.
- (4) Cafodd y cynnig i fynd i'r afael ag argymhellion yr adroddiad *en bloc* ei gyflwyno gan y Cynghorydd David a'i eilio gan y Cynghorydd Marsden.
- (5) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Caerdydd; Bro Morgannwg; Pen-y-bont ar Ogwr; Rhondda Cynon Taf; Caerffili, Casnewydd; Sir Fynwy, Merthyr Tudful; Blaenau Gwent; Torfaen.
- (6) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC
  - a) yn nodi ac yn cymeradwyo'r adroddiad Un Flwyddyn Allan a champau gweithredu dilynol a gânt eu hymgorffori mewn adrodd yn chwarterol ar y Cynllun Busnes Blynyddol 2020/21;
  - b) yn nodi'r amserlen ar gyfer allbwn Gwerthusiad Terfynol i'w ddarparu gan SQW;
  - c) yn cytuno i gysylltu'n ffurfiol â llywodraethau'r DU a Chymru ynglŷn â chydgyllunio proses Gateway er mwyn sicrhau bod y 'realiti economaidd newydd' yn cael ei nodi a gofyn am eglurder ar frys am nifer o faterion sydd heb eu datrys, er mwyn sicrhau y gall P-RC baratoi'n gynhwysfawr;
  - d) yn nodi'r risgiau a'r materion uniongyrchol a fydd yn cael effaith ar Werthuso ac Adolygiad Gateway, sy'n gofyn am sylw a gweithredu - y bydd rhai ohonynt y tu hwnt i awdurdodaeth Swyddfa'r Fargen Ddinesig - ac yn ymwneud yn benodol â staffio ac adnoddau; ac,
  - e) yn nodi y caiff adroddiad ei gyflwyno i'r Cabinet Rhanbarthol yn nodi polisi risg llawn, Cofrestr Risg y Fargen Ddinesig a Log Risg ar Lefel Rhaglen er mwyn nodi'r holl heriau/materion yn llawn a sicrhau bod

ymagwedd gadarn ar waith sy'n gallu addasu/bod yn hyblyg yn y cyfnod ansicr hwn.

## **7. Fframwaith ar gyfer Buddsoddi Rhanbarthol yng Nghymru - Diogelu Dyfodol Cymru**

- (1) Cyflwynodd Kellie ymateb arfaethedig P-RC i gynnig Fframwaith Buddsoddi yn Nghymru Rhanbarthol; y dyddiad cau oedd 5 Mehefin. Nododd ei bod wedi amlygu defnydd y derm 'rhanbartholi' yn y Fframwaith. O safbwynt Prifddinas-ranbarth Caerdydd, y derm a ffeirir yw 'rhanbarthiaeth' a theimlwyd ei fod yn fwy agored a chynhwysol. Argymhellodd Kellie y dylid cyflwyno'r adroddiad i adolygiad ymgynghori Llywodraeth Cymru, Llywodraeth y DU a'r Pwyllgor Dethol ar Faterion Cymreig.
- (2) Cynigiodd y Cynghorydd David y dylid pleidleisio ar yr argymhelliad a chafod ei eilio gan y Cynghorydd Marsden.
- (3) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Caerdydd; Bro Morgannwg; Pen-y-bont ar Ogwr; Rhondda Cynon Taf; Caerffili, Casnewydd; Sir Fynwy, Merthyr Tudful; Blaenau Gwent; Torfaen.
- (4) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn:
  - a) nodi ac yn cymeradwyo'r ymateb terfynol arfaethedig a atodir i'r adroddiad hwn yn Atodiad 1 i'w gyflwyno i Lywodraeth Cymru ar 5 Mehefin ac i Bwyllgor Dethol ar Faterion Cymreig Llywodraeth y DU ar 22 Mai 2020.

## **8. Blaenoriaethau P-RC am Fynd i'r Afael ag Effaith Economaidd COVID-19 a'r Tu Hwnt**

- (1) Cyflwynodd Kellie yr adroddiad a roddodd sylwebaeth ar y newidiadau oedd yn cael eu gweld. Roedd effaith y pandemig byd-eang yn ddramatig ac argymhellodd yr adroddiad y dylai ymateb yr REGP ac economegwyr eraill y cytunwyd arno ym mis Chwefror barhau ar waith o hyd. Wrth baratoi'r adroddiad, roedd P-RC wedi ymgysylltu ag ystod eang o bartneriaid a rhanddeilaid.
- (2) Trafododd arweinwyr yr angen am ystyriaeth er mwyn osgoi dyblygu ymdrechion a bod angen mwy o eglurder gan lywodraethau'r DU a Chymru. Fel y trafodwyd yn eitem 7 uchod, cytunwyd i gyflwyno'r adroddiad i'r Pwyllgor Dethol ar Faterion Cymreig. Hefyd trafodwyd materion ynghylch lefel y cyllid a gallu Bargeinion Dinesig i ymateb yn effeithiol i'r heriau newydd sydd wedi'u creu gan y pandemig. Cadarnhaodd y Cyngor Hunt ei fod yn cyfarfod â Gweinidogion Swyddfa Cymru yr wythnos ganlynol lle y byddai'n codi'r materion hyn.
- (3) Cafodd y cynnig i fynd i'r afael ag argymhellion yr adroddiad *en bloc* ei gyflwyno gan y Cynghorydd David a'i eilio gan y Cynghorydd Marsden.
- (4) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Blaenau Gwent; Merthyr Tudful; Sir Fynwy; Casnewydd; Caerffili; Rhondda Cynon Taf; Pen-y-bont ar Ogwr; Bro Morgannwg; Caerdydd; Torfaen.
- (5) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn:

- a) cymeradwyo'r ddogfen 'Blaenoriaethau ar gyfer Mynd i'r Afael ag Effaith Economaidd COVID-19 a'r tu hwnt' a geir yn Atodiad 1 a datblygu fersiwn hawdd ei defnyddio er mwyn ffurfio adendwm (a ailadroddir yn ôl y gofyn) i'r Cynllun Twf Economaidd a Diwydiannol a'r Fframwaith Buddsoddi ac Ymyrryd;
- b) cymeradwyo cyflwyno'r ddogfen i Ymchwiliad y Pwyllgor Dethol ar Faterion Cymreig i effaith economaidd COVID-19 ar economi Cymru.

## 9. Adroddiad y Panel Buddsoddi

### a) Logiau Argymhellion a Diweddariad am Broiectau

*Mae atodiadau 1-5 i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*

- (1) Cyflwynodd Rhys Thomas yr adroddiad. Cadarnhaodd Kellie y câi projectau eu dychwelyd i Gabinet Rhanbarthol P-RC i gael cymeradwyaeth bellach i symud ymlaen ag achosion busnes.
- (2) Cafodd y cynnig i fynd i'r afael ag argymhellion yr adroddiad *en bloc* ei gyflwyno gan y Cynghorydd Fox a'i eilio gan y Cynghorydd Marsden.
- (3) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Caerdydd; Bro Morgannwg; Pen-y-bont ar Ogwr; Rhondda Cynon Taf; Caerffili, Casnewydd; Sir Fynwy, Merthyr Tudful; Blaenau Gwent; Torfaen.
- (4) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn:
  - a) nodi'r Logiau Argymhellion o gyfarfodydd y Panel Buddsoddi ar 31 Mawrth a 28 Ebrill 2020 yn y drefn honno;
  - b) cymeradwyo'r argymhellion a wnaed gan y Panel Buddsoddiadau o ran SIFT 1As;
  - c) cymeradwyo'r SOC ar gyfer Cronfa Eiddo Bytholwyrdd ac yn cytuno ar y cam nesaf i ddatblygu OBC am gost o £45,000 ac yn cymeradwyo cynnig yr OBC ym mis Mehefiin;
  - d) nodi'r diweddariad statws ar y traciwr IIF a'r projectau a'r cynigion a ddarparwyd yn yr atodiadau cyfrinachol.

### b) Cynnig Cyfrinachol - Technoleg Plasma FBC COVID-19.

*Mae'r adroddiadau a'r holl atodiadau wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*

- (5) Cadarnhaodd y Cynghorydd Hunt y byddai trafodaeth ynghylch eitem 9 (a) yn cael

ei chynnal *in camera* oherwydd yr eithriadau a amlinellir uchod.

Ymunodd Rob O'Dwyer â'r cyfarfod.

- (6) Cafodd y cynnig i fynd i'r afael ag argymhellion yr adroddiad *en bloc* ei gyflwyno gan y Cynghorydd Marsden a'i eilio gan y Cynghorydd David.
- (7) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Caerdydd; Bro Morgannwg; Pen-y-bont ar Ogwr; Rhondda Cynon Taf; Caerffili, Casnewydd; Sir Fynwy, Merthyr Tudful; Blaenau Gwent; Torfaen.
- (8) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn derbyn yr argymhellion yn yr adroddiad.

#### **10. Datganiad Cyfrifon IQE 19/20, Cynllun Busnes Blynyddol a Chais am Ohirio Rhent**

*Mae'r adroddiad hwn a'i holl atodiadau wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*

- (1) Cadarnhaodd y Cynghorydd Hunt y byddai trafodaeth ar eitem 10 yn cael ei chynnal *in camera* oherwydd yr eithriadau a amlinellir uchod.
- (2) Cynigiwyd y cynnig i ymdrin ag argymhellion yr adroddiad *en bloc* gan y Cynghorydd Fox a'i eilio gan y Cynghorydd Marsden.
- (3) Cafodd y Cynghorydd Hunt bleidleisiau unigol i'w dderbyn gan Arweinwyr yn y drefn ganlynol: Caerdydd; Bro Morgannwg; Pen-y-bont ar Ogwr; Rhondda Cynon Taf; Caerffili, Casnewydd; Sir Fynwy, Merthyr Tudful; Blaenau Gwent; Torfaen.
- (4) Penderfynwyd yn unfrydol bod Cabinet Rhanbarthol P-RC yn derbyn yr argymhellion yn yr adroddiad.

Gadawodd Jenna Dillon y cyfarfod.

#### **11. Cynllun Archwilio Bargaen Ddinesig P-RC SAC 2020/21**

Cyflwynodd Phil Pugh y Cynllun. Cadarnhaodd Sara-Jane eu bod yn cynnig dilyn buddsoddiad byw trwy'r broses fframwaith ond nid oeddent eto wedi dewis pa un y byddent yn ei ddewis i wneud hynny. Diolchodd y Cynghorydd Hunt Phil a Sara-Jane am y Cynllun.

Diolchodd y Cynghorydd Hunt i'w gydweithwyr a chaeodd y cyfarfod.



**15 JUNE 2020**

---

**DRAFT STATEMENT OF ACCOUNTS 2019/20 AND DRAFT ANNUAL GOVERNANCE STATEMENT**

**JOINT REPORT OF CARDIFF CAPITAL REGION CITY DEAL SECTION 151 OFFICER AND CITY DEAL DIRECTOR**

**AGENDA ITEM 4**

---

**Reason for this Report**

1. To present to Regional Cabinet the Draft Statement of Accounts for 2019/20 and Draft Annual Governance Statement in respect of the Cardiff Capital Region City Deal (CCRCD) Joint Committee.
2. Joint Committees fall within the definition of 'local government bodies in Wales' provided by section 12 of the Public Audit (Wales) Act 2004, and therefore, fall within the Auditor General's duty to audit the accounts of such bodies. Where qualifying income or expenditure exceeds £2,500,000, the requirement is to produce a full set of accounts which comply with the International Standard on Auditing 260 (ISA 260).
3. Subject to Regional Cabinet's comments, to note that the Section 151 Officer will sign the Chief Financial Officer's Statement of Responsibilities within the Draft Statement of Accounts (Appendix 1) and submit both documents to Wales Audit Office (WAO) to commence its external audit in line with the audit plan considered by Regional Cabinet on 18 May 2020.

**Background**

4. The Statement of Accounts is prepared in accordance with a Code of Practice on Local Authority Accounting ("the Code") 2019/20 developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Accounts aim to give electors, those subject to levied taxes and charges, those charged with governance, members of the partnering authorities, employees and other interested parties, information about the Joint Committee's finances.
5. The preparation of the Statement of Accounts and its subsequent audit is important to ensure accountability of public funds, to allow comparison across organisations and to meet legislative requirements. However, the accounts contain complex technical statements which are necessary in order to comply with the requirements of the Code.

6. Under the Accounts and Audit (Wales) (Amendments) Regulations 2018, the Joint Committee's draft accounts are required to be signed by the 15<sup>th</sup> June and the final, audited Statements of Accounts for 2019/20 approved by the 15<sup>th</sup> September 2020. In light of the Covid-19 pandemic, additional flexibility has been offered where this may not be possible, with respective dates for signing and approval extended to 30<sup>th</sup> August and the 30<sup>th</sup> November if required.

### **Content of the Accounts**

7. The Statement of Accounts include:
  - A Narrative Report setting out an introduction to CCRCDD, financial and non-financial performance during 2019/20 as well as an introduction to the statements included within the accounts.
  - The core financial statements for 2019/20:
    - Movement in Reserves Statement
    - Comprehensive Income and Expenditure Account
    - Balance Sheet
    - Cash Flow Statement
  - Other accompanying notes as a result of legislative or accounting requirements such as:
    - Disclosures on financial instruments (Financial Assets and Financial Liabilities)
    - Capital Expenditure and financing arrangements;
    - Remuneration and exit packages
  - Accounting policies

### **Group Accounts**

8. The Code of Practice also requires the preparation of Group Accounts where material subsidiaries, associates or joint ventures exist. As in previous years, the Special Purpose Vehicle (SPV) established to deliver the Compound Semi-Conductor project is consolidated and included within the Joint Committee's Group Accounts also included in Appendix 1.
9. Where the accounts of a relevant activity are prepared on a different basis or where different policies have been adopted to those of the Joint Committee, adjustments will be necessary to ensure that the Group Statements are prepared on a consistent basis and fully comply with the requirements of the Code.

### **Draft Annual Governance Statement (AGS)**

10. Under the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, Joint Committee is required to approve an Annual Governance Statement, a draft of which is included at Appendix 2.
11. Building on the comments provided in the 2018/19 AGS, the disclosure represents an update and assessment in accordance with the principles of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
12. It is based on an assessment against the 20 good practice assurance statements, led by the City Deal Senior Leadership Team, with input and support from the Accountable Body. In order to gauge wider stakeholder views the draft

statements, proposed responses and ratings, were issued to select members of Regional Cabinet (Chair and Vice-chairs), Investment Panel, Regional Economic Growth Partnership and Programme Board. This process sought to assess the level of wider validation that could be attributed to the process and the draft findings.

13. The individual officer and wider stakeholder comments were brought together to produce the final consolidated assessment as set-out in Appendix 2d.

#### Key Developments in Respect of Assurance Matters during 2019-20

14. 2019/20 has been a pivotal year for the Cardiff Capital Region City Deal in terms of major developments which have both strengthened the level of assurance, but also unexpected events, which have tested the City Deal's governance, systems of internal control and therefore its overall resilience in coping with such events.

1. Approval of the Investment & Intervention Framework

With the publication of the Economic & Industrial Growth Plan in March and the approval and launch of the Investment and Intervention Framework (IIF) in June, 2019/20 was the year CCR went from start-up to scale-up. This maturity is in evidence with outcomes and delivery being scaled and key projects achieving the greenlight – all now underpinned by robust frameworks that engage, include and provide a clear evidence base and assessment process that provides openness, impartiality and strong assurance.

2. Registration and Declarations of Interests

A comprehensive exercise has been carried out in 2019/20 to build on earlier work completed in this area. A register has been developed to track, capture and update Declarations of Interests for all CCR Committees, Sub-committees, Boards and key officer groups, which total 77 in number.

Updated forms have been used, which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Declarations of Interests Register', which captures key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.

A summary of the 'Declarations of Interests Register' is attached at Appendix 2a. This shows that as at the 9<sup>th</sup> June 2020, a 100% compliance rate has been achieved (forms issued, returned and uploaded to the website). The forms have been reviewed as part of the Statement of Accounts preparation and this analysis will be further developed in 2020/21. In addition, an annual reminder will be issued to all Groups to ensure declarations remain up to date, whilst updates will continue to be provided to Cabinet on a regular basis.

3. Response to the Covid-19 Pandemic

CCRCD acted swiftly to respond to the Covid-19 pandemic through the preparation of its 'CCR Priorities for Responding to Covid-19 & Beyond' document. This will operate alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18<sup>th</sup> May 2020. The CCR Priorities document is attached at Appendix 2b.

In addition, and as part of this AGS, responses have been prepared to a set of questions in relation to potential impacts that Covid-19 may have had on CCRCD's governance and assurance processes. The questions and responses are set out at Appendix 2c.

4. CCRCD Strategic Communications' Plan, Marketing and Extending its Overall Reach

Substantial progress has made in 2019/20 to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Details of the activities undertaken and their impact are set-out in Appendix 2d (Statements 4, 5, 7 & 9) and which include the creation of a strategic communications' plan.

15. The assessment has identified 15 further actions in order to further strengthen the level of assurance. These actions have been captured as part of a formal Action Plan, as set-out in Appendix 2e. Progress against these actions will monitored and reported on during the course of the forthcoming year.
16. The final Annual Governance Statement for 2019/20 will be approved by Regional Cabinet at the same time as the approval of the audited Statement of Accounts for that year, following the audit and any comments of Regional Cabinet.

### **Next Steps**

17. The next steps are:
- a) The Section 151 Officer to sign a copy of the unaudited accounts which will be submitted to Wales Audit Office.
  - b) To advertise and facilitate the opportunity for public inspection of the accounts for a period of four weeks, subject to release of lockdown and in accordance with Wales Audit Office timescales.
  - c) For all material amendments and adjustments to be agreed by Wales Audit Office and Joint Committee's s151 Officer in timely manner, allowing any such amendments and adjustments to reported back to Regional Cabinet;
  - d) Regional Cabinet to approve and sign the audited accounts and Annual Governance Statement at a future meeting and no later than 30<sup>th</sup> of November 2020.
  - e) To publish the approved accounts on the Joint Committee website following approval of the audited Statements and Annual Governance Statement.

## Reasons for Recommendations

18. To provide Regional Cabinet with the opportunity to review and comment on the Draft Statement of Accounts for the year ended 31 March 2020 and the Annual Governance Statement.

## Financial Implications

19. The attached report provides Regional Cabinet with the Joint Committee's Draft Statement of Accounts for 2019/20 and Annual Governance Statement for review and comment prior to accounts being signed by the S151 Officer, submitted for external audit and put on public display.

## Legal Implications

20. This report does not raise any direct legal implications. The Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal provides that the Accountable Body shall have responsibility for administering the financial affairs of the Regional Cabinet, including ensuring that the Annual Accounts of the Joint Committee are prepared and for making arrangements for external audit.
21. In considering its endorsement regard should be had, amongst other matters, to:
  - (a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
  - (b) Public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief and
  - (c) the Well-Being of Future Generations (Wales) Act 2015. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives and in so doing achieve the national wellbeing goals.

The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without

compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 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.

22. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 3.

## **RECOMMENDATIONS**

23. It is recommended that the Cardiff Capital Region Regional Cabinet:

- a) notes that, having had an opportunity to review and provide comments, the Draft Statement of Accounts for the year ended 31 March 2020 (attached as Appendix 1) will be:
  - i. signed by the Section 151 Officer;
  - ii. provided to the Wales Audit Office to allow them to commence their audit of the statements;
  - iii. will be made available for public inspection for a period of four weeks when feasible to do so.
- b) notes that, having had an opportunity to review and provide comments, the Draft Annual Governance Statement (attached as Appendix 2) will be provided to the Wales Audit Office to allow them to commence their audit;
- c) notes the AGS Action Plan (Appendix 2e), which will progressed during 2020/21, with regular updates reported to Cabinet throughout the year.

**Chris Lee**  
**Section 151 Officer**  
**Cardiff Capital Region City Deal**

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

**15 June 2020**

### **Appendices**

Appendix 1	Draft Statement of Accounts 2019/20
Appendix 2	Draft Annual Governance Statement 2019/20
Appendix 2a	Declarations of Interests Register (Summary)
Appendix 2b	CCR Priorities for Responding to Covid-19 & Beyond
Appendix 2c	Response to Covid-19 Impact on Governance & Assurance
Appendix 2d	2019/20 AGS Controls, Ratings & Actions
Appendix 2e	AGS Action Plan
Appendix 3	Wellbeing of Future Generations Assessment

## Cardiff Capital Region City Deal Joint Committee Draft Statement of Accounts

---

2019/20



<u>Contents</u>	<u>Page</u>
Chair's Statement	3
Narrative Report	4
Statement of Responsibilities for the Financial Statements	11
Certificate of the Chief Financial Officer	12
Audit Report	13
Accounting Policies Used When Formulating the Accounts	14
Comprehensive Income and Expenditure Statement	17
Movement in Reserves Statement	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Core Financial Statements	21
Group Accounts	31
Glossary of Accounting Terms	43





## Cardiff Capital Region City Deal - Chair's Statement

*"The Cardiff Capital Region City Deal is a unique programme of collaborative working which seeks to enable transformational economic change, through targeted investment in infrastructure, innovation and challenge-driven approaches to tackling industrial and societal issues. It is an investment in people and place and aims to bring fairness and opportunities for all, no matter where they live in the region.*

*It builds on the region's proud heritage, its liveability, its already substantial economic output and our unique sense of place. It seeks to enrich in other ways, improving public services, strengthening engagement with civic society and enabling our workforce to adapt to the skills and capabilities required to drive the industries of the future. Our City Deal is built on partnership and instils democratic legitimacy through balancing strong local leadership with penetrative industrial and business engagement.*

*Our City Deal is adaptive and responsive to the continual changes we see around us and with the economy in relative hibernation as we contend with the Covid-19 crisis, it is more important than ever that our 20 year programme, enables a clear and measured approach which, whilst holding good to our evidence base, strategy and investment framework, is able to adapt and adjust and demonstrate that we are capable of responding in real-time. In reflecting on 2019/20 many new projects and programmes were set in train and resources committed, however, with the likely economic fallout of Covid-19, we must work harder than ever in 2020/21 and future years, to ensure we realise an impact that can be felt and experienced by as many parts of the CCR as possible. Handing over my term as Chair of CCR Cabinet to Cllr Anthony Hunt, who will preside over and authorise these accounts, I feel confident that we are able to move into this next stage with a strong sense of both adaptive and values-led leadership."*

Councillor Andrew Morgan

Chair, Cardiff Capital Region City Deal



## Narrative Report

### Introduction

The Cardiff Capital Region (CCR) is comprised of ten local authorities: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan. It is the largest city-region in Wales and accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses.

The Cardiff Capital Region is an area where people want to live and work. It is home to some of the fastest growing and most economically competitive places in the UK, but alongside some of the least competitive and most disadvantaged.

The City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth plans. Central to this will be the development of a 20 year £495 million Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects in priority sectors to deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment by 2036.

However it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.

### Background

Ten partner authorities established the Cardiff Capital Region City Deal Joint Committee, by signing a Joint Working Agreement (JWA) in relation to the delivery of the City Deal on 1<sup>st</sup> March 2017. This sets out governance arrangements, an Assurance Framework as well as an implementation plan.

Each partnering authority has one elected member representative serving on the Joint Committee, which is also referred to as the Cardiff Capital Region 'Regional Cabinet'.

Operating costs as well as shares of contributions to a wider investment fund are provided by each authority, based on population:

<b>Local Authority</b>	<b>Proportion of Contribution</b>
Blaenau Gwent	4.6%
Bridgend	9.4%
Caerphilly	12.0%
Cardiff	23.8%
Merthyr Tydfil	3.9%



Monmouthshire	6.1%
Newport	9.8%
Rhondda Cynon Taff	15.8%
Torfaen	6.1%
Vale of Glamorgan	8.5%
<b>Total</b>	<b>100%</b>

The Joint Committee is supported by the City Deal Office (CDO) led by the Director of the City Deal, with Cardiff Council appointed as the Accountable Body, the legal entity responsible for discharging obligations in respect of the City Deal. The cost of the CDO and the Accountable Body are met from contributions made by partnering authorities through the annual approval of the Joint Committee Revenue Budget.

### Funding and Projects

The funding agreement with the UK and Welsh Governments totals £1.2 billion, of which £734 million is allocated to the Metro and is directly managed by Welsh Government. The remaining £495 million is the responsibility of the Joint Committee and relates to what is called the 'Wider Investment Fund'. This is made up of:

- £375 million cash grant over 20 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-20;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

Up to 3% of the Wider Investment Fund has been earmarked annually to support the work of Regional Bodies and to meet the costs of Programme Development and Support. This equates to an annual sum of up to £742,500 and is referred to as the Wider Investment Fund 'Top-Slice'.

The balance of the Wider Investment Fund (circa £480 million) is to be used to for investment in the regions key priorities, which it has identified as innovation, infrastructure and challenge. Proposals are brought forward for consideration and assessed as part of an Investment and Intervention Framework, prior to consideration by Regional Cabinet. In order to maximise the impact of funds available, investments will aim to be 'evergreen' and alternative structures considered such as partnerships and joint ventures.

### Gateway Reviews

An outcome based Gateway Review will be undertaken by HM Treasury every 5 years commencing in December 2020. Funding for financial year 2021/22 and beyond is conditional upon successfully passing each Gateway Review, whilst any unspent funding may be subject to repayment if the Gateway Review is not passed.



Where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2020-21), will also be permitted providing that the Gateway Review is passed.

*Annual Review, Future Plans and Developments*

These can be found in the following documents:

**Cardiff Capital Region Cabinet 2019/20 Joint Committee Revenue Budget Final Outturn Position** which sets out financial performance against the approved revenue budget for the financial year.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2020/04/item-4-outturn-report.pdf>

**Cardiff Capital Region Cabinet 2019/20 Annual Business Plan – Quarter 4 Performance Report** which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2020/04/item-5-quarter-4-excluding-exempt-app-5.pdf>

**Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2020/21** which, as a requirement of City Deal Joint Working Agreement outlines key priorities for the financial year and beyond, and the resources to be used to achieve them.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2019/03/item-6-business-plan.pdf>



Financial Performance 2019/20

The cost of operating the Joint Committee as well as how those costs are paid for are shown in the table below.

**2019/20 Joint Committee Revenue Budget & Outturn Position**

<b>Joint Committee Revenue Budget</b>	<b>2019/20 Budget £</b>	<b>2019/20 Out-turn £</b>	<b>2019/20 Variance £</b>
<b>Expenditure:</b>			
City Deal Office	1,378,416	1,155,801	(222,615)
Accountable Body Support Services	308,769	248,351	(60,418)
<b>Total</b>	<b>1,687,185</b>	<b>1,404,152</b>	<b>(283,033)</b>
<b>Funded by:</b>			
WIF 'Top-Slice' Contribution - In-year	(163,417)	(148,615)	14,802
WIF 'Top-Slice' Contribution - Reserve	(434,448)	(172,387)	262,061
Partner Contributions	(1,089,320)	(1,086,235)	3,085
<b>Total</b>	<b>(1,687,185)</b>	<b>(1,407,237)</b>	<b>279,948</b>
<b>Net Position</b>	<b>0</b>	<b>(3,085)</b>	<b>(3,085)</b>

**2019/20 Wider Investment Fund 'Top-Slice' Budget & Outturn Position**

<b>Wider Investment Fund Top-Slice</b>	<b>2019/20 Budget £</b>	<b>2019/20 Outturn £</b>	<b>2019/20 Variance £</b>
<b>Gross Expenditure:</b>			
Regional Bodies	106,000	34,686	(71,314)
Programme Development & Support	393,083	296,329	(96,754)
Projects (Prior to in-year approvals)	80,000	328,255	248,255
Contribution to CDO Budget	163,417	148,615	(14,802)
	<b>742,500</b>	<b>807,885</b>	<b>65,385</b>
Investment Income	0	(264,236)	(264,236)
<b>Net Expenditure</b>	<b>742,500</b>	<b>543,649</b>	<b>(198,851)</b>
<b>Funded by:</b>			
HMT Revenue Grant	(742,500)	(543,649)	198,851
<b>Total</b>	<b>(742,500)</b>	<b>(543,649)</b>	<b>198,851</b>



**2019/20 Wider Investment Fund 'Balance of Funding' Budget & Out-turn**

<b>Wider Investment Fund 'Balance of Funding'</b>	<b>2019/20 Budget £</b>	<b>2019/20 Out-turn £</b>	<b>2019/20 Variance £</b>
<b>Capital Expenditure:</b>			
CSC Foundry Investment	1,381,641	0	(1,381,641)
In Year Project Resources	26,110,000	0	(26,110,000)
<b>Sub Total</b>	27,491,641	0	(27,491,641)
<b>Revenue Expenditure:</b>			
Graduate Pilot Scheme	143,550	110,355	(33,195)
In Year Project Resources	856,450	0	(856,450)
<b>Sub Total</b>	1,000,000	110,355	(889,645)
<b>Total</b>	<b>28,491,641</b>	<b>110,355</b>	<b>(28,381,286)</b>
<b>Funded By</b>			
HMT Revenue Grant	(1,000,000)	(110,355)	889,645
Temporary Borrowing 'Cost of Carry'	(6,417,800)	0	6,417,800
Council Contributions	(21,073,841)	0	21,073,841
<b>Total</b>	<b>(28,491,641)</b>	<b>(110,355)</b>	<b>28,381,286</b>

**Financial Position as at 31 March 2020**

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2020.

<b>Summary of Balance Sheet</b>	<b>31 March 2019 £</b>	<b>31 March 2020 £</b>
<b>Long Term Assets :</b>		
Long Term Debtors, Revenue and Capital (CSC Foundry Project)	37,118,359	37,118,359
<b>Current Assets &amp; Liabilities:</b>		
Short Term Debtors, Cash & Cash Equivalents, less Short Term Creditors	27,532,102	41,708,791
<b>Long Term Liabilities</b>	(27,923,108)	(42,096,711)
<b>Net Assets</b>	<b>36,727,353</b>	<b>36,730,439</b>
Usable Reserves	(208,994)	(212,080)
Unusable Reserves	(36,518,359)	(36,518,359)
<b>Financed by</b>	<b>(36,727,353)</b>	<b>(36,730,439)</b>



### Pensions Liabilities

The Joint Committee is not a legal entity in its own right and therefore cannot enter into contracts for Goods or Services. Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations. The employing body is responsible for all current and future pension liabilities that may arise from these arrangements. The Joint Committee reimburses all salary related costs, including employer related pension contributions and accounts for these in its Income & Expenditure Account. Therefore, no liability for future pension payments or benefits is recognised in the Joint Committee's Balance Sheet at present.

### Balances and Reserves

As at 31 March 2020, the Joint Committee held Usable Reserves of £212,080. These are carried forward as a General Reserve to supplement budget resources available in future years.

### Annual Governance Statement

The Joint Committee's governance arrangements are set out in the JWA and comprise the systems, processes, culture and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

The Joint Committee has arrangements in place through the Programme Management Office and the Accountable Body, which are designed to deliver strong governance and an effective system of internal control. These comprise the JWA as an overall basis of governance, an Assurance Framework which sets out how the Investment fund will be allocated and managed, and an overall Implementation Plan in respect of key milestones and targets.

The Joint Committee approved the 5 year JWA Business Plan on 23<sup>rd</sup> February 2018 and it was approved by each of the ten partnering authorities during March 2018. The JWA provides a clear strategic vision and its focus over the medium term. In addition, the Joint Committee approved its 2019/20 Annual Business Plan, setting the immediate priorities and associated work programme.

The Governance Framework comprises two core principles and five supporting principles, as set out in CIPFA's Delivering Good Governance framework.

#### **Core Principles**

- a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- b. Ensuring openness and comprehensive stakeholder engagement.

#### **Supporting Principles**

- c. Defining outcomes in terms of sustainable economic, social, and environmental benefits;



- d. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- e. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- f. Managing risks and performance through robust internal control and strong public financial management;
- g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Principles a and b permeate implementation of principles c to g but good governance is dynamic, and the Joint Committee of the CCR City Deal is committed to improving governance on a continuing basis through a process of evaluation and review.

The Joint Committee's separately published Annual Governance Statement summarises the assessment of governance in place for the Joint Committee.

### COVID-19 Impact

There has been no impact on the 2019/20 accounts, however, Regional Cabinet considered a report at its meeting of 18<sup>th</sup> May 2020 in respect of its priorities for addressing the economic impact of Covid-19 and beyond seeking to establish a guide to set out the ways in which CCR is best able to make a difference and help mitigate some of the worst effects on the economy and businesses in the region as a result of the crisis and its ongoing impact.

### The Financial Statements

The Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee are set out in this document, accompanied by a Statement of Responsibilities for the Statement of Accounts and the Audit Report.

The core statements of the Joint Committee are:

- Comprehensive Income and Expenditure Statement which provides information on how it has performed throughout the year and as a result, whether or not its operations have resulted in a surplus or a deficit.
- Movement in Reserves Statement which shows the changes to its Reserves over the course of the year.
- Balance Sheet which provides a 'snapshot' of its assets, liabilities, cash balances and reserves at the year-end date.
- Cash Flow Statement shows the reason for changes in cash balances during the reporting period.

Notes to the Core Financial Statements accompany the main financial statements and provide an additional tier of information and context.

Group Accounts combine the Joint Committees own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this case CSC Foundry Limited.





## *Statement of Responsibilities for the Financial Statements*

### **Cardiff Capital Region City Deal Joint Committee's responsibilities**

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and secure that an appropriate officer has the responsibility for the administration of those affairs. This is the Corporate Director Resources and Section 151 Officer of Cardiff Council who holds the role of Cardiff Capital Region City Deal Section 151 Officer;
- manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Cllr Anthony Hunt**

**Date:**

**2020**

**Chair of Cardiff Capital Region Joint Committee**



## *Responsibilities of the Section 151 Officer of the Joint Committee*

The Section 151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

In preparing these financial statements, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### The Section 151 Officer Certificate

The financial statements for the Cardiff Capital Region City Deal Joint Committee give a true and fair view of the financial position of the Joint Committee at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

**Christopher Lee**

**Date**

**2020**

**Section 151 Officer**



## *Audit of Financial Statements Report – Cardiff Capital Region City Deal*

This page has been intentionally left blank and will be updated upon receipt of the Auditor General's Final Opinion.



## *Accounting Policies used when formulating the accounts*

The Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31 March 2020 and its financial position at that date. The accounts are prepared in accordance with proper accounting practices as contained in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **1. Accounting Standards issued but not yet adopted**

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases in 2020/21. This will remove the existing classification of operating and finance leases covering buildings, equipment etc. and their different accounting treatments. It will require all leases, with a term over a year, to be recorded as assets and liabilities unless the underlying asset is of low value.

Whilst this is expected to have no direct financial impact, work will need to be undertaken to ensure any lease type arrangements relating to the Joint Committee are identified, and accurately recorded. This will include a review of existing and the creation of new processes for managing and recording existing and new lease arrangements.

### **2. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser
- revenue from the provision of services/contracts is recognised when the Joint Committee can measure reliably the percentage of completion and it is probable that economic benefits or service potential will be achieved
- supplies are recorded as expenditure when they are consumed
- services received are recorded as expenditure when the services are received, rather than when the payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

### **3. Cash and Cash Equivalents**

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body.



An approved Treasury Management strategy is in place to manage the Joint Committee's cash balances, short-term investments and borrowing requirements.

The strategy allows the Accountable Body to maintain a clear audit trail (and therefore visibility) of the Joint Committee's cash from its own resources, whilst retaining flexibility to manage cash balances and calculate interest earned or payable. The arrangements consist of short-term investments through approved counterparties and are aimed at securing market returns.

#### **4. Contingent assets and liabilities**

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Joint Committee's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in a note to the accounts where deemed material.

#### **5. Grants and Contributions**

Grant funding is subject to 5 year Gateway Reviews with the first review scheduled to commence in December 2020.

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Joint Committee will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

#### **Revenue**

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (specific revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-specific revenue grants) in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

#### **Capital**

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.



Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant such as the General Capital Grant or Major Repair Allowance were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

## **6. Interests in Companies and Other Entities**

The Joint Committee has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts. In the Joint Committee's own single entity accounts, the interests in such companies are recorded as financial assets in the Balance Sheet.

## **7. Property, Plant, Equipment**

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

## **8. Provisions**

Provisions are charged as expenditure to the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

## **9. Reserves**

The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Joint Committee.

## **10. Value Added Tax (VAT)**

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.



## 2019/20 Comprehensive Income & Expenditure Statement

This statement records all of the Joint Committee's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in-line with generally accepted accounting practices.

2018/2019 £		Notes	2019/2020 £
	<b>Cost of Services</b>		
435,935	Staff Costs		922,560
15,738	Premises	2	17,404
24,380	Transport	3	29,975
416,206	Supplies & Services	4	1,094,249
267,732	Support Services	5	279,961
<b>1,159,991</b>	<b>Operating Expenditure</b>		<b>2,344,149</b>
(1,038,154)	Contributions from Local Authorities	6/9	(1,089,317)
(178,042)	Grant Income	6	(826,397)
0	Fees and Charges	6	(167,284)
<b>(1,216,196)</b>	<b>Operating Income</b>		<b>(2,082,998)</b>
<b>(56,205)</b>	<b>Net Cost of Services</b>		<b>261,151</b>
(110,943)	Interest & Investment Income	13	(264,236)
<b>(110,943)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(264,236)</b>
(12,308,359)	Recognised Capital Grants & Contributions	8	0
<b>(12,308,359)</b>	<b>Taxation and Non Specific Grant Income</b>		<b>0</b>
<b>(12,475,507)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(3,085)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(12,475,507)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(3,085)</b>



## 2019/20 Movement in Reserves Statement

This statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Joint Committee can use to provide services whereas Unusable Reserves such as the Capital Adjustment Account cannot be used.

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
<b>Balance at 31 March 2019 Carried Forward</b>	208,995	0	208,995	36,518,359	36,727,354
<b><u>Movements in Reserves During 2019/20</u></b>					
Surplus / (Deficit) on the Income and Expenditure Account	3,085	0	3,085	0	3,085
<b>Total Comprehensive Income and Expenditure</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>
Adjustments between Accounting Basis and Funding Basis	0		0	0	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>
Transfers to/(from) Earmarked Reserves	0	0	0	0	0
<b>Increase/(Decrease in Year)</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>	<b>0</b>	<b>3,085</b>
<b>Balance at 31 March 2020</b>	<b>212,080</b>	<b>0</b>	<b>212,080</b>	<b>36,518,359</b>	<b>36,730,439</b>
<b>Balance at 31 March 2018 Carried Forward</b>	<b>41,846</b>	<b>0</b>	<b>41,846</b>	<b>24,210,000</b>	<b>24,251,846</b>
<b><u>Movements in Reserves During 2018/19</u></b>					
Surplus / (Deficit) on the Income and Expenditure Account	12,475,507	0	12,475,507	0	12,475,507
<b>Total Comprehensive Income and Expenditure</b>	<b>12,475,507</b>	<b>0</b>	<b>12,475,507</b>	<b>0</b>	<b>12,475,507</b>
Adjustments between Accounting Basis and Funding Basis	(12,308,359)		(12,308,359)	12,308,359	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>167,148</b>	<b>0</b>	<b>167,148</b>	<b>12,308,359</b>	<b>12,475,507</b>
Transfers to/(from) Earmarked Reserves	(85,495)	85,495	0	0	0
<b>Increase/(Decrease in Year)</b>	<b>81,653</b>	<b>85,495</b>	<b>167,148</b>	<b>12,308,359</b>	<b>12,475,507</b>
<b>Balance at 31 March 2019</b>	<b>123,499</b>	<b>85,495</b>	<b>208,994</b>	<b>36,518,359</b>	<b>36,727,353</b>





## Balance Sheet as at 31 March 2020

This statement is comprised of two balancing sections – the net assets of the Joint Committee and the total reserves held.

31 March 2019 £		Notes	31 March 2020 £
0	Assets Under Construction		0
600,000	Long Term Debtors - Revenue		600,000
36,518,359	Long Term Debtors - Capital		36,518,359
<b>37,118,359</b>	<b>Long Term Assets</b>		<b>37,118,359</b>
33,114	Short Term Debtors	11	244,636
29,720,199	Cash & Cash Equivalents	12	44,029,702
<b>29,753,313</b>	<b>Current Assets</b>		<b>44,274,338</b>
(2,221,211)	Short Term Creditors	14	(2,565,547)
<b>(2,221,211)</b>	<b>Current Liabilities</b>		<b>(2,565,547)</b>
(27,923,108)	Long Term Creditors	14	(42,096,711)
<b>(27,923,108)</b>	<b>Long Term Liabilities</b>		<b>(42,096,711)</b>
<b>36,727,353</b>	<b>Net Assets</b>		<b>36,730,439</b>
208,994	Usable Reserves	15	212,080
36,518,359	Capital Adjustment Account	17	36,518,359
<b>36,727,353</b>	<b>Total Reserves</b>		<b>36,730,439</b>



## 2019/20 Cash Flow Statement

This statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

31 March 2019 £		Notes	31 March 2020 £
(12,475,507)	Net (Surplus) / Deficit on the provision of services		(3,085)
12,272,845	Adjust net surplus or deficit on the provision of services for non-cash movements	16	693,582
<b>(202,662)</b>	<b>Net cash flows from operating activities</b>		<b>690,497</b>
12,458,359	Investing activities	16	0
(22,308,359)	Financing activities	16	(15,000,000)
<b>(10,052,662)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(14,309,503)</b>
(19,667,537)	Cash and cash equivalents at the beginning of the reporting period		(29,720,199)
<b>(29,720,199)</b>	<b>Cash balance as at 31 March</b>		<b>(44,029,702)</b>



## Notes to the Core Financial Statements

### 1. Remuneration

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations.

In accordance with International Accounting Standard 19 – Employee Benefits, the employing body is required to disclose certain information concerning the income and expenditure of its pension scheme and its related assets and liabilities. As the Joint Committee does not directly employ staff, these statutory disclosures do not apply (instead staff pension liabilities etc. of the relevant officers will be disclosed in the financial statements of each employing body).

In line with the Accounts and Audit (Wales) Regulations 2014, the Joint Committee also discloses, on a voluntary basis:

- the number of employees whose remuneration is over £60,000 per annum be disclosed within bands of £5,000.
- the remuneration and job title of senior employees who form part of the senior management team and whose salary is £60,000 or more per annum.

These are shown in the tables below.

Remuneration Band	Number of Employees	
	2018/19	2019/20
£		
110,000 - 114,999	1	1
85,000 - 89,999	0	1
65,000 - 69,999	0	1
60,000 - 64,999	0	1
<b>Total</b>	<b>1</b>	<b>4</b>

2018/19 Total Remuneration including Pension Contributions £	Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
91,435	City Deal Director	128,758	26,259	155,017	Post commenced August 2018. Annualised salary £113,676
0	Chief Operating Officer	63,828	6,338	70,166	Post commenced August 2019. Annualised Salary £86,603
0	Head of Finance, Risk and Assurance	51,089	4,995	56,084	Post commenced August 2019. Annualised Salary £69,317
0	Head of Inclusive Growth & Business Development	66,143	13,821	79,964	Post commenced July 2019. Annualised Salary £60,041



## 2. Premises

The following table analyses premises expenditure for the year.

2018/19 £	Premises	2019/20 £
15,718	Rents	15,000
20	Other Premises Related Expenditure	2,404
<b>15,738</b>	<b>Total</b>	<b>17,404</b>

## 3. Transport

The following table analyses transport expenditure for the year.

2018/19 £	Transport	2019/20 £
2,004	Car Allowances	7,383
22,376	Travel Expenses	22,592
<b>24,380</b>	<b>Total</b>	<b>29,975</b>

## 4. Supplies and Services

The following table analyses supplies and services expenditure for the year.

2018/19 £	Supplies & Services	2019/20 £
11,417	ICT, Telephones, Printing & Software	33,265
8,389	Meeting Room Hire & Other Meeting Costs	95,284
93,368	Marketing, Branding & Communications	133,761
249,791	Programme Development & Support *	688,400
53,242	Other Supplies & Services Costs	143,539
<b>416,207</b>	<b>Total</b>	<b>1,094,249</b>

\* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework.



## 5. Support Services

The following table analyses support service expenditure for the year

2018/19 £	Support Services	2019/20 £
14,540	HR People Services	16,806
134,138	Accountancy Support	112,618
3,070	Exchequer, Internal Audit & Insurance	3,100
75,213	Legal & Governance Support	79,996
7,963	ICT, Information & Governance	11,695
0	Commissioning & Procurement Support	10,034
32,809	External Audit	42,162
0	Other Support	3,550
<b>267,733</b>	<b>Total</b>	<b>279,961</b>

## 6. Income

The following table analyses income accounted for during the year.

2018/19 £	Income	2019/20 £
(1,038,154)	Contributions from Local Authorities	(1,099,317)
0	Fees and Charges	(157,285)
(178,042)	Grant Income	(826,396)
<b>(1,216,196)</b>	<b>Total</b>	<b>(2,082,998)</b>

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities.

HM Treasury revenue grant totalling £10 million was received during the year in respect of the fourth year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions. A grant of £5 million was also provided by Cardiff Council, in accordance with an agreement with Welsh Government to support the Housing Investment Fund Project and in particular the viability gap fund element.

Welsh Government have confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted.



2018/19 £	Grants and Contributions Credited to Operating Income	2019/20 £
(178,042)	WIF HM Treasury Revenue Grant	(826,396)
<b>(178,042)</b>	<b>Total</b>	<b>(826,396)</b>

2018/19 £	Grants and Contributions Receipts in Advance	2019/20 £
(1,742,500)	WIF HM Treasury Revenue Grant - Short Term Creditor	(1,742,500)
<b>(1,742,500)</b>	<b>Sub Total</b>	<b>(1,742,500)</b>
(27,923,108)	WIF HM Treasury Revenue Grant - Long Term Creditor	(37,096,711)
0	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
<b>(27,923,108)</b>	<b>Sub Total</b>	<b>(42,096,711)</b>
<b>(29,665,608)</b>	<b>Total</b>	<b>(43,839,211)</b>

Classification of Creditor balances between those to be utilised on a short or long term basis is undertaken on the basis of resources set out to be available for use in the next financial year (short term) or thereafter (long term) in the published Annual Business Plan for the relevant period. This is subject to the approval and timing of expenditure on projects and is reported as part of the Quarterly updates provided to the Joint Committee.

## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).



<b>Expenditure and Funding Analysis 2019/20</b>	<b>Net Expenditure Chargeable to General Fund Balances £</b>	<b>Adjustments between accounting and funding basis - Capital £</b>	<b>Adjustments between accounting and funding basis - Other £</b>	<b>Comprehensive Income &amp; Expenditure 2019/20 £</b>
Staff Costs	922,560	0	0	922,560
Premises	17,404	0	0	17,404
Transport	29,975	0	0	29,975
Supplies & Services	1,094,248	0	0	1,094,248
Support Services	279,961	0	0	279,961
Contributions from Local Authorities	(1,086,231)	0	(3,085)	(1,089,316)
Grant Income	(826,397)	0	0	(826,397)
Fees and Charges	(167,284)	0	0	(167,284)
<b>Net Cost of Services</b>	<b>264,236</b>	<b>0</b>	<b>(3,085)</b>	<b>261,151</b>
Interest & Investment Income	(264,236)	0	0	(264,236)
Recognised Capital Grants & Contributions	0	0	0	0
Other Income and Expenditure from the Funding Analysis	0	0	0	0
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>0</b>	<b>(3,085)</b>	<b>(3,085)</b>
Opening Usable Reserves Balance 1st April 2018	(208,995)			
Plus Surplus on Usable Reserves Balance in Year	(3,085)			
<b>Closing Usable Reserves Balance 31 March 2019</b>	<b>(212,080)</b>			

<b>For Comparison - Expenditure and Funding Analysis 2018/19</b>	<b>Net Expenditure Chargeable to General Fund Balances £</b>	<b>Adjustments between accounting and funding basis - Capital £</b>	<b>Adjustments between accounting and funding basis - Other £</b>	<b>Comprehensive Income &amp; Expenditure 2018/19 £</b>
Staff Costs	435,935	0	0	435,935
Premises	15,738	0	0	15,738
Transport	24,380	0	0	24,380
Supplies & Services	416,206	0	0	416,206
Support Services	267,732	0	0	267,732
Contributions from Local Authorities	(871,006)	0	(167,148)	(1,038,154)
Grant Income	(178,042)	0	0	(178,042)
<b>Net Cost of Services</b>	<b>110,943</b>	<b>0</b>	<b>(167,148)</b>	<b>(56,205)</b>
Interest & Investment Income	(110,943)	0	0	(110,943)
Recognised Capital Grants & Contributions	(12,308,359)	0	0	(12,308,359)
Other Income and Expenditure from the Funding Analysis	12,308,359	(12,308,359)	0	0
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(12,308,359)</b>	<b>(167,148)</b>	<b>(12,475,507)</b>
Opening Usable Reserves Balance 1st April 2018	(41,846)			
Plus Surplus on Usable Reserves Balance in Year	(167,148)			
<b>Closing Usable Reserves Balance 31 March 2019</b>	<b>(208,994)</b>			



## 8. Adjustments between Accounting Basis and Funding Basis under Regulation

2019/20	Usable Reserves £	Unusable Reserves £	Total Reserves £
Capital Adjustment Account - Grants & Contributions	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

2018/19	Usable Reserves £	Unusable Reserves £	Total Reserves £
Capital Adjustment Account - Grants & Contributions	(12,308,359)	12,308,359	0
<b>Total</b>	<b>(12,308,359)</b>	<b>12,308,359</b>	<b>0</b>

## 9. Related Parties

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

Welsh Government has the ability to effect influence on the Joint Committee via legislation and grant funding. Grants received in 2019/20 are detailed in note 6.

Such transactions are detailed below.

Related Party Transactions	Revenue	Capital	2019/20
	£	£	£
Blaenau Gwent CBC	(50,324)	0	(50,324)
Bridgend CBC	(102,821)	0	(102,821)
Caerphilly CBC	(130,371)	0	(130,371)
Cardiff Council	(258,447)	0	(258,447)
Merthyr Tydfil CBC	(42,928)	0	(42,928)
Monmouthshire County Council	(66,918)	0	(66,918)
Newport City Council	(106,929)	0	(106,929)
Rhondda Cynon Taf CBC	(171,796)	0	(171,796)
Torfaen CBC	(66,455)	0	(66,455)
Vale of Glamorgan Council	(92,328)	0	(92,328)
<b>Sub Total</b>	<b>(1,089,317)</b>	<b>0</b>	<b>(1,089,317)</b>
HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
Housing Viability Gap Funding	0	(5,000,000)	(5,000,000)
<b>Total</b>	<b>(11,089,317)</b>	<b>(5,000,000)</b>	<b>(16,089,317)</b>





For Comparison - Related Party Transactions 2018/19	Revenue	Capital	2018/19
	£	£	£
Blaenau Gwent CBC	(46,574)	(568,613)	(615,187)
Bridgend CBC	(95,160)	(1,161,789)	(1,256,948)
Caerphilly CBC	(120,657)	(1,473,077)	(1,593,734)
Cardiff Council	(239,192)	(2,920,249)	(3,159,441)
Merthyr Tydfil CBC	(39,730)	(485,052)	(524,781)
Monmouthshire County Council	(61,932)	(756,113)	(818,044)
Newport City Council	(98,962)	(1,208,206)	(1,307,167)
Rhondda Cynon Taf CBC	(158,996)	(1,941,147)	(2,100,142)
Torfaen CBC	(61,503)	(750,880)	(812,383)
Vale of Glamorgan Council	(85,449)	(1,043,232)	(1,128,681)
<b>Sub Total</b>	<b>(1,008,155)</b>	<b>(12,308,359)</b>	<b>(13,316,513)</b>
HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
Housing Viability Gap Funding	0	0	0
<b>Total</b>	<b>(11,008,155)</b>	<b>(12,308,359)</b>	<b>(23,316,513)</b>

## 10. External Audit Costs

2018/19 £	External Audit Costs	2019/20 £
21,510	Joint Committee Financial Audit	18,118
14,791	Joint Committee Performance Audit	14,819
<b>36,301</b>	<b>Total</b>	<b>32,937</b>

## 11. Debtors

31 March 2019 £	Debtors	31 March 2020 £
33,114	Other Local Authorities	158,629
0	Other Entities and Individuals	86,007
<b>33,114</b>	<b>Total</b>	<b>244,636</b>

## 12. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body in line with its treasury management strategy. Interest received is recognised in the Comprehensive Income and Expenditure Statement.

The amount of £44,029,702 shown as Cash and Cash Equivalents in the Balance Sheet contains all monies held with Cardiff Council including investments made using these monies and represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee and immediately available for the Joint Committee's use.



31 March 2019 £	Cash and Cash Equivalents	31 March 2020 £
29,720,199	Cardiff Council Inter-Co Cash	44,029,702
<b>29,720,199</b>	<b>Total</b>	<b>44,029,702</b>

### 13. Financial Instruments

The Joint Committee's 'Financial Instruments' consist of Financial Assets in the form of a loan to Compound Semi-Conductor Foundry Ltd and amounts detailed within the Cash and Cash Equivalents note (Note 12) above.

The loan funded the acquisition (from Welsh Government) of the Foundry building, its refurbishment, fit-out and initial start-up costs. Loans amounting to £24.66 million were drawn down in 2017/18 and £12.46 million in 2018/19. The loan is profiled to be repaid over an 11 year term with repayments commencing in August 2020. The loan repayments will be recycled back into the Wider Investment Fund and used to fund future City Deal projects.

Both the 'Cash and Cash Equivalents' and the 'CSC Foundry Ltd loan' are shown in the accounts at their fair value, which is equal to their carrying value.

31 March 2019			31 March 2020	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
29,720,199	29,720,199	Cash and Cash Equivalents	44,029,702	44,029,702
37,118,359	37,118,359	Loan to CSC Foundry Ltd	37,118,359	37,118,359
<b>66,838,558</b>	<b>66,838,558</b>	<b>Total</b>	<b>81,148,061</b>	<b>81,148,061</b>

#### Financial Instrument Gains/Losses

Interest amounting to £264,236 (2018/19: £110,943) was earned on the Joint Committee's Cash balances held by the Accountable Body during the year.

The structure of the loan made to the Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd) was agreed as part of the extensive due diligence and associated State Aid advice undertaken to approve the investment proposal. This confirmed that the investment would not carry any coupon/interest charge and therefore the loan has generated no gains or losses during the year.

#### The Nature and Extent of Risks arising from Financial Instruments

The Joint Committee's 'Cash and Cash Equivalents' are managed by Cardiff Council in accordance with its overall Treasury Management Strategy, although as set out earlier, appropriate measures are in place to maintain an appropriate audit trail between all the resources it is responsible for and manages.



Cardiff Council places deposits only with banks and building societies that have the Fitch minimum criteria of F1. Ratings are regularly reviewed and to date, the Council has not experienced default of any institution and this is not deemed to be a significant risk for investments held. Therefore in respect of 2019/20, it has been determined that no provisions for expected credit losses are required.

The recoverability of the loan made to CSC Foundry Ltd is subject to regular reviews by both its board members (via quarterly project update reports) and the City Deal Director as part of the process for approving further advances. This range of measures provide the framework for the ongoing review of the loan value, accordingly, no impairment is considered to be required in respect of the outstanding loan value.

#### 14. Creditors

Short Term £	Long Term £	31 March 2019 £	Creditors	Short Term £	Long Term £	31 March 2020 £
1,751,181	27,923,108	29,674,289	Central Government Bodies	1,742,500	42,096,711	43,839,211
221,715	0	221,715	Other Local Authorities	35,197	0	35,197
248,315	0	248,315	Other Entities and Individuals (Inc. Pub. Corp.)	787,850	0	787,850
<b>2,221,211</b>	<b>27,923,108</b>	<b>30,144,319</b>	<b>Total</b>	<b>2,565,547</b>	<b>42,096,711</b>	<b>44,662,258</b>

#### 15. Usable Reserves

2018/19 £	Usable Reserves	2019/20 £
41,846	<b>Balance as at 1 April</b>	208,994
	Movements during year:	
167,148	Surplus on Provision of Services	3,086
0	Financing of Expenditure	0
<b>208,994</b>	<b>Balance as at 31 March</b>	<b>212,080</b>

#### 16. Notes to the Cash Flow Statement

2018/19 £	Operating Activities	2019/20 £
243,652	Increase / (Decrease) in Creditors	344,336
(30,096)	(Increase) / Decrease in Debtors	(211,521)
(12,308,359)	Capital grants / contributions recognised in I&E	0
(178,042)	Revenue grants / contributions recognised in I&E	(826,397)
<b>(12,272,845)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(693,582)</b>



2018/19 £	Investing Activities	2019/20 £
12,308,359	Capital Loan	0
150,000	Revenue Loan	0
<b>12,458,359</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>0</b>

2018/19 £	Financing Activities	2019/20 £
(10,000,000)	HMT Grant received	(10,000,000)
0	Housing Viability Gap Funding received	(5,000,000)
(12,308,359)	Capital contribution received	0
<b>(22,308,359)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(15,000,000)</b>

## 17. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments and it is credited with the amounts used as finance for capital expenditure.

2018/19 £	Capital Adjustment Account	2019/20 £
<b>24,210,000</b>	<b>Balance as at 1 April</b>	<b>36,518,359</b>
	Capital financing applied in the year:	
12,308,359	Grants and contributions	0
<b>36,518,359</b>	<b>Balance as at 31 March</b>	<b>36,518,359</b>



## *Group Accounts*

### **Introduction**

The group accounts that follow comply with the requirement of the 2019/20 Code of Practice, that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Capital Region City Deal Joint Committee and its subsidiary, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd).

At the point of drafting these accounts, the accounts for CSC Foundry Ltd had not been audited and, therefore, the draft figures have been consolidated within the Group Accounts.

### **Accounting Policies Applicable to the Group Accounts**

#### **Basis of Consolidation**

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Cardiff Capital Region City Deal Joint Committee and CSC Foundry Ltd. Inter-group transactions and balances between the Joint Committee and its subsidiary have been eliminated in full.

#### **Accounting policies**

CSC Foundry Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10888081. The registered office is Tredomen Innovation & Technology Centre, Tredomen Park, Ystrad Mynach, Hengoed, Wales CF82 7FN. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

The Group Accounts are prepared in accordance with paragraph 9.1.2.6 of the Code, using uniform accounting policies for like transactions and other events in similar circumstances. The policies to be applied are those specified for the single entity financial statements of the reporting authority, requiring realignment of the policies applied by other group members where they have materially different effect.

Therefore, the financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies.



## *Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2020*

2018/19 £		Notes	2019/20 £
	<b>Cost of Services</b>		
481,708	Staff Costs		972,265
15,738	Premises	18	17,404
24,380	Transport	19	29,975
442,795	Supplies & Services	20	1,121,601
289,482	Support Services	21	298,461
<b>1,254,103</b>	<b>Operating Expenditure</b>		<b>2,439,706</b>
(1,038,154)	Contributions from Local Authorities	23/24	(1,089,317)
(178,042)	Grant Income	23	(826,397)
(2,992,947)	Fees and Charges	23	(3,101,139)
<b>(4,209,143)</b>	<b>Operating Income</b>		<b>(5,016,853)</b>
<b>(2,955,040)</b>	<b>Net Cost of Services</b>		<b>(2,577,147)</b>
(112,211)	Interest & Investment Income	28	(282,733)
<b>(112,211)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(282,733)</b>
(12,308,359)	Recognised Capital Grants & Contributions		0
551,020	Corporation Tax		542,791
<b>(11,757,339)</b>	<b>Taxation and Non Specific Grant Income</b>		<b>542,791</b>
<b>(14,824,590)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(2,317,089)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(14,824,590)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(2,317,089)</b>



## Group Movement in Reserves Statement 2019/20

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	<u>Total Usable Reserves</u> £	Unusable Reserves £	<u>Total Reserves</u> £
<b>Balance at 31 March 2019 Carried Forward</b>	4,062,727	0	4,062,727	36,518,359	40,581,086
<b><u>Movements in Reserves During 2019/20</u></b>					
Surplus / (Deficit) on the Income and Expenditure Account	2,317,089	0	2,317,089	0	2,317,089
<b>Total Comprehensive Income and Expenditure</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>
Adjustments between Accounting Basis and Funding Basis	0		0	0	0
Called up Share Capital	0	0	0	0	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>
Transfers to/(from) Earmarked Reserves	0	0	0	0	0
<b>Increase/(Decrease in Year)</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>	<b>0</b>	<b>2,317,089</b>
<b>Balance at 31 March 2020</b>	<b>6,379,816</b>	<b>0</b>	<b>6,379,816</b>	<b>36,518,359</b>	<b>42,898,175</b>
<b>Balance at 31 March 2018 Carried Forward</b>	<b>1,546,483</b>	<b>0</b>	<b>1,546,483</b>	<b>24,210,010</b>	<b>25,756,493</b>
<b><u>Movements in Reserves During 2018/19</u></b>					
Surplus / (Deficit) on the Income and Expenditure Account	14,824,592	0	14,824,592	0	14,824,592
<b>Total Comprehensive Income and Expenditure</b>	<b>14,824,592</b>	<b>0</b>	<b>14,824,592</b>	<b>0</b>	<b>14,824,592</b>
Adjustments between Accounting Basis and Funding Basis	(12,308,359)		(12,308,359)	12,308,359	0
Called up Share Capital	0	0	0	0	0
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>	<b>2,516,233</b>	<b>0</b>	<b>2,516,233</b>	<b>12,308,359</b>	<b>14,824,592</b>
Transfers to/(from) Earmarked Reserves	(85,495)	85,495	0	0	0
<b>Increase/(Decrease in Year)</b>	<b>2,430,738</b>	<b>85,495</b>	<b>2,516,233</b>	<b>12,308,359</b>	<b>14,824,592</b>
<b>Balance at 31 March 2019</b>	<b>3,977,221</b>	<b>85,495</b>	<b>4,062,716</b>	<b>36,518,369</b>	<b>40,581,085</b>



*Group Balance Sheet as at 31 March 2020*

31 March 2019 £		Notes	31 March 2020 £
0	Land and Buildings		35,308,786
35,535,812	Assets Under Construction		0
4,969,112	Long Term Debtors - Revenue		1,133,855
0	Long Term Debtors - Capital		0
<b>40,504,924</b>	<b>Long Term Assets</b>		<b>36,442,641</b>
408,330	Short Term Debtors	26	7,406,550
33,349,522	Cash & Cash Equivalents	27	47,599,710
<b>33,757,852</b>	<b>Current Assets</b>		<b>55,006,260</b>
(2,337,692)	Short Term Creditors	29	(2,599,883)
<b>(2,337,692)</b>	<b>Current Liabilities</b>		<b>(2,599,883)</b>
(30,439,979)	Long Term Creditors	29	(44,504,034)
(904,020)	Provision for Liabilities	22	(1,446,810)
<b>(31,343,999)</b>	<b>Long Term Liabilities</b>		<b>(45,950,844)</b>
<b>40,581,085</b>	<b>Net Assets</b>		<b>42,898,174</b>
208,994	Usable Reserves	30	212,080
10	Called up Share Capital		10
3,853,722	Profit and Loss Account	30	6,167,726
36,518,359	Capital Adjustment Account	32	36,518,359
<b>40,581,085</b>	<b>Total Reserves</b>		<b>42,898,175</b>





*Group Cash Flow Statement 2019/20*

31 March 2019 £		Notes	31 March 2020 £
(14,824,591)	Net (Surplus) / Deficit on the provision of services		(2,317,090)
13,841,031	Adjust net surplus or deficit on the provision of services for non-cash movements	31	3,293,928
<b>(983,560)</b>	<b>Net cash flows from operating activities</b>		<b>976,838</b>
15,147,497	Investing activities	31	(227,026)
(22,308,359)	Financing activities	31	(15,000,000)
<b>(8,144,422)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(14,250,187)</b>
(25,205,100)	Cash and cash equivalents at the beginning of the reporting period		(33,349,522)
<b>(33,349,522)</b>	<b>Cash balance as at 31 March</b>		<b>(47,599,709)</b>



## Notes to the Core Group Financial Statements

### 18. Premises Costs

The following table analyses Premises expenditure for the year.

2018/19 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	2019/20 £
15,718	Rents	15,000	0	15,000
20	Other Premises Related Expenditure	2,404	0	2,404
<b>15,738</b>	<b>Total</b>	<b>17,404</b>	<b>0</b>	<b>17,404</b>

### 19. Transport Costs

The following table analyses Transport expenditure for the year.

2018/19 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	2019/20 £
2,004	Car Allowances	7,383	0	7,383
22,376	Travel Expenses	22,592	0	22,592
<b>24,380</b>	<b>Total</b>	<b>29,975</b>	<b>0</b>	<b>29,975</b>

### 20. Supplies and Services

The following table analyses Supplies and Services expenditure for the year.

2018/19 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	2019/20 £
11,417	ICT, Telephones, Printing & Software	33,265	0	33,265
8,389	Meeting Room Hire & Other Meeting Costs	95,284	0	95,284
93,368	Marketing, Branding & Communications	133,761	0	133,761
249,790	Programme Development & Support	688,400	0	688,400
79,831	Other Supplies & Services Costs	143,539	27,352	170,891
<b>442,795</b>	<b>Total</b>	<b>1,094,249</b>	<b>27,352</b>	<b>1,121,601</b>

\* Programme Development and Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework.



## 21. Support Service Costs

The following table analyses Support Service expenditure for the year.

2018/19 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	2019/20 £
14,540	HR People Services	16,806	0	16,806
149,137	Accountancy Support	112,618	14,500	127,118
3,070	Exchequer, Internal Audit & Insurance	3,100	0	3,100
75,213	Legal & Governance Support	79,996	0	79,996
7,963	ICT, Information & Governance	11,695	0	11,695
0	Commissioning & Procurement Support	10,034	0	10,034
39,559	External Audit	42,162	4,000	42,162
0	Other Support	3,550	0	3,550
<b>289,482</b>	<b>Total</b>	<b>279,961</b>	<b>18,500</b>	<b>298,461</b>

## 22. Corporation Tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The following table analyses Provisions made for this purpose in the year.

2018/19 £	Provisions	Joint Committee £	CSC Foundry Ltd £	2019/20 £
904,020	Deferred Tax - Accelerated Capital Allowances	0	1,446,810	1,446,810
<b>904,020</b>	<b>Total</b>	<b>0</b>	<b>1,446,810</b>	<b>1,446,810</b>



## 23. Income

The following table analyses Income accounted for during the year.

2018/19 £	Income	Joint Committee £	CSC Foundry Ltd £	2019/20 £
(1,038,154)	Contributions from Local Authorities	(1,099,317)	0	(1,099,317)
(178,042)	Grant Income	(826,396)	0	(826,396)
(2,992,947)	Fees and Charges	(157,285)	(2,933,855)	(3,091,140)
<b>(4,209,143)</b>	<b>Total</b>	<b>(2,082,998)</b>	<b>(2,933,855)</b>	<b>(5,016,853)</b>

## 24. Related Parties

2018/19 £	Related Party Transactions	Joint Committee £	CSC Foundry Ltd £	2019/20 £
(615,187)	Blaenau Gwent CBC	(50,324)	0	(50,324)
(1,256,948)	Bridgend CBC	(102,821)	0	(102,821)
(1,593,734)	Caerphilly CBC	(130,371)	0	(130,371)
(3,159,444)	City of Cardiff Council	(258,447)	0	(258,447)
(524,781)	Merthyr Tydfil CBC	(42,928)	0	(42,928)
(818,044)	Monmouthshire County Council	(66,918)	0	(66,918)
(1,307,167)	Newport City Council	(106,929)	0	(106,929)
(2,130,142)	Rhondda Cynon Taf CBC	(171,796)	0	(171,796)
(812,383)	Torfaen CBC	(66,455)	0	(66,455)
(1,128,681)	Vale of Glamorgan Council	(92,328)	0	(92,328)
<b>(13,346,511)</b>	<b>Sub Total</b>	<b>(1,089,317)</b>	<b>0</b>	<b>(1,089,317)</b>
(10,000,000)	HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
0	Housing Viability Gap Funding	(5,000,000)	0	(5,000,000)
<b>(23,346,511)</b>	<b>Total</b>	<b>(16,089,317)</b>	<b>0</b>	<b>(16,089,317)</b>

## 25. External Audit Costs

2018/19 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	2019/20 £
21,510	Joint Committee Financial Audit	18,118	0	18,118
14,791	Joint Committee Performance Audit	14,819	0	14,819
6,750	Audit of Accounts	0	4,000	4,000
<b>43,051</b>	<b>Total</b>	<b>32,937</b>	<b>4,000</b>	<b>36,937</b>



**26. Debtors**

Total 31 March 2019 £	Debtors	Joint Committee £	CSC Foundry Ltd £	Total 31 March 2020 £
33,114	Other Local Authorities	158,628	0	158,628
5,344,328	Other Entities and Individuals	86,007	8,295,770	8,381,777
<b>5,377,442</b>	<b>Total</b>	<b>244,635</b>	<b>8,295,770</b>	<b>8,540,405</b>

Debtors - Long and Short Term	Short Term £	Long Term £	Total 31 March 2020 £
Other Local Authorities	158,628	0	158,628
Other Entities and Individuals	7,247,922	1,133,855	8,381,777
<b>Total</b>	<b>7,406,550</b>	<b>1,133,855</b>	<b>8,540,405</b>

**27. Cash and Cash Equivalents**

The Joint Committee does not hold its own bank account so all income and expenditure is managed by Cardiff Council in its role as the Accountable Body, through its own bank balance. Therefore, the amount of £47,559,710 shown as cash in the balance sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee along with balances held by CSC Foundry Ltd.

31 March 2019 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	31 March 2020 £
3,629,323	Bank	0	3,570,008	3,570,008
29,720,199	Cardiff CC Inter-Co Cash	44,029,702	0	44,029,702
<b>33,349,522</b>	<b>Total</b>	<b>44,029,702</b>	<b>3,570,008</b>	<b>47,599,710</b>

**28. Financial Instruments**

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd. holds Cash and Cash Equivalents amounting to £3,570,008. All balances are shown at their fair value, which is equal to their carrying value.

The loan between the Joint Committee and CSC Foundry Ltd. is neutralised on consolidation and ceases to be a Financial Instrument in the Group Accounts.



31 March 2019		Financial Instruments	31 March 2020	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
33,349,522	33,349,522	Cash and Cash Equivalents	47,599,710	47,599,710
0	0	Loan to CSC Foundry Ltd	0	0
<b>33,349,522</b>	<b>33,349,522</b>	<b>Total</b>	<b>47,599,710</b>	<b>47,599,710</b>

### Financial Instrument Gains/Losses

Net interest of £282,733 (2018/19: £112,211) has been earned on balances held, in line with each organisation's policies.

### The Nature and Extent of Risks arising from Financial Instruments:

Cash and Cash Equivalents are managed by Cardiff Council, by CSC Foundry Ltd and by Monmouthshire County Council in accordance with each organisation's Treasury Management Strategy. No provisions or losses are to be recognised.

## 29. Creditors

31 March 2019 £	Creditors	Joint Committee £	CSC Foundry Ltd £	31 March 2020 £
29,674,289	Central Government Bodies	43,839,211	0	43,839,211
221,715	Other Local Authorities	35,197	0	35,197
2,881,667	Other Entities and Individuals (Inc. Pub. Corp.)	787,850	2,441,659	3,229,509
<b>32,777,671</b>	<b>Total</b>	<b>44,662,258</b>	<b>2,441,659</b>	<b>47,103,917</b>

Creditors	Short Term £	Long Term £	31 March 2020 £
Central Government Bodies	1,742,500	42,096,711	43,839,211
Other Local Authorities	35,197	0	35,197
Public Corporations and Trading funds	0	0	0
Other Entities and Individuals	822,186	2,407,323	3,229,509
<b>Total</b>	<b>2,599,883</b>	<b>44,504,034</b>	<b>47,103,917</b>



**30. Usable Reserves**

2018/19 £	Usable Reserves	2019/20 £
1,546,483	<b>Balance as at 1st April</b>	4,062,716
	Movements during year:	
0	Financing of Expenditure	0
2,516,233	Surplus on Provision of Services	2,317,090
<b>4,062,716</b>	<b>Balance as at 31 March</b>	<b>6,379,806</b>

**31. Notes to the Cash Flow Statement**

2018/19 £	Operating Activities	2019/20 £
478,760	Increase / (Decrease) in Creditors	716,748
(1,833,390)	(Increase) / Decrease in Debtors	(3,184,279)
(12,308,359)	Capital grants / contributions recognised in I&E	0
(178,042)	Revenue grants / contributions recognised in I&E	(826,397)
<b>(13,841,031)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(3,293,928)</b>

2018/19 £	Investing Activities	2019/20 £
0	Capital Loan	0
0	Revenue Loan	0
15,147,497	Purchases of property, plant and equipment	(227,026)
<b>15,147,497</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>(227,026)</b>

2018/19 £	Financing Activities	2019/20 £
(10,000,000)	HMT Grant received	(10,000,000)
0	Housing Viability Gap Funding received	(5,000,000)
(12,308,359)	Capital contribution received	0
<b>(22,308,359)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(15,000,000)</b>



### 32. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments and it is credited with the amounts used as finance for capital expenditure.

2018/19 £	Capital Adjustment Account	2019/20 £
<b>24,210,000</b>	<b>Balance as at 1 April</b>	<b>36,518,359</b>
	Capital financing applied in the year:	
12,308,359	Grants and contributions	0
<b>36,518,359</b>	<b>Balance as at 31 March</b>	<b>36,518,359</b>





## **Glossary of Relevant Local Government Accountancy Terms**

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

### **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Asset Under Construction**

An asset that is not yet complete.

### **Borrowing**

Loans taken out by the Council to pay for capital expenditure or for the prudent management of the Council's financial affairs.

### **Capital Adjustment Account**

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

### **Capital Expenditure**

Capital expenditure pays for improvements to existing and new assets used in the delivery of Council services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.



### **Cash and Cash Equivalents**

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### **Chartered Institute of Public Finance & Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

### **Creditors**

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

### **Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

### **Debtors**

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

### **Earmarked Reserves**

Amounts set aside to be used to meet specific, known or predicted future expenditure.

### **External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

### **Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

### **Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

### **Investments**

The purchase of financial assets in order to receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.



### **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

### **Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

### **Property, Plant and Equipment (PPE)**

Tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

### **Provisions**

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

### **Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

### **Reserves**

Reserves are also amounts set aside for future use. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every organisation must maintain as a matter of prudence.

### **Treasury Management**

The process by which the Joint Committee controls its cash flow and lending activities.





**Cardiff Capital Region City Deal Joint  
Committee**

---

**Annual Governance Statement  
2019/20 (Unaudited)**



## 2019/20 Annual Governance Statement

### Scope of Responsibility

1. The Cardiff Capital Region City Deal (CCRCD) is a unique programme of collaborative working to enable economic change, improved digital connectivity, improved skills and education opportunities, and regeneration across the region. The City Deal totals £1.229 billion and consists of £734 million allocated to the South Wales Metro, which is the responsibility of the Welsh Government and therefore, sits outside the scope of this Annual Governance Statement.
2. The balance of funding relates to the Wider Investment Fund of £495 million is met from a HM Treasury Grant of £375 million (provided over a 20-year period) and Local Government capital contributions amounting to £120 million.
3. The CCRCD is overseen by a Joint Committee, which was established on the 1<sup>st</sup> March 2017, and which comprises one elected member representative from each of the following councils: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and Vale of Glamorgan. Since its inception, the Joint Committee has been chaired by Cllr Andrew Morgan, Leader of Rhondda Cynon Taf Borough Council, and 2019/20 represents the third full year of the committee's operation.
4. The Joint Committee is responsible for ensuring that CCRCD business is conducted in accordance with the law and proper standards. It oversees the City Deal Wider Investment Fund of £495 million having regard to a combination of economy, efficiency and effectiveness. In discharging its role, the Joint Committee of the CCR City Deal is responsible for putting in place proper arrangements for the governance of its affairs.
5. The following governance disclosure represents an assessment in accordance with the principles of the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This disclosure meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

### The Purpose of the Governance Framework, Background and Developments

6. The governance of the CCRCD comprises the systems, processes, culture and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

#### Background

7. As set-out above, 2019-20 represents CCRCD's third full year of operation and therefore, the governance arrangements are now beginning to bed down and mature.

8. The City Deal Director has made the following statement to provide the appropriate context to the work completed as part of the 2019/20 AGS:

*“The AGS comes at a time when CCR is at a key inflection point. The first three full years have been spent in ‘start-up’ mode, whilst the new programme beds in and processes, frameworks and protocols are established, familiarised and embedded. This has involved a mammoth effort and establishing a programme, team, governance and partnership framework as well as support arrangements and the functioning of 10 LAs as one collegiate City Deal, has been a significant achievement. Aligned to this has been the mobilisation of the programme and the delivery against core purpose: the three targets sets out for CCR: 25,000 jobs, £4bn private sector leverage and 5% GVA growth. This has latterly required the development of an evidence base and key economic and policy insights; the business and political leadership around an Industrial and Economic Growth Plan and the development and operationalisation of an Investment & Intervention Framework (IIF). In so doing, an Investment Panel has been established along with a raft of complementary governance enhancements – such as the CEO Group now having accountability as the programme board.*

*In activating the Investment Framework and new more robust arrangements to evaluate proposals; we are learning all of the time. Beyond shaping our approach to dealing with investments, the IIF is constantly aligning and enhancing governance structures and the flow and sequence of our work. It is requiring a greater emphasis on probity; framework commissioning of expert advisors; a stronger focus on management of risk and is ensuring that our ‘intelligent client’ role is growing and becoming clearer. This point of maturity, is inherent in the way the City Deal Office (CDO) is now able to take a much broader and richer view of how the programme as a whole is functioning; how each of the parts are interwoven and mutually reinforcing and the interdependencies that exist. In December 2019, following a cabinet planning day, the Annual Business Plan was set out, in readiness for 2020/21 and early enough to set a clear path for all of the groups, partnerships and sub-strategies and plans that sit within its midst.*

*All of this is pointing to a growing sense of self-awareness, the ability to continuously self-evaluate and, as we learn from doing, the next steps and stages that need to be put into place. As a result the AGS is more than a point of reflection, it is a central document that serves as a ‘feeder’ for all other processes and frameworks and allows CDO to take an overview of what works, what needs to be improved and how the programme as a whole is functioning and with the requisite levels of effectiveness.”*

#### Key Developments in Respect of Assurance Matters during 2019-20

9. 2019/20 has been a pivotal year for the Cardiff Capital Region City Deal in terms of major developments which have both strengthened the level of assurance, but also unexpected events, which have tested the City Deal’s governance, systems of internal control and therefore its overall resilience in coping with such events.

### 1. Approval of the Investment & Intervention Framework

With the publication of the Economic & Industrial Growth Plan in March and the approval and launch of the Investment and Intervention Framework (IIF) in June, 2019/20 was the year CCR went from start-up to scale-up. This maturity is in evidence with outcomes and delivery being scaled and key projects achieving the greenlight – all now underpinned by robust frameworks that engage, include and provide a clear evidence base and assessment process that provides openness, impartiality and strong assurance.

### 2. Registration and Declarations of Interests

A comprehensive exercise has been carried out in 2019/20 to build on earlier work completed in this area. A register has been developed to track, capture and update Declarations of Interests for all CCR Committees, Sub-committees, Boards and key officer groups, which total 77 in number.

Updated forms have been used which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Declarations of Interests Register', which captures key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.

A summary of the 'Declarations of Interests Register' is attached at Appendix 2a. This shows that as at the 9<sup>th</sup> June 2020, a 100% compliance rate has been achieved (forms issued, returned and uploaded to the website). The forms have been reviewed as part of the Statement of Accounts preparation and this analysis will be further developed in 2020/21. In addition, an annual reminder will be issued to all Groups to ensure declarations remain up to date, whilst updates will continue to be provided to Cabinet on a regular basis.

### 3. Response to the Covid-19 Pandemic

CCRCD acted swiftly to respond to the Covid-19 pandemic through the preparation of its 'CCR Priorities for Responding to Covid-19 & Beyond' document. This will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18<sup>th</sup> May 2020. The CCR Priorities document is attached at Appendix 2b.

In addition, as part of this AGS, responses have been prepared to a set of questions in relation to potential impacts that Covid-19 may have had on CCRCD's governance and assurance processes. The questions and responses are set out at Appendix 2c.

#### 4. CCRCO Strategic Communications' Plan, Marketing and Extending its Overall Reach

Substantial progress has made in 2019/20 to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Details of the activities undertaken and their impact are set-out in Appendix 2d (Statements 4, 5, 7 & 9) and which include the creation of a strategic communications' plan.

### **The Governance Framework**

10. The Governance Framework comprises two core principles and five supporting principles. Principles A and B permeate implementation of principles C to G but good governance is dynamic, and the CCRCO Joint Committee is committed to improving governance on a continuing basis through a process of evaluation and review.

#### ***Core Principles***

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- b) Ensuring openness and comprehensive stakeholder engagement.

#### ***Supporting Principles***

- c) Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes;
- e) Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- f) Managing risks and performance through robust internal control and strong public financial management;
- g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

### **2019-20 AGS Assessment Process**

11. At its meeting of the 18<sup>th</sup> February 2019, the Joint Committee approved a report on the 'Establishment of the City Deal Office – Restructure and Resourcing Plan', and during 2019/20 the Director, recruited the Senior Leadership Team. Therefore, the AGS assessment process for 2019/20 has been led by the City Deal Office Senior Leadership Team, with input and support from the Accountable Body and other key stakeholders.



12. In-line with previous years, the AGS assessment includes and recognises 'Other Cardiff Capital Region City Deal Governance Related Work', that has been undertaken during the year. Details are set-out in section 5 below.
1. The following officers with key governance responsibilities reported the extent of assurance they could provide in their capacity against the 20 good practice assurance statements. The assessment was carried out in two stages, with the first stage linking specific statements to functional responsibilities (as detailed in brackets below).
    - Joint Committee Section 151 Officer (Statements 10, 15, 17, 18 & 19);
    - Joint Committee Monitoring Officer (Statements 11, 12 & 13)
    - CEX Bridgend County Borough Council (Statement 16)
    - City Deal Director (all other Statements);
    - Head of Finance, Risk & Assurance (all other Statements)
  2. Each officer was provided with details of 2018-19 AGS and asked to provide an initial assessment of the extent of assurance that could be provided against their respective statements in 2019/20. The initial responses were collated and then as a second stage exercise, the full 20 statements were issued to officers for wider consideration.
  3. The statements are outlined in CIPFA's 'Delivering Good Governance Framework', and the assessment recognises the Joint Committee's continued development and evolution, noting that controls in respect of some Statements are in a state of transition.
  4. The responses aimed to identify the level of assurance that could be provided, using a broader RAG system, which has been expanded to allow five categories of ratings to be applied, as opposed to the standard three. For the purpose of the assessment, the ratings are defined as follows:
    - **GREEN** - Indicates a STRONG level of assurance;
    - **GREEN/AMBER** – Indicates STRONG/MODERATE level of assurance, but indicates the need to consider whether further controls could be put in place to strengthen the level of assurance;
    - **AMBER** – Indicates a MODERATE level of assurance, which is considered to be satisfactory, but recognises that further controls need to be put into place to strengthen the level of assurance and identifies the required action/s that need be taken;
    - **AMBER/RED** - Indicates MODERATE/LIMITED level of assurance and could become a 'significant governance issue', unless it is addressed as a matter of priority through an agreed action/s.

- **RED** - Indicates a LIMITED level of assurance i.e. 'significant governance issue identified', which needs to be formally recognised and addressed through an agreed action as a matter of priority.
5. In order to gauge wider stakeholder views, the draft statements, proposed responses and ratings, were issued to select members of Regional Cabinet (Chair and Vice-chairs), Investment Panel, Regional Economic Growth Partnership and Programme Board. This process sought to assess the level of wider validation that could be attributed to the process and the draft findings.
  6. The individual officer and wider stakeholder comments were brought together to produce the final consolidated assessment. Where further actions have been identified, these have been captured as part of the formal Action Plan as set-out in the conclusions section below.
  7. To ensure ownership, the Action Plan identifies the following details in respect of each action:
    - Action owner;
    - Target date for completion;
    - Mechanisms and frequency to review progress.
  8. Progress against the Action Plan will be monitored and report on a regular basis through 2020/21.

### **Other Cardiff Capital Region City Deal Governance Related Work**

11. In addition to the specific governance assessment process outlined above, a number of other governance related reviews have been undertaken since the Joint Committee's inception. This work and its findings serve to supplement and strengthen overall AGS assessment.

### **Internal Audit**

12. Cardiff Council's Internal Audit Service is responsible for providing internal audit services to the Cardiff Capital Region City Deal through a Service Level Agreement (SLA) with the Accountable Body.
13. To enable the Internal Audit Service to fulfil its role, a 5 year rolling audit plan has been prepared, initially covering the period from 2017-18 to 2021-22 and sets out the proposed work required each year, to secure the appropriate level of assurance. Therefore, 2019/20 represents the third year of the internal audit plan and the Terms of Reference for the following audit was agreed in March 2020 and will be delivered in the early part of 2020/21:

Report 1. CCRCDD Internal Audit Report 2019/20

Commenced: April 2020

Report Issued: TBC

**Audit Objectives:**

- a) Governance arrangements for project business case development and approval are effective and appropriately applied;
- b) Declarations of interest are properly disclosed, responded to and monitored;
- c) Commissioning and Procurement activities are undertaken in compliance with Contract Standing Orders and Procurement Rules;
- d) There are effective payroll controls to ensure accurate and bona fide payments;
- e) Matters arising from the annual governance statement, and associated assurance statements, have been appropriately progressed.

The audit work is currently being progressed and an update on the outcome of the audit will be included within the audited AGS, later in the year.

**External Audit (Wales Audit Office)**

14. The Auditor General for Wales (supported by staff of the Wales Audit Office), as the Accountable Body's auditor, is responsible for the external audit of the CCRCDD Joint Committee.
15. An Annual Audit Plan is prepared and agreed with the Joint Committee, with 2019/20 also representing the third year of external audit work. In addition to financial audit work, performance audit staff from the Wales Audit Office regularly liaise with City Deal officers. There have been no formal performance audit reports in 2019-20, although there has been correspondence regarding the registration and declaration of members' interests.

**Assurance Summary**

16. The AGS assessment exercise completed was comprehensive, carried out in accordance with CIPFA's Delivering Good Governance Framework and considered all 20 good practice assurance statements, accepting that some statements may not be directly relevant to a joint committee arrangement.
17. Building on the comments included in the 2018/19 AGS, the City Deal Director has provided the following statement in respect of the work completed during 2019/20:

*"2019/20 has been a pivotal year for CCR. With the publication of the Economic and Industrial Growth Plan in March 2019 and the approval and launch of the Investment and Intervention Framework (IIF) in June 2019, it was the year CCR went from start-up to scale-up. This maturity is in evidence with outcomes and delivery being scaled and key projects achieving the greenlight – all now*

*underpinned by robust frameworks that engage, include and provide a clear evidence base and assessment process that provides openness, impartiality and strong assurance.*

*The development and implementation has been a critical stage of the journey. It completes and give practical effect to the Assurance Frameworks and allows CCR to take forward the concepts of 'evergreen' and the principles for securing and measuring co-investment, external leverage and ROI. In addition, it clearly support evidenced priority sectors and has a clear and transparent process, comprising of a SIFT Questionnaire (and evaluation) leading into a proportional business case development phase. This is overseen and implemented by a new Investment Panel which is an advisory body to Regional Cabinet. This is derived of five members of the REGP and five members of Programme Board, providing a good type/scale of interaction across public and private. Investment Panel makes recommendations through a sequential process, to Regional Cabinet and consults with REGP and Programme Board in the process and where relevant, the Regional Transport Authority. All submissions into the IIF are treated the same and the process constructed affords a high degree of independence and neutrality.*

*In 2019/20 Investment Panel first met at the end of July with 7 further meetings taking place up until the end of March 2020. This has resulted in seeding a range of new projects and proposals such as Life Sciences Park, full fibre infrastructure and 5G and also, in important mid-way approvals for Metro Central and Metro Plus and on full approvals for Homes for all the Region and the CCR Graduate Scheme. In this period, KPMG has also been appointed through a public sector compliant procurement exercise, as lead commercial and financial advisors and Pinsent Masons appointed through a similar open market exercise as legal advisors. With key posts in the team now filled and a reasonably strong structure in place, the CD Office team is equipped to move things forward.*

*At the same time as delivery and a programme implementation focus, attention remains equally on good process, strong governance and ensuring systems and processes in place for issues such as Declarations of Interest (members and officers), scrutiny support, operation of the forward planner which oversees a connected network of meetings, groups and advisors and audit is in place. It has been agreed that in September 2020, with the IIF at the end of its first full year of operation, a review will be undertaken to test and check-out operations, sequence, timing and decisions and to ensure we have in-built mechanisms for review and evaluation to constantly inform what works, what doesn't and lessons learned. It is in-building the ability and resilience for self-assessment that will be crucial heading towards Gateway Review.*

*The first cabinet away 'planning' day was also held in 2019/20 which provided the content, detail and focus for the Annual Business Plan 2020/21. This was a successful event in terms of taking stock and placing emphasis on political priorities and objectives to frame activity within 20/21. In addition, constant refinements have been made to processes for quarterly monitoring of the annual business plan – beyond tracking objectives and their progress to integrating with logic model requirements for the Gateway Review.*

*In all, the systems and process and decisions/ commitments made in 19/20 now position CCR well to scale up and continue delivery. However, at the time of writing the full economic impact of COVID-19 is yet to be felt given we remain in the period of economic hibernation. This has demonstrated that alongside responding to today's issues and challenges, fuel needs to be kept in the tank for responding to uncertainties and quick changes in events. Time will tell how this will play out, but the commitment to doing the right things not the easy things and ensuring nobody is left behind in the CCR remains uppermost in our objectives as we move forward.*

*Finally, the Joint Committee's Chair, Cllr Andrew Morgan stepped down from his role at the end 2019/20, with Cllr Anthony Hunt being appointed as Chair from 2020/21 onwards. We thank Cllr Morgan for his time as Chair and the commitment and dedication he has shown in getting the City Deal to this key point of maturity. We look forward to working with Cllr Hunt, to build on the great foundations that have been established thus far."*

## Summary of Findings

18. As a result of undertaking the assessment process outlined above, it has been concluded that STRONG assurance can be provided against 11 statements, with a further 8 statements being rated as STRONG/MODERATE. 1 statement (Statement 4) has been categorised as providing MODERATE assurance.
19. There were no 'significant governance issues identified' in respect of the 20 good practice assurance statements in 2019/20.
20. A summary of the ratings in respect of the 20 good practice assurance statements are summarised in Table 1 below, with details of each statement, systems of internal control, rating and further actions needed, fully set-out within Appendix 2d.

Table 1. - Summary of 2019/20 Assurance Ratings

Rating	Total	Assurance Statement Ref.	Full Details
<b>Strong</b>	<b>11</b>	<b>Statements: 5, 6, 7, 9, 11, 12, 15, 17, 18, 19 &amp; 20</b>	<b>Appendix 2d</b>
<b>Strong/Moderate</b>	<b>8</b>	<b>Statements: 1, 3, 4, 8, 10, 13, 14 &amp; 16</b>	<b>Appendix 2d</b>
<b>Moderate</b>	<b>1</b>	<b>Statement 2</b>	<b>Appendix 2d</b>
<b>Moderate/Limited</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>
<b>Limited</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>

### Conclusions & Next Steps (Action Plan)

27. The assessment completed in respect of the 2019/20 Annual Governance Statement, shows that there was an improvement to the assurance rating for 7 statements, whilst the rating for the remaining 12 statements have stayed the same.
28. The rating for Statement 10 has been changed from STRONG to STRONG MODERATE. This change reflects the need for earlier consideration of accounting and financial management arrangements, as well as the need to strengthen reporting arrangements to capture the iterative development of proposals, as they move through the Investment & Intervention Framework process.
29. The assessment identified that STRONG assurance can be provided for 11 of the 20 good practice assurance statements. These areas will be subject to 'ongoing review' by officers to ensure that the high standards of assurance continue to apply as the City Deal evolves and matures.
30. A rating of STRONG/MODERATE was concluded for 8 of the remaining 9 assurance statements, with the final statement being assessed as MODERATE. The assessment process has identified 15 separate actions, which once implemented, will seek to further strengthen the levels of assurance that can be placed against the 20 good practice statements.
31. The actions referred to above have been captured as part of the AGS Action Plan, which is attached at Appendix 2e. These actions will be progressed during 2020/21 and updates provided to Cabinet as part of the quarterly performance reporting arrangements.
32. Finally, 'Other Governance Related Work' is in process of being completed. Once reports have been finalised, issued and agreed, the Joint Committee will formally consider and respond to any findings and recommendations put forward.

Certification by the Chair of the Cardiff Capital Region Joint Committee and the City Deal Programme Director.

---

**Cllr Anthony Hunt**

---

**Date**

---

**Kellie Beirne**

---

**Date**



## SUMMARY – CCR PRIORITIES FOR RESPONDING TO COVID-19 & BEYOND

- The economic fallout of COVID-19 is dramatic and horrible. However things are changing and evolving all of the time and whilst the economy will not ‘snap back’ – we must keep an open mind, avoid knee jerk reactions & work in real-time
- The things we have previously prioritised still stick and in fact the focus on priority sectors such as med-tech, fin-tech, cyber, energy AI/Data, infrastructure and compound semis all have heightened relevance
- The challenge is not so much about preparing for a fixed view of whole-scale and long-term change but the ability to adapt and adjust and be clear about the kind of legacy, this crisis might enable CCR to achieve
- For example – working patterns, public policy challenges, re-framing how we value ‘key’ occupations and focusing on the unevenness of impact across places and economic sectors in CCR
- CCR has devoted time to building the intelligence & data, informing criteria and priorities for government; helping navigate businesses through frameworks and programmes and ensuring businesses optimise support available, as well as planning for next steps as the economy emerges from hibernation. Within this, new scheme proposals are also being brought forward in direct response to COVID.
- In terms of future priorities, CCR should therefore:
  - stay away from short-term crowded response space;
  - stick with the plan – long-term, strategic and focussed on industries of future and balance with local foundational growth;
  - ensure it can adjust and adapt programmes & future-proof;
  - deploy relevant financial tools and solutions where there is proven viable company or proposal;
  - support med-tech innovation and innovation-readiness and R&D;
  - take opportunities to create a positive public sector-led post-COVID legacy.

CCR response contains 10 priorities to frame future focus under 3 headings:

1. Account Management:
  - Building business intel base and helping businesses navigate options/ opportunities.
  - Preparing for what next.
  - Kicking tyres of existing programmes to adjust and adapt to new normal.
2. Response and Resilience:
  - Support for new businesses – assistance for start-ups.
  - Structured funds: SME Co-investment Fund; Evergreen Premises Fund and Investment Readiness.
  - Challenge Fund Programme to re-build local wealth post COVID.
  - Med-tech open call for innovation.
  - Stabilising key businesses through different products – convertible equity, IP shares, guarantees and security and potential match for Future Ready Fund.
3. Recovery and Re-emergence:
  - Forging forward with support programmes for industrial scale priority clusters
  - Support for medium sized businesses



## INTRODUCTION

It was only 9 March but feels like a lifetime ago CCR Cabinet last sat to approve Homes for all the Region, Graduate Scheme, Metro Central and kick-starting life sciences and digital activity. So great is the difference now to the world that was, the first iteration of this report cast a bleak outlook for the economy. The outlook is still dramatic and horrible. However this is an evolving space. What is a priority one day, isn't so much the next. Schemes, initiatives and new flexibilities are being introduced all of the time. Economic forecasts, whilst still predicting large-scale recession, show that the 'V' shape revival could still occur over time and, the full year arithmetic on GDP projections, whilst clearly radically different to anything pre-COVID, may not be as intensely bad as first thought.

This is not to say the economy will just 'snap back'. It won't. But the challenge in such a period of volatility and uncertainty is keeping an open mind, avoiding quick structural reactions and working in 'real time'. In the long-term, things may not change as much as we might expect and it certainly seems that priorities such as infrastructure, data, cyber, compound semis, energy and med-tech will have heightened relevance. The future priorities set out below are not so much about preparing for whole-scale long-term change. But they do provoke the question: **can** we change – and for the better? Never waste a crisis. What added impetus can CCR in its 20 year outlook give to patterns of working and to re-setting public policy challenges and issues? How can we re-frame how we view and value certain occupations and focus on the unevenness of economic impact across communities and sectors of the economy?

## THE CHALLENGE

COVID-19 is having profound impacts on the global economy. In April the independent Office of Budget Responsibility published a report forecasting a steep 35% drop in GDP for Q2 2020 with incremental improvements thereafter. The scale of government's response by way of fiscal stimulus is unprecedented and the package of mass market measures, undeniably generous. Nevertheless there are gaps and companies of all sizes and operating scales are falling between the cracks. Liquidity has improved with Quantitative Easing, extension of financial support schemes and in Wales, the £500m economic resilience fund. However, challenges remain in getting money to eligible and viable businesses quickly enough.

The response of local public sector organisations has been exceptional - both in dealing with civil contingencies deployment and a public health crisis. In addition, many CCR Councils were getting rate relief/business grants out the door within days. In terms of the cost of this however, public sector liabilities are rising; and, bond markets will find it increasingly difficult to digest the scale of government debt issuance needed in short time to fund extra spending.

The pandemic will continue to affect households for a sustained period of time – no longer judged in just weeks or months. The response to date has focussed mainly on the medical/public health emergency with a secondary emphasis on the economy. However, the psychological/ societal impacts will also need to be explored.

In global economic terms, supply chains and thus, business order books are being impacted. Signs now suggest that China is recovering faster from COVID-19 which could mean the Chinese economy strengthens its position in trade wars with the USA which could see the shift in the centre of the global economy.

There is a growing focus on the state taking equity shares and provision of security. Feedback from medium/larger businesses shows that whilst access to commercial finance is holding – the need to sensitise future strategies in volatile trading settings highlights risk for even the strongest businesses. This impacts covenant strength and thus, cost of borrowing.

Behaviour in the banking sector has also been variable. From tardy responses to imposition of Personal Guarantees against the CBILS and through to again, recurrence of the security/guarantee challenge – questions are raised about the ability of financial institutions (some of which were themselves ‘saved’ by the state during the 2007/08 financial crisis) to respond.

The position of Universities is also critical. The reliance on overseas students is being seriously undermined by COVID-19. For the upcoming academic year 20/21, there are major viability challenges with calls for government intervention not to mention the impact on innovation and science – one of the positives of the pandemic – and not just in terms of finding a vaccine, but in data mapping genomics features, rapid sanitisation and agile manufacturing of devices and diagnostics. This has consequences for the 2.4% R&D target by 2027.

For CCR, this means:

- Responding in a way which is considered/complementary to stimulus packages. The immediate response space is crowded. We must stick in large part to the plan, albeit, accelerating it and in line with the 20 year outlook, show preparedness for ‘what next’.
- Catalysing & backing innovation readiness. COVID-19 is fuelling the next wave of innovation – particularly in the digital, med-tech, e-commerce, remote working, supply chains and data and AI. Firms are already showing signs of the ability and agility to capitalise on these underlying and disruptive changes.
- Deploying different financial tools and solutions where due diligence requires them and where there is a viable company or proposition to support.
- Continue to support priority clusters given evidence shows sectors like compound semis, med-tech, fin-tech, AI, infrastructure & energy are key to re-building economies.
- Taking opportunities to do things differently. Countries are setting out plans for new economic manifestos post-COVID. From Universal Basic Income in Spain to Holland’s plan to transform agriculture to boost food security – there is a will for a different post-COVID legacy. This is not about accepting ‘change/ no change’ as an inevitability – it is about deciding *what* CCR wants to change through public sector leadership.

All this suggests that CCR’s approach should be structured through three main phases:

1. **Ph 1/ Early Response ‘Account Management Plus’** – co-ordinating information; signposting and directing; building a rich economic intelligence base and influencing. This includes highlighting gaps and helping to broker solutions as well as kicking the tyres of existing programmes to assess continued relevance and need for adaptation.
2. **Ph 2/ Stabilising and Building Resilience** – supporting survivability of key businesses and firms through new approaches and financial levers that respond to evidenced challenges; acceleration of plans for more targeted structural support (SME Co-investment Fund; Strategic Premises Fund and an Investor Readiness Programme); establishment of a Challenge Fund and specific focussed support around the Med-tech innovation opportunity. This latter is critical. Even though we have a fairly well developed sector in the region around devices and diagnostics specifically, over 60% of tools are still coming from China.
- **Ph 3/ Preparing for Recovery and Re-emergence** – developing an approach to economic re-growth and revival. This should back our priority clusters as evidenced ‘industries of the future’ capable of having a transformative impact. This will require more tailored packages of support and a long-term approach to access to finance.

### What we’ve found so far

In March CCR commissioned a Business Survey. Over 700 responses were received with scores more coming through company insights and leveraging networks with industry bodies:

- 98% businesses confirmed they'd be affected by COVID-19 – with declining customer base, cash-flow and loss of income being main concerns along with worker welfare
- Eligibility and how to access support. A finance function is now always a given
- Dissatisfaction with the CBILS scheme and banking behaviour/ procedures
- Beyond access to quick funding – medium/long-term bespoke patient finance is critical
- Challenges around securitisation and collateral
- Speed of implementation and measures implemented as a comprehensive package
- Support for sole traders and self-employed
- Innovation needed to extend practices like Invoice Discounting
- Support for business diversification and in particular, e-commerce/ digital businesses
- Need for LAs to run 'keeping in touch' sessions and a need for webinars for SMEs
- Giving thought to 'what next' – the current schemes merely give a holding position
- Support needed around growing active cluster of med-tech businesses many of which have gone out of their way to innovate & solutions-focussed
- Tailored packages of support needed for medium and larger enterprises. When key vulnerabilities show, the ripple effects work down through supply chains
- Disproportionate impact of the rate relief thresholds and the £500k imposition and affects for hoteliers, retail and larger supermarkets

### What we've done

We have developed and shared with UK & Welsh Governments influential advice notes and guides. The first was Business Support Schemes Overview; the second Gaps in provision and the third Business Support Expectations v Reality. (Gambit). Additional actions include:

- Ongoing engagement across all ten LAs, WG, Business Wales, Chief Regional Officers and WLGA to share early communication and strive for consistency
- Focussed engagement with Innovate UK and UKRI on new challenge & open calls
- Developed one co-ordinated comms campaign across LAs to help businesses maximise support available
- Engaged with Chambers of Commerce, CBI, IoD, British Business Bank, Wales Government and Wales Office to share intelligence and co-ordinate key messages
- Over 20 articles published via Business News Wales portal & LinkedIn
- Developed our own COVID-19 section on the CCR website
- Developed FAQs and handy links which have been updated daily
- Continued communications on key schemes and programmes
- Media focus on R&D and science and innovation showcasing Medtech
- A series of podcasts and 121 interviews on the above subjects
- Continued to originate and develop schemes, accelerating timescales and impacts through 2 Investment Panels

### Forward Focus

#### Phase 1 - Account Management, Business Intelligence & Influencing

The economy is evolving and currently, contracting at a rapid rate. The immediate assistance 'rescue & bail-out' space is a crowded and often frustrating one. Access, eligibility and the differing criteria for each of the schemes can present barriers to entry.

**PRIORITY 1 – Helping to navigate** CCR must continue to play a vital role in helping businesses navigate this landscape; interpret guidelines and highlight gaps so that governments are able to flex/refine their offering. We will do this through continuation of the communications strategy for signposting and coordinating; updates to the 'Expectations v

Reality' piece; support to governments and British Business Bank on implementation and ensuring that businesses have the information needed to fully capitalise on what's on offer.

**PRIORITY 2 – Evidencing what next** We will use this initial phase to gather the evidence and build analytical capability provided by the School of Economic Geography at Cardiff University and through work on the data dashboard; bringing on board the KESS data PhD studentships and continuing thought-leading publications. This will enable us to pick out the trends and see the priorities – for example – the unevenness of economic impact with aviation, tourism, non-food retail and leisure closed down for an extended period whilst healthcare facing industries, equipment and consumables are seeing massive upsurges.

This phase will help us move beyond directing others to 'funding' to informing medium term issues around patient access to finance. Using data to guide development of more bespoke support will also help mitigate the social risks emanating from economic contraction. This will be key in CCR given the already well established link between poverty, poor health and limited life chances. There will be a pivotal role for the revised Business Council to play here.

**PRIORITY 3 – Kicking the tyres** AA and other experts have reported on transit changes post-Coronavirus, predicting a permanent reduction in demand for travel due to the take-up of remote working and big gains made in improved air quality. Some commentators are arguing that more policy emphasis/public expenditure should go on digital infrastructure rather than road infrastructure. Maintaining a focus on public transport will be key given the potential for a better balance across home, office and local working.

Early discussion with WG suggests that all transport related forecasts should be re-run and it has been recommended that a joint piece of work is carried out via the Regional Transport Authority to inform a shared position on future transport investment in the region. There is a real opportunity to think about how this might lead to a more differentiated strategy for CCR striving for better ratios than the current 80:10:10 of car use, public transport & active travel.

For the Graduate Scheme – the emphasis at this time is on maintenance and working with those companies that have participated to sustain relationships and interest (Through the Looking Glass series). Demand has fallen drastically for the scheme in most areas, however there are signs of new interest in others (health/ med-tech). It is likely though the focus will need to pivot into a broader reskilling/ HE/ FE support programme that mirrors shifts seen as some sectors become redundant whilst others grow and require talent and capacity.

Work on the housing fund to test assumptions and see it in the context of lower risk thresholds (SME Finance Fund in particular) has demonstrated it can still work – albeit perhaps with a slower start and through portfolio-led approaches that mitigate the now more prevalent risks.

Increased levels of entrepreneurship, growth and productivity will be vital in the region recovering from the COVID 19 lockdown. Programmes such as full fibre connectivity, 5G and Data /AI need acceleration given reliance upon them as core infrastructure. A meeting with the DCMS Digital Minister in March has resulted in a request for CCR to share its digital ambitions. It is further that advanced manufacturing, fin-tech, compound semiconductors and life sciences will be fundamental to CCR's long-term endeavours.

## **Phase 2 - Response and Resilience**

Easing lockdown at the relevant points will need careful judgement of when the health imperatives give way to economic concerns. CCR has to be in the space of what happens post-exit from economic hibernation and mitigating macro-economic fallout.

**PRIORITY 4 – Supporting new businesses.** Ensuring that entrepreneurs are supported through the process of starting up and developing a business is vital to ensure that the region

recovers, especially as new businesses create the majority of the jobs in an economy. Entrepreneurs need access to expertise, knowledge, seed capital and to a supportive community but the COVID 19 lockdown has seen many start-ups unable to access support. Such funding provision would be an ideal fit for Shared Prosperity Funds.

Traditional models of business support may no longer be applicable. Instead, there can be different solutions driven through online provision that will create a more supportive environment to increase the number of start-ups, improve their survival rate and ensure more companies grow. Key interventions to strengthen the environment for entrepreneurship will include more co-working spaces in all parts of CCR, strong local networks of entrepreneurs to ensure mentorship support and an interactive online business support programme.

**PRIORITY 5 - Developing more structured funding support.** It is time to accelerate ambitions for establishment of a first wave of key targeted funds with which to mitigate some of the worse effects on businesses. A second phase of funds could see CCR looking to Shared Prosperity Funds for further support on a range of programmes.

- The first priority is to develop a **SME Co-investment Fund** as a key part of an entrepreneurship, growth and productivity plan for the region. Dialogue is progressing with prospective investment partners regarding capitalisation. In light of the need for more medium-term tailored access to finance, this will operate in the scale-up space, promote priority sectors and create more structured support systems beyond the fund to encompass entrepreneurship support. The potential size of the fund will be upward of £50m, with at least a requirement of £25m of CCR (subject to business case) & will provide equity into commercially viable businesses.
- Aligned to this, is **Investment Readiness** support that facilitates access to finance and focuses on raising the quality of deal-flow. Often investment proposals take longer than we'd like to 'pull through' because even though they are interesting – the proposer cannot explain its impact; simply describe the business model and succinctly articulate the investment proposition. This would also work as an active investment leverage tool.
- CBRE has been commissioned to develop a **Strategic Premises Fund** drawing on the evidence and research done by JLL (for CCR) and SQW (for WG). Whilst again, demand impacts on office accommodation in a 'business as usual' scenario will adapt, the emphasis here is more about a distinguished strategy, linked to likely changes in travel to work; alignment to priority sectors/ cluster strategic sites and flexible working. In particular, increasing the number of new businesses located outside of the two main cities is vital in ensuring a more entrepreneurial region.

#### **PRIORITY 6 – Establishing a Re-building Local Economies Challenge Programme**

There is a real opportunity for public bodies to build a positive legacy post-COVID. The measures, behaviours and adaptations now in place as we continue to lockdown should not be temporary crisis responses. Organisations, services and people everywhere have moved quickly beyond comfort zones. We have re-connected with what matters and perhaps more importantly, one another. Changed operating models, new collaborations and recognition of digital/ data as a core resilience pillar have all featured – and must continue to do so.

The programme would work through selecting a 2 or 3 challenges to form the focus on individual challenge funds. The idea is these would aim to build new thinking, services, ways of working and potentially products, that contribute to new momentum and the 'new normal' in a post-COVID world.

The core principle is about putting innovation capability and skills in alongside the changes and challenges so that learning and value is *applied* and can continue to spread, scale and

develop. This is as opposed to a reversion to 'business as usual' – when the worse of the pandemic is over. There is a real danger that when the healthcare imperatives give way to more long-term economic concerns, we will reach for what we know and not stick with what we have learned. The proposed programme will therefore involve:

1. An innovation skills and capacity building element aligned with InFuSe – our bid under the WEFO P5 Building Institutional Capacity Programme
2. Investment to support the development of new innovations through a SBRI style programme considering challenges such as healthy ageing, decarbonisation, foundational economy renewal, digital democracy and future mobility/ better jobs closer to home
3. A unique blended partnership across CCR, Cardiff University, Nesta/ Y-Lab and Alacrity (the emergent Public Services Testbed) and potentially, colleagues within WG Innovation and the SBRI Centre of Excellence
4. A funding programme that is made up of £10m CCR, £4m WEFO and contributions from challenge owner partners as progress is made through the programme and further leveraged investment through potential first or end customer commitments. There is also potential to 'match' SBRI run through WG and SBRI Centre of Excellence and achieve further leverage.

**PRIORITY 7 – Accelerating CCR Med-tech Cluster through supporting Med-tech innovation.** There is a moment in time to capture the full benefits of a Med-tech Cluster in CCR. Intelligence suggests that it is our second most mature economic prospect with a strong supply chain, good anchor companies, international market reach and represents about 6-7% of GVA output for the region totalling some £1.5bn annually. Despite having all of the ingredients of a 'cluster' – it is estimated that more than 60% of the devices and diagnostics in the region are imported from China.

CCR has received a high level of contacts and proposals from Med-tech and diversifying manufacturing companies. CCR Cabinet recently approved the Devices and Diagnostics Strategic Framework and the first stage due diligence of a Life Sciences Park – both of which support the EOI to UKRI for a Med-tech Cluster. A massive response has been seen from businesses diversifying their manufacturing base to medical tech and tools and there are many more strategic opportunities to build upon. Emphasising and reinforcing the importance of this sector through the CCR Investment Framework is an important signal to growing the maturity of this sector and play to unique advantages around: 3D printing of devices for on the job deployment, data mapping for prediction/prevention, alternative materials for face shields filtration methods, non-medical viable manufacture of oxygen & clean room pop-up space.

**PRIORITY 8 – Stabilising key businesses.** This is about responding quickly to the needs of businesses in our priority clusters that are starting to fall between the cracks and alleviating more specific challenges that will help viable businesses achieve the sustainability/continuity needed to be able to think about growth and inward investment again. Beyond provision of 'funding' – this is about access to bespoke patient capital.

There are key 'ways CCR could help' in this phase of building resilience. The overwhelming feedback from businesses, financial and legal advisors – as well as government – has been:

- Payment holidays & rental breaks & easing cash flow burdens
- Consider equity buy ins – which can be diluted over time or transferred into debt as company balance sheets improve (convertible equity)
- Consider the important role that could be played by guarantees, collateral support, asset-backed security to bridge gaps and help mitigate the prospect of risk where more stringent banking requirements apply
- Potential to match complementary initiatives such as the Future Ready Fund
- Considering shares of IP and know-how

- Re-set some of the metrics – some of the financial performance metrics commonly used will have limited use in this new environment. Increased collaboration to identify key transparent achievable KPIs will be vitally important and must be progressed with Wales and UK Govts, as well as a new approach to Risk Management.
- Greater emphasis could be placed on EBITDA (or equivalent) ratings to assess debt capacity and EBITDA(c) concept to assess core company stability
- Greater role for CCR and indeed other City Deals in this phase. The way and pace of working must change. In this period of re-emergence – it will timely to think about the establishment of a CCR Development Agency and ways to enhance democratic legitimacy at the same time as utilising new levers and opportunities.

### **Phase 3 - Recovery and Re-emergence.**

**PRIORITY 9 – BUILDING LONG-TERM INDUSTRIAL CLUSTERS** The focus is identified ambitions to build viable and resilient industrial clusters in which connections, collaboration and competition enable the eco-system to thrive. Our evidence base for supporting Data/ AI, infrastructure, Compound semis, Cyber, Med-tech and Fin-tech is robust. The diligence regarding potential for future growth is continually updated and early indications show, if anything will need acceleration in a post-COVID world. They also offer potential to address challenges such the disruptive impact of automation, ageing society and energy.

For re-emergence, seed funds will be needed to catalyse the creation of formal cluster bodies, with some prioritisation given to how funds and investment can be deployed in support of their inward investment and FDI opportunities and alongside funds such as Strength in Places. Reinforcing clusters through the blueprint of skills, marketing, building connections, collaborative R&D and key strategic sites, will be critical.

In addition to this, the renewal of the foundational economy in ways which connect into future challenges and opportunities and making food, farming, retail and tourism adaptive and resilient in the light of disruptive forces of AI and machine learning –so jobs are enhanced not displaced or replaced – will be crucial. This could also help channel future government ‘recovery’ funds as well a more focussed approach for Shared Prosperity Funds and emergent ambitions for the Western Gateway.

**PRIORITY 10 – IMPROVING THE PRODUCTIVITY OF MEDIUM SIZED FIRMS** In terms of improving the competitiveness of the CCR as the region emerges from COVID-19, one of the more focused approaches would be to target the medium sized firm sector (approximately 1300 firms across the region) that currently employs between 50 and 249 staff. This group of firms has a lower performance than its UK equivalent both in terms of turnover per enterprise. This underperformance could be addressed through the development of focused interventions such as greater networking opportunities between CEOs, sharing of best practice and access to a high-level executive education programme. This could result in considerable impact on both employment and wealth creation within CCR. If this group of medium-sized businesses were performing at the same level as UK equivalents, annual turnover could be in region of £10 billion with an additional 52,000 jobs.

## Annual Governance Statement (2019/20): Covid-19 Implications

Part 3 para 5 of the Accounts and Audit Regulations require that bodies must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and that bodies must conduct a review at least once in a year of the effectiveness of its system of internal control (i.e. the AGS)

The findings of the review referred must be considered in the case of Council's by the members of the body meeting as a whole or by a committee.

Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices.

The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.

As a result of COVID-19 we expect some potentially significant changes to the content included within bodies' Annual Governance Statements this year. Although the pandemic may not have changed governance frameworks until the last few weeks of the year, it is essential the changes are reflected appropriately. Key questions that we will be considering are:

**a. Does the statement set out the control frameworks before the pandemic and explain clearly what has changed in response to it?**

The CCRC Regional Cabinet (Joint Committee) and its supporting governance arrangements have largely continued to operate normally since the on-set of the pandemic at the beginning of 2020. Since the introduction of the government's lockdown (around the 3<sup>rd</sup> week of March 2020), the following meetings have taken place (as at the 15<sup>th</sup> June), in-line with government guidelines and regulations:

- 3 x Formal Cabinet Meetings (inclusive of an AGM);
- 2 x Cabinet Briefings;
- 4 x Investment Panel Meetings;
- 2 x Regional Transport Authority (1 Briefing & 1 Formal Meeting);
- 2 x Regional Economic Growth Partnership Meeting;
- 1 x CSC Foundry Board Meeting;
- 1 x Regional Skills Partnership Meeting.

Changes resulting from the pandemic largely relate to the preparation of 'CCR Priorities for Responding to Covid-19 & Beyond' document, which will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18<sup>th</sup> May 2020.

**b. Does the statement reference key regulator guidance which affects or directs changes to control frameworks and compliance with it?**

CCRC is not regulated in an industry/service provision manner, so this statement is not direct applicable in this regard. However, the 'CCR Priorities for Responding to Covid-19 & Beyond' document has been shared with CCRC's funders and with the Wales Audit Office (it's Financial and Performance Regulator) as part of the AGS process.



Key areas we would expect to be included are as follows:

**c. Whether the Council or in the case of the Joint Cabinet has discharged its duties differently including details of committees stood down.**

The CCRCD Cabinet has continued to discharge its duties in-line with its established governance protocols and frameworks, namely; the Joint Working Agreement and its Investment & Intervention Framework (its toolkit for appraising proposals received). There has been a seamless transition to digital meetings, which has meant that no committees or sub-committees have been stood down. Response to Question a above, sets out details of the meetings which have taken place during the lockdown as at the 15<sup>th</sup> June 2020.

**d. Any escalation hierarchy of decision making in the absence of key players.**

There has been no escalation hierarchy of decision making. All decisions have followed the established protocols and governance arrangements as outlined above. All Boards and Groups that support the agreed decision making framework have been engaged on proposals taken through the IIF since the onset of Covid-19, noting that all meetings have been 'virtual meetings and in some instances, consultation has taken place via e-mail.

**e. How key legislative requirements such as meeting in public have been met?**

The CCRCD Cabinet has fully complied with the regulations issued by Welsh Government (The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020). No meetings took place in advance of the regulations taking effect.

**f. Whether systems of internal control have changed due to remote working, and assurance over their adequacy.**

No systems of Internal Control have changed as a result of Covid-19 and/or as a result of staff having to work from home.

**g. Internal audit coverage including incomplete work programmes and how/whether adequate assurance was obtained for the year.**

The planned Internal Audit has commenced in-line with agreed timescales and is currently being progressed.

**h. How risk appetite has changed, new risks emerging from the pandemic, impact on current risks, and how they are being managed.**

See response to Question a above. Whilst priority has been given to certain initiatives as set out in the CCR Priorities for Responding to Covid-19 & Beyond' document, Risk tolerance levels have largely remained unchanged. All proposals are required to go through the IIF process and the necessary levels of due diligence are completed as would normally be the case. At its meeting of the 18<sup>th</sup> May, Cabinet approved one proposal on the following basis:

*"In these unprecedented circumstances, time is very much of the essence and it is critical that CCR act swiftly so as not to delay the development of this proposal. This justifies and necessitates an accelerated CCR decision making process. Specifically, we propose to proceed directly to the development of an abridged form of Final Business Case. This approach is supported by the relatively low value and straightforward nature of the intervention (i.e. a short term repayable loan underwritten by a parent company guarantee from a plc organisation).*

*The Joint Working Agreement provides that CCR will adopt a best practice business case approach in line with HMT's Five Case Green Book Guidelines. It has, however, been recognised that the diverse range of project types, values and sectors encompassed within*

*the CCR will necessitate the Five Case Model being amended on a 'proportionate basis to reflect the scale, nature and scope of the relevant Application'. This forms part of the "A Proportionate Approach to the Five-Case Business Case Model" exercise that CCR are progressing with Local Partnership, Welsh Government and HM Treasury. Indeed, the Welsh Government Single Stage Business Case Template already recognises that variations of approach to the Five Case Model are appropriate under certain circumstances. Their website, 'Better Business Cases: Investment Decision Making Framework' proposes the use of two variations to the model, one for Low Value (below £250k) and the other for Medium Value (£250k to £2million). Significantly, both advocate a single stage abridged Business Case Proposal on which a funding decision is made (i.e. no SOC or OBC is required). Our proposed approach here is consistent with this direction of travel and approach and, with the urgency of the COVID-19 response, justified on that basis.*

**i. How Covid-19 has impacted on compliance with any Corporate Governance Framework.**

Largely compliance has been not been impacted on CCRCD's Corporate Governance Framework. The CCR Priorities for Responding to Covid-19 & Beyond document has been developed and approved through the normal decision making framework and sits alongside the Industrial & Economic Growth Plan and the Investment & Intervention Framework, as set-out above.

**j. Impact and progress on other specifics required in the statement e.g. strategic planning, equalities duties etc.**

Largely there has been no impact. Strategic planning has continued in the normal way and all equalities duties have been complied with.

**k. Conclusion: overall review of effectiveness needs to reflect whether the pandemic has led to significant internal control or governance issues or not.**

Conclusion: the pandemic has not led to any significant internal control issue.

**Annual Governance Statement: 2019/20 Controls, Ratings & Actions**

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
1	<p><b>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.</b></p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p><b>GREEN/AMBER</b></p>			<p><i>The CCRCJ Joint Committee follows the Policies &amp; Procedures of the Accountable Body, which includes amongst other matters - Member and staff Codes of Conduct, whistleblowing and conflicts of interest policies. These policies are supplemented with advice from the Accountable Body as required, to ensure these can be applied to specific Joint Committee requirements. There is a specific reference within the Joint Working Agreement (JWA) to Codes of Conduct and induction sessions are organised for the Joint Committee members (Regional Cabinet) on these matters, given their importance.</i></p> <p><i>Should instances arise between officers (or members) across the 10 Local Authorities regarding conduct then each officer (or member) is subject to their employing authority's code of conduct. The Accountable Body would always seek to assist in finding a resolution, and would be willing to mediate where this would assist.</i></p> <p><i>For the reasons outlined above, it is important that the employment status of all officers supporting City Deal is clear, including the clear identification of the employing authority where staff transfers/secondments are agreed. An action in this respect was completed by the Accountable Body in 2018/19 (Qtr 1).</i></p> <p><i>Member and staff Codes of Conduct, whistleblowing and conflicts of interest policies are in place (see Assurance Statement 3).</i></p> <p><u>Summary of Action taken in 2018/19 in respect of Declarations of Interest</u></p> <ol style="list-style-type: none"> <li><i>1. Information included in Investment &amp; Intervention Framework Cabinet Report (10<sup>th</sup> June 2019);</i></li> <li><i>2. Formal correspondence issued to Members and Advisory Groups (5<sup>th</sup> June 2019);</i></li> <li><i>3. Declarations of Interests is a standard agenda item for all CCR meetings and the minutes seek to capture the nature of the any declarations made;</i></li> <li><i>4. Declarations of Interest forms completed and uploaded to the City Deal Website.</i></li> </ol> <p><u>Further Actions taken in 2019/20 (including response to WAO recommendations set-out in its letter dated 19<sup>th</sup> September 2019)</u></p> <p><b><u>Recommendation (i): Remind all Regional Cabinet Members that it is their personal responsibility to ensure that they understand their obligations under the Model Code of Members Conduct. In</u></b></p>	<p><u>2019/20</u></p> <p>Ongoing review and update of Declarations of Interest</p> <p>Development of Ethical Investment Policy</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><b><i>particular, they must act in a way that demonstrates that they both understand and are committed to meeting the high standards of conduct that is expected of them.</i></b></p> <p><i>CCR Director and Accountable Body Monitoring Officer delivered a briefing session to the Regional Cabinet at the Strategic Planning day on the 26<sup>th</sup> October 2019, where 5 (plus 2 deputies) of the 10 Regional Cabinet members were in attendance.</i></p> <p><i>A further session was held with 4 members (Cllrs Daniels, Marsden, Moore and O'Neil) on the 9<sup>th</sup> March 2020, whilst Cllr Thomas completed online training through the Accountable Body.</i></p> <p><i>Guidance notes on "The Code of Conduct for Members (Personal and Prejudicial Interests Briefing Note)" and "Declarations of Interest Flowchart and links to the Ombudsman's Guidance" have also been circulated to all Cabinet Members (5<sup>th</sup> June 2019).</i></p> <p><i>A comprehensive exercise has been carried out for 2020/21 to capture and update Disclosures of Interests for all CCR Committees, Sub-committees, Boards and key officer groups. Updated forms have been used which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Disclosure of Interests Register', which seeks to capture key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.</i></p> <p><i>A summary of the 'Disclosure of Interests Register' is attached at Appendix 2a. This shows that as at the 9<sup>th</sup> June 2020, a 100.0% compliance rate has been achieved (forms issued, returned and uploaded to the website). As a minimum, an annual reminder will be issued to all Groups to ensure declarations remain up to date. Furthermore, annual updates will be provided to Cabinet.</i></p> <p><b><i><u>Recommendation (ii): Provides further training to Regional Cabinet Members in respect of situations where potential interests could affect public perception of Cabinet Members' ability to take decisions in the public interest and not for personal gain or benefit.</u></i></b></p> <p><i>A 'Code of Conduct Protocol' has been prepared and agreed by the 10 Monitoring Officers along with contact details of each authority's MO. This was agreed 3<sup>rd</sup> of March 2020.</i></p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>Briefing sessions have been held with:</i></p> <ol style="list-style-type: none"> <li>1. <i>Regional Economic Growth Partnership – 16<sup>th</sup> July 2019 (Item 6);</i></li> <li>2. <i>Investment Panel – 19<sup>th</sup> November 2019 (Item 11);</i></li> <li>3. <i>CSC Foundry Board – 15<sup>th</sup> May 2020 (Item 3);</i></li> <li>4. <i>Regional Transport Authority – 21<sup>st</sup> May 2020 (Item 9);</i></li> </ol> <p><b><i>Recommendation (iii): Emphasises the need for Regional Cabinet Members to inform the Accountable Body’s Monitoring Officer of any potential interests at the same time as they notify their respective authority’s Monitoring Officer.</i></b></p> <p><i>These arrangements are clearly set-out within the agreed Protocol.</i></p> <p><b><i>Recommendation (iv): Ensures that where regional or Joint Committee arrangements exist, there is sufficient communication between the authority’s Monitoring Officer and the accountable body so that it is satisfied that both the registration and declaration of member’s interests is appropriate and transparent. The Joint Working Agreement should therefore be amended to reflect this.</i></b></p> <p><i>These arrangements are clearly set-out within the agreed Protocol.</i></p> <p><i>JWA has been updated as set-out above and a deed of variation has been approved by all 10 Local Authorities (approved Cabinet at its October 2019 meeting).</i></p> <p><u><i>Other Actions taken/being progressed</i></u></p> <ol style="list-style-type: none"> <li>1. <i>Procurement processes require external providers of services e.g. Strategic Advisors etc. to act with integrity and in compliance with ethical standards expected by the organisation (Welsh Procurement Policy Statement (WPPS) and Welsh Government Code of Practice: Ethical Employment in Supply Chains);</i></li> <li>2. <i>Demonstrating strong commitment to ethical values – Policy on Ethical Investments to be developed and approved in 2020/21. Captured from feedback from members.</i></li> </ol>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
2	<p><b>We ensure:</b></p> <ul style="list-style-type: none"> <li>• <b>Compliance with relevant laws and regulations;</b></li> <li>• <b>Compliance with internal policies and procedures;</b></li> <li>• <b>that expenditure is lawful.</b></li> </ul> <p><b><u>2018/19 Rating</u></b></p> <p><b>AMBER</b></p> <p><b><u>2019/20 Rating</u></b></p> <p><b>AMBER</b></p>			<p><i>The CCRCD Joint Committee follows the Policies &amp; Procedures of the Accountable Body, which are supplemented with advice from the Accountable Body as required, to ensure these can be applied to specific Joint Committee requirements e.g. Financial Procedures Rules, Contract Standing Orders etc. all of which are compliant with all relevant laws and regulations.</i></p> <p><i>A number of 'governance related protocols' have been developed and approved to ensure compliance with relevant laws and regulations, whilst due diligence work aims to ensure expenditure is lawful. Monitoring Officer and S151 Officer (or nominated deputies) are present at every Joint Committee meeting and are comfortable that existing controls minimise the risk of unlawful expenditure being incurred. The Joint Committee's Accounts in 2018/19 have been approved in full.</i></p> <p><i>The approval and implementation of the Investment &amp; Intervention Framework (IIF) in 2019/20 has provided additional assurance against this Statement and therefore confidence that expenditure complies with relevant laws, regulations, internal policies &amp; procedures and that expenditure is lawful. Further details of the IIF are set out in Statements 5, 6 &amp; 7 below.</i></p> <p><i>In respect of the Covid-19 pandemic which escalated towards the end of the year, CCR acted swiftly and in-line with approved laws and regulations. The key change largely relates to the preparation of 'CCR Priorities for Responding to Covid-19 &amp; Beyond' document, which will work alongside the existing Industrial &amp; Economic Growth Plan and the Investment &amp; Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18<sup>th</sup> May 2020 and is attached at Appendix 2b.</i></p> <p><i>Regular budget monitoring meetings take place throughout the year and are formally reported to the Joint Committee at appropriate intervals. Legal and financial implications written by appropriately qualified staff are included in all reports for decision to the Joint Committee. This is supplemented with external advice on a project by project basis to ensure that decisions taken are in compliance with internal policies and procedures and expenditure is lawful e.g. specific advice taken on State Aid etc.</i></p> <p><i>A Work Programme was developed during 2019/20 to assist with the planning of the large number of meetings that are needed in order support effective decision making i.e. Committees, Sub-Committees, Advisory Boards and Officer Groups etc. This has provided the CDO and Cabinet with greater visibility on the volume of meetings (and complexity of the interfaces) that must be serviced in order to comply with current governance arrangements.</i></p> <p><i>As a result there continues to be instances where draft reports had been provided with insufficient time for the written comments included in the reports to be as comprehensive as is ideal. There is concern</i></p>	<p><u>2019/20</u></p> <p>CDO Task &amp; Finish Group, including the recruitment of Business &amp; Governance Manager and Admin Support</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>regarding timescales and compliance with agreed governance protocol in respect of the preparation of formal reports.</i></p> <p><i>To address these shortcomings and to improve the decision making process further, the CDO Senior Leadership Team have identified the need to recruit a Business and Governance Manager to take responsibility for a key number of functions. In addition, general office support needs to be strengthened. The necessary HR processes to set-up and recruit to these posts are underway. In the short-term, a Task &amp; Finish Group has been set-up in May 2020. A number of improvements have been made in a relatively short space of time. These include: a monthly Agenda Forward Planner, Reporting Cycle Process Note and Checklist (pre &amp; post decision), Issues &amp; Action Log and Cabinet Report Library. The introduction of these tools will seek to minimise some of the current issues and provide a platform from which the new roles identified above can build on, once appointed.</i></p> <p><i>It should be noted that legal and financial advice is available at all Joint Committee meetings and can be sought or given as required. Finally, all Cabinet reports are accompanied by a Wellbeing of Future Generations Assessment, as required by the Act.</i></p>	
3	<p><b>We are committed to openness and acting in the public interest.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>We comply with Local Government legislation on public meetings and aim is to ensure that decision making meetings are held in compliance with legislation and open to public. Where information is deemed to be confidential, the appropriate tests are applied and suitable disclosures are made on published agendas within the prescribed timescales.</i></p> <p><i>CCRCD follows the Accountable Body's policies for cabinet papers and related procedures. Minutes of the meetings are recorded and approved at the following meeting, with full publication and availability on the CCRCD website.</i></p> <p><i>Cabinet agendas and minutes are produced in Welsh as standard and all other reports and items are available in Welsh upon request. This protocol is applied to all policies, strategies, plans and consultation papers etc. as mandated by the regulations. Policies and procedures will be constantly updated to reflect the latest guidance and to ensure there is clarity regarding the services that are available in Welsh and accessibility is clearly visible to all.</i></p> <p><i>Furthermore CCRCD seeks to demonstrates that is committed to openness and acting in the public interest as follows:</i></p> <ul style="list-style-type: none"> <li><i>• Through a comprehensive approach to seeking, capturing and making available its Register of Interests (see Statement 1);</i></li> <li><i>• Through effective Communication and Engagements with key stakeholders (see Statement 4);'</i></li> </ul>	<p><u>2019/20</u></p> <p>Ongoing review of RTA and Joint Scrutiny Meetings and paper being made publicly available via the CCR website</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<ul style="list-style-type: none"> <li>• <i>Through its established 'Joint Scrutiny Arrangements' (see Statement 16).</i></li> </ul> <p><i>WAO published their report on the CSC Foundry investment decision and Regional Cabinet has formally considered the findings and published its response. The 2019/20 Work Programme included relevant actions in respect of the 8 Lessons Arising from that report, whilst this AGS also seeks to incorporate the findings of WAO's second report – 'Review of Governance Arrangements CCRCD', which was finalised in May 2019. City Deal will continue to action proposals for improvements. We are committed to openness and acting in the public interest.</i></p> <p><i>Dates of scheduled briefings have been circulated for WAO to consider and initial discussions have taken place as part of the regular liaison meetings between the City Deal Office, Accountable Body and WAO.</i></p> <p><i>In 2019/20 further consideration has been given to:</i></p> <p><i>(1) Rotation of meeting locations to assist with accessibility across the region and</i>  <i>(2) Live webcasting of Regional Cabinet meetings.</i></p> <p><i>Having considered the above, it was concluded that the trade-off is finding a suitable venue with web cast facilities – as balanced with a location that is publicly accessible. This requirement will be kept under continual review.</i></p>	
4	<p><b>We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.</b></p>			<p><i>CCRCD has put in place a variety of measures aimed at establishing 'clear channels of communication' and 'encouraging open consultation'. These include:</i></p> <ul style="list-style-type: none"> <li>• <i>Regular press coverage managed through an arrangement with an external communications company;</i></li> <li>• <i>Relaunched website with key stats being measured, monitored and reported on;</i></li> <li>• <i>Attendance and presence at Wales in London Week, with associated press and media coverage;</i></li> <li>• <i>Attendance and presence at national and international events in conjunction with the Regional Business Council and a range of companies that operate within the region.</i></li> </ul> <p><i>In 2019/20 further consideration has been given to the effectiveness of communications with the 10 partnering authorities to-date, and in-turn how local authorities are communicating 'City Deal' to their local communities and other stakeholders (including fire, health, 3rd sector etc.). This is seen as key to ensuring accountability and encouraging open consultation.</i></p>	<p><u>2019/20</u></p> <p>Review of CCRCD Website and content in 2020/21</p>



	Assurance Statement		Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p><u>2018/19 Rating</u></p> <p>AMBER/RED</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>		<p><i>To address this point a set of strategic communications objectives have been agreed along with an appropriate strategy for their execution. A monthly rolling content plan is in place consisting of editorial columns with key people in the region, thought leadership articles on topical issues, priority sector/industry specific articles, city deal decision updates or PR releases and CCRCD company profiling features illustrating regional achievements/ successes.</i></p> <p><i>The content is written for public consumption and is distributed via a dedicated to CCRCD news platform provided by Business News Wales. All content is similarly updated onto the CCRCD website and is signposted to via social channels, including the recent addition of Facebook. All relevant local authority content is tagged to them and issued direct to them for re-purposing. Further details are provided under Statement 5.</i></p> <p><i>Whilst a partial review and upgrade to the CCRCD website took place during 2019/20, it is acknowledged that the website requires further improvement. This is scheduled to take place in the 2<sup>nd</sup> half of 2020. Further improvements will be made with a view to providing more granular level information pertaining to the pipeline of projects that are in development and moving through the IIF. This will include more transparency and detail on the investment application process and a much clearer way of categorising and finding the substantial number of news updates that are now on the website. Overall navigation will be further improved PLUS a clearer delineation of papers that are produced for public meetings and documents that are more generic to the CCR/ City Deal e.g. business plans, the industrial and economic plan and publications such as Connected, Competitive and Resilient publications.</i></p> <p><i>A number of officer groups are in place, which meet to discuss and resolve key operational matters. For example Programme Board, S151 Officer Group (and Technical Sub-group), Peer Officer Group for Transport matters.</i></p> <p><i>The advisory groups/bodies e.g. Regional Economic Growth Partnership (REGP), Regional Transport Authority (RTA) etc. have been operating for some time now and are consulted on IIF proposals and any other relevant matters. However, further work is needed to develop the working relationships and understanding with the Skills Partnership Board, whilst a review is taking place on the role and purpose of the Regional Business Council. Further work on developing the working relationship with these bodies can be found under Statement 20 in this document.</i></p> <p><i>Arrangements are in place for regular meetings, consultations and exchanges of information with Welsh and UK Governments, SQW (who are leading the Gateway Review assessment) and with Wales Audit Office. As part of their review, SQW are carrying out, iterative rounds of key stakeholders interviews to</i></p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>gather 'impact evidence' and to assess 'emerging capacity development and partnership evaluation evidence'.</i></p> <p><i>Finally, Wellbeing of Future Generations assessments are carried out and appended to all public reports. Dialogue is maintained with the Commissioner's office regarding key CCRCDC developments and its natural evolution.</i></p>	
5	<p><b>We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>5 yr Joint Working Agreement (JWA) Business Plan agreed by Regional Cabinet and adopted by all 10 Councils in March 2018 and sets vision, aims &amp; objectives.</i></p> <p><i>The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a tangible Work Programme each financial year. A new format was adopted in 2019/20 for Quarterly Performance Reporting against the annual Work Programme which provides the mechanism for monitoring progress against individual Work Programme items and actions, throughout the year.</i></p> <p><i>The approved Regional Industrial &amp; Economic Plan is a key example of how the City Deal vision and its intended outcomes have been communicated to citizens and services users. The Plan offers a clear sense of direction, has been shaped by industry and business and is underpinned by an up-to-date evidence base. The sectoral analysis work undertaken as part of the developing the Plan was continued through 2019/20 and converted in to three key CCRCDC publications 'Connected', 'Competitive' and 'Resilience'. The plan itself must be subject to regular review as economic and social factors are fast-changing and dynamic.</i></p> <p><i>2019/20 saw the approval and launch of the Investment &amp; Intervention Framework (IIF) and accompanying Prospectus. The IIF is centre stage, and will take forward the work done to-date, in terms of planning and delivery of the Wider Investment Funds. This will assist with designing outcomes with service users and the wider business community in mind. A key aspect of the work developed during 2019/20 relates to CCRCDC 'Economic Inclusion' objectives and the approved Housing Fund provides and an example of how this objective will work alongside commercial objectives to ensure that proposals meets Regional Cabinet members' political aspirations for their communities.</i></p> <p><i>Progress against the CCRCDC's vision, which specifies intended outcomes for citizens and service users is communicated in the following ways:</i></p> <p><i>1. The website contains published documents exist that articulate:</i></p> <ul style="list-style-type: none"> <li><i>• The longer term strategic intent most notably within in the Industrial and Economic Growth plan.</i></li> </ul> <p><i>NB: This now has an addendum which articulates the post covid-19 recommendations and 10</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>priority areas of focus. This addendum was influenced by a research exercise undertaken with For Cardiff at the end of March 20102 to assess the immediate impact of Covid -19 on the CCR business community;</i></p> <ul style="list-style-type: none"> <li><i>• The highlights/ key achievements of 2019 in an easy to read newsletter style update;</i></li> <li><i>• A 12 month horizon business plan for 2020/21 that breaks down the longer term plan into an annual plan of activity;</i></li> <li><i>• A set of “State of the Region” documents that articulate the current regional “state of play” against the 3 underpinning pillars of the Industrial and Economic Plan – Connected, Competitive and Resilient. These act as a baseline for both assessing improvements over time and for providing additional context into the investment decision making process;</i></li> </ul> <p><i>2. All of these documents have been written up into article style publications, and in the case of the state of the Region publications subject to 30 minute podcast audio to assist with bringing the messages to life in digestible format;</i></p> <p><i>3. All of the publications referred to above, i.e. the decomposition of strategic documents into bite size features written to appeal to, and be digestible for the business and community audience, have been uploaded onto the CCR website, have been subject to considerable social media activity;</i></p> <p><i>4. Additionally, each quarter, in a magazine style format, all that quarters articles/ press releases/ updates and industry features are curated into a single publication which is circulated to a wide audience including the LA’s, all key stakeholder bodies and is also available to download from our website;</i></p> <p><i>5. Feedback to date on the quantum and quality of our material is positive</i></p>	
6	<p><b>We have translated the vision into courses of action for our function, its partnerships and collaborations.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p>			<p><i>The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a tangible Work Programme for each financial year. A new format has been adopted in 2019/20 for Quarterly Performance Reporting against the annual Work Programme which also provides the mechanism for monitoring progress against the agreed deliverables throughout the year.</i></p> <p><i>As outlined in Statement 5 - the Regional Industrial &amp; Economic Plan translates the City Deal vision into courses of action for the Joint Committee, its sub-committees, partnerships and advisory boards. The plan offers a clear sense of direction, has been shaped by industry and business and is underpinned by an up-to-date evidence base (Sectoral Analysis commissioned from the end of 2018 and much of 2019/20).</i></p> <p><i>As outline in Statement 2 above, the Covid-19 pandemic which escalated towards the end of 2019/20 led to the preparation of ‘CCR Priorities for Responding to Covid-19 &amp; Beyond’ document. This will work alongside the existing Industrial &amp; Economic Growth Plan, the Investment &amp; Intervention Framework and the annual business planning function to translate the CCRCD vision into courses of action for its function,</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<b>GREEN</b>			<p><i>its partnerships and collaborations. The CCRCD document has been submitted to the Welsh Affairs Select Committee Inquiry into the economic impact of COVID-19 on the Welsh economy.</i></p> <p><i>In order to further understand and influence the policy arena within Wales, CCRCD has responded to the Regional Investment in Wales consultation, which has been submitted to Welsh Government and to UK Government's Welsh Affairs Select Committee in May 2020.</i></p> <p><i>The IIF has been operationalisation for about 10 months and a '1 year review is planned' at the end of the summer to assess its effectiveness and to set the direction for the next 12 months. This will be done in the context of attempting to understand how the new future may look in terms of the impact of the Covid-19 pandemic, but also as the work of existing partnerships and collaborations are reviewed (Regional Business Council, and partnerships are created (Western Gateway).</i></p> <p><i>Statement 5 above, sets out how this work is clearly communicated to the various partnerships and collaborations.</i></p>	
7	<p><b>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.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>Completion and approval of the AGS proforma by those responsible for and supporting CCRCD's governance arrangements and the resulting Action Plan, demonstrates that a mechanism for reviewing effectiveness is in place.</i></p> <p><i>Assurance Framework has been accepted by UK &amp; Welsh Government and all investment proposals must comply with the Assurance Framework, whilst the 5yr Gateway Reviews act as a mechanism for challenge and review of decisions made and outcomes achieved. Quarterly liaison meetings with UK and Welsh Government are in place.</i></p> <p><i>The above is supplemented by the Investment and Intervention Framework (IIF), which is designed to ensure that there is a clear read-across from the priorities set out in the Industrial Growth Plan (and more recently the CCR Priorities for Responding to Covid-19 &amp; Beyond' document) and the projects that are selected to enter the IIF. The IIF firstly perform a filtering or sift process (Stage 1A) to assess 'Strategic Fit' and if deemed 'appropriate', proposals then move into the formal IIF assessment process.</i></p> <p><i>The process for assessment is robust, independent and comprises due diligence and the proportionate application of the five case model. There is a clear line of sight and reporting into an Investment Panel whose role is to test, challenge and scrutinise proposals and subsequent progress. The Investment Panel make recommendations to Regional Cabinet, who remain the decision making body. The implementation of the IIF has been recognised and highlighted as significant by SQW Ltd - the UK Government's consultants on the Gateway Review. CCRCD's baseline reports and local evaluation</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p><b><u>2019/20 Rating</u></b></p> <p><b>GREEN</b></p>			<p><i>framework was considered by Regional Cabinet at its meeting of the 10<sup>th</sup> June 2019, with the One Year out Report being considered in May 2020.</i></p> <p><i>Work has now been completed to establish a series of measures on the economic and social make-up and performance of the region, as well as a baseline against which future performance can be assessed. This sectoral analysis data will inform the Gateway Review process and facilitate more effective decision making, through a better understanding of the region's strengths, and the opportunities which exist to make strategic interventions that are likely to have the greatest impact. As outline above this work has been published as 3 key documents ('Connected', 'Competitive' and 'Resilient').</i></p> <p><i>The approved IIF includes clear roles and input for the REGP, Investment Panel and Programme Board. It also provides the key decision-making gateways for Regional Cabinet. As outlined above, the effectiveness of the IIF will be reviewed at the end of the summer 2020. Amongst other measures of effectiveness, the review will consider:</i></p> <ul style="list-style-type: none"> <li>• <i>Assessment of how IIF is assisting in meeting the City Deal Targets of Jobs, Leverage, GVA and wider City Deal outcomes;</i></li> <li>• <i>SQW reviews and assessments;</i></li> <li>• <i>Gateway Review (WG and HMT endorsement);</i></li> <li>• <i>Internal and External audit reports</i></li> </ul> <p><i>The 'bedding down' of the Joint Scrutiny function during 19/20 will introduce a further mechanism of decision making review and challenge (see Statement 16).</i></p> <p><i>With regard to the effectiveness of the communications activity; subsequent to the creation of a strategic communications plan - the results in Q4 2019/20 are as follows:</i></p> <ol style="list-style-type: none"> <li>1. <i>Produced, distributed and promoted:</i> <ul style="list-style-type: none"> <li>• <i>8 podcasts;</i></li> <li>• <i>9 "Board" opinion/ thought leadership pieces;</i></li> <li>• <i>8 Industry specific features;</i></li> <li>• <i>7 News releases including 3 all media releases;</i></li> <li>• <i>3 Brochures – Connected, Competitive, Resilient;</i></li> </ul> </li> <li>2. <i>When compared with the previous quarter, achievement of:</i> <ul style="list-style-type: none"> <li>• <i>50% increase in overall website visitor traffic;</i></li> </ul> </li> </ol>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<ul style="list-style-type: none"> <li>• 130% increase in traffic to our news pages;</li> <li>• 167% increase in engagement with our twitter account;</li> <li>• 100% increase in Linked In followers;</li> <li>• 290% increase in engagement with our linked in account;</li> </ul> <p>3. CCRCDC responded to covid-19 and our Business Impacts survey by:</p> <ul style="list-style-type: none"> <li>• Launching a dedicated Covid-19 web section with FAQ's, handy links, and guidance notes;</li> <li>• Posting key updates daily via social channels;</li> <li>• Switching media focus to ensure a Covid dimension to all thought leadership and industry features including a series profile corporate responses to Covid in our key sectors;</li> </ul> <p>4. And finally, contributed to the production of a CCR investment prospectus for MIPIM. The intention is to repurpose this prospectus for general use in due course.</p>	
8	<p><b>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.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>Whilst the City Deal is maturing and strengthening its working arrangements all the time, it is still relatively at an infancy stage of development. In 2019/20, Full Business Cases were approved in respect of the Graduate Programme and the Housing Viability Gap Fund. In addition, a number of Metro Plus projects are beginning to draw down funding, whilst CSC Foundry continues through its 'delivery and implementation' stage.</i></p> <p><i>As set-out in Statement 7 above, the Intervention &amp; Investment Framework (IIF) requires all projects to go through a formal business case development process and the financial assessment done as part of that process considers matters such as deliverability, value for money and compliance with funding terms and conditions. For example, business case development will assist by clearly articulating each proposal's 'benefits' and the management case will clearly set-out the benefits realisation strategy, whilst the monitoring &amp; evaluation arrangements will measure and assess each projects defined outputs and outcomes.</i></p> <p><i>An appropriate level of resources (capacity and capability) have been identified to support these activities. Regular bi-monthly meetings with UK and Welsh Government, supplemented by the 5 year Gateway Review process adds appropriate challenge and review mechanisms. In that regard, the Regional Industrial &amp; Economic Plan and the IIF have been recognised and highlighted as significant by SQW in its reports and the local evaluation framework.</i></p>	<p><u>2019/20</u></p> <p>Develop appropriate Evaluation and Reporting mechanisms for Projects that are in the Delivery Phase</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>Quarterly Performance Reports are presented to Regional Cabinet with provide an update on progress against the Annual Business Plan and Work Programme. In particular, the report covers the position against the:</i></p> <ol style="list-style-type: none"> <li><i>1. Balance Scorecard;</i></li> <li><i>2. City Deal Logic Model agreed with SQW;</i></li> <li><i>3. AGS and Internal Audit Action Plans;</i></li> <li><i>4. Wider Investment Fund financial position.</i></li> </ol> <p><i>The City Deal Office continually monitors and evaluates the format, relevance and usefulness of the information provided to Regional Cabinet and other stakeholders and seeks to continually develop its reporting mechanisms, as the City Deal evolves. For example, as the number of projects approved under the IIF increases, there will need to be a greater emphasis (and resource allocation) on reporting against the 'Monitoring and Review' function of each project. In particular, the need to capture progress against the Benefits Realisation Plan and to take corrective action where projects fall behind their expected benefits plans.</i></p>	
9	<p><b>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.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p>			<p><i>The JWA sets out the roles and responsibilities of members and officers including S151 Officer and Monitoring Officer roles. This is supplemented by a number of 'working protocols' that have been agreed by the x10 Local Authority partners and through the development of clear Terms of References for the various Groups/Boards etc. that have been set-up. In addition, the Accountable Body's role and responsibilities are further detailed through a range of SLAs, which are agreed annually and which clearly set-out the level of support that will be provided.</i></p> <p><i>The operation of the IIF has led to enhanced working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel.</i></p> <p><i>Other 'Governance Related Work', primarily the work of the Internal Audit function will seek to assess the effectiveness of the current arrangements in place and outline any opportunities for improvement going forward. In addition, dialogue with External Audit will be maintained through regular liaison meetings.</i></p> <p><i>In terms of 'clear protocols for effective communication', details have been set-out in Statements 4, 5 &amp; 7 above. In addition to those points, it is worth noting that:</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<b>GREEN</b>			<ul style="list-style-type: none"> <li>• Good working relationships exist between the CDO internal communications team and partnership bodies, most notable the Regional Economic Growth Partnership, who have been featured regularly in our thought leadership publications;</li> <li>• Same principle will apply to the Business Council subsequent to its re-instatement;</li> <li>• All meetings of the Regional Transport Authority are attended by the CDO team and updates for media distribution have been produced subsequent to each meeting;</li> <li>• Regular dialogue exists with the Regional skills team to identify areas of common interest and overlap and to share learning. Longer term intention is to collaborate on the production of an integrated communications plan;</li> <li>• Any additional partnership/sponsorship agreements approved will have a full communications plan associated with it e.g. Global Welsh, which is currently being developed etc.</li> </ul>	
10	<p><b>Our financial management arrangements conform to all relevant legislative and best practice requirements.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p><b>GREEN/AMBER</b></p>			<p>Financial management arrangements conform to all relevant legislative and best practice requirements. Full budget cycle (budget setting, monitoring and accounts closure) completed in accordance with statutory and internal deadlines.</p> <p>Regular budget monitoring meetings took place throughout the year and were formally reported to Regional Cabinet at appropriate intervals. Formal financial advice provided on all public reports to Regional Cabinet and Regional Transport Authority. A range of SLAs are in place which outline the financial management support and services that will be provided throughout the year, with the SLA to be reviewed during 2020/21.</p> <p>Close working relationship maintained with Welsh Government and Wales Audit Office to ensure City Deal expenditure is appropriately accounted for under the relevant legislative powers in the current year and going forward as each project is approved. Statement of accounts for 2018/19 were prepared, made available for public inspection and approved after an external audit, in line with statutory requirements and CIPFA accounting Code requirements.</p> <p>The WG / HMT grant terms and conditions of funding require projects to be approved after a green book compliant process. As new types of projects are considered or where a condensed approach may be deemed necessary due to timescales, consideration of what is a proportionate business case should be undertaken, documenting the approach. The acceptability and approach to proportionate business cases, as well as resulting risks or mitigations will need to be considered as part of project approval processes, with a report to Regional Cabinet Setting out the process to be followed. This is to ensure that the approach adopted poses no risk to HMT / WG grant funding.</p>	<p><u>2019/20</u></p> <p>Update CCRC D Affordability Model and Quarterly Performance Reporting</p> <p>Need earlier consideration of accounting and financial management arrangements in respect of proposed investments e.g. loans, equity and joint ventures etc.</p> <p>Relevant CDO staff to complete mandatory VAT training module</p>



	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<ol style="list-style-type: none"> <li>1. Approval of IIF, set out proposed arrangements going forward i.e. Invest Panel, IIF Process, Support from External Consultants, Local Partnership's work re: Assurance and proportionate business case report;</li> <li>2. Annual Budget prepared and approved which seeks to capture resources going forward;</li> <li>3. Short and medium term budgeting, planning and forecasting is carried. The original financial model on which the CCRC was predicated at conception needs to be updated in 2020/21 as the level of actual expenditure types of projects and pipeline of approved projects speeds up. The format of the Quarterly Performance Reporting needs to reflect the projects passing through the IIF;</li> <li>4. The Annual Business Plan considers the potential use of a range of financial interventions, such as loans, equity and joint ventures. Complex accounting and financial management arrangements need to continue to be considered at the outset in the development of such proposals in the IIF to ensure no adverse financial implications;</li> <li>5. Support of external advisors and peer review role undertaken by Local Partnership will seek to mitigate the funding risks outline above.</li> </ol> <p>A VAT Training module is to be rolled out by the Accountable body shortly and is deemed mandatory for all staff who have a SAP user role which is connected with either ordering goods / services or making payments or raising bills. CDO to arrange for completion.</p>	
11	<p><b>We have effective arrangements in place to discharge the monitoring officer function.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p>A Monitoring Officer representative is at all Joint Committee meetings and is able to contact senior staff and raise any concerns. A formal SLA is in place which outlines the support that will be provided to the City Deal Joint Committee, its sub-committees and any advisory partnerships and/or boards.</p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
12	<p><b>We have effective arrangements in place to discharge the head of paid service function.</b></p>			<p>There is no 'Head of Paid Service' function as the Joint Committee is not a statutory body in its own right. Employees that are seconded from other Local Authorities are subject to their respective Head of Paid Service arrangements. The appointed City Deal Director has overall responsibility for HR/staffing issues in respect of the City Deal Office.</p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>				
13	<p><b>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.</b></p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>Member induction training is provided following each Local Government election process and each Local Authority leader has the benefit of their own Local Authority training. Annual review of Member Induction and Development requirements undertaken following the AGM and there is a rolling programme for new Member inductions and training for new City Deal Office (CDO) staff.</i></p> <p><i>Training for CDO (and wider) staff has been undertaken and provision for training has been allocated within the budget. Training provided to CDO staff on financial matters including budget matters e.g. chart of accounts, purchasing, ordering and payment of invoices. As part of the in year monitoring meetings, Accountable Body staff meet with CDO to offer advice and guidance on financial management matters as well as dealing with any recurring issues. Staff are unable to access financial systems or secure a licence until all necessary training has been completed.</i></p> <p><i>There is a need to put in place arrangements for Personal Performance Development Reviews (PPDRs) for all City Deal Office staff (including for the Director) has been identified. This will contribute to the development of a CDO Training Plan and be in place once the new CDO structure has been fully implemented.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
14	<p><b>We have mechanisms to review the effectiveness of our framework for identifying and</b></p>			<p><i>A 'Risk Register' has been in place since the latter part of 2018/19. In the report to Cabinet approved on 18<sup>th</sup> May 2020, the 'one year out' review undertaken by National Evaluation Panel lead, SQW was presented to Cabinet. This was used as the basis to begin setting out a number of wider risks and issues that are both emergent and present in relation to the macro-economic environment (and include Covid-19) and also, to the programme itself. The report sets out that given this new operating environment and given the impact on some of the risks surrounding Gateway Review, work would be undertaken to</i></p>	<p><u>2019/20</u></p> <p>Accountable Body report on CDO Resourcing to Cabinet (15<sup>th</sup> June)</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p><b>managing risks and performance and for demonstrating clear accountability.</b></p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p><b>GREEN/AMBER</b></p>			<p><i>develop a wider Risk Management Strategy and Risk Policy, which would involve a high level Risk Register and a programme level risk log. This will be brought back comprehensively to Cabinet later in the year. This work will not include commentary on changes to the external environment and their knock-on effect to the CCCRCD Programme – but an assessment of the risk environment, appetite, monitoring and escalation processes.</i></p> <p><i>The report to Cabinet of 18<sup>th</sup> May started to outline, in illustrative form, how the new approach to risk would be developed and set out. The report also highlighted more immediate risks that jeopardise programme and delivery continuity such as those concerning staffing and resources. This is now being addressed via the actions of the Accountable Body and a report to be taken to Regional Cabinet on 15<sup>th</sup> June 2020.</i></p> <p><i>Beyond addressing risk via frameworks and policies, a risk-aware and risk-ready culture is also an area of focus. This links with the performance culture driven through the new Annual Business Plan; more focussed priorities, including ‘logic model’ frameworks consistent with National Evaluation Panel requirements and ensuring these drive a whole culture of productivity and self-awareness. This will be driven through a whole programme risk and performance approach as well as more specific-level risks and issues related to individual projects and investment programmes.</i></p> <p><i>In terms of developments in 19/20:</i></p> <ul style="list-style-type: none"> <li><i>• The IIF process went live – setting out the way we will do business and ensuring HMT compliance with green book;</i></li> <li><i>• Securing support from Local Partnerships with proportionate business case development – ensuring appropriate checks and balances are in place;</i></li> <li><i>• SQW has delivered both its baseline and first review report and the one-year out report with the final evaluation document due in December 2020;</i></li> <li><i>• There is a sequence of reporting and reporting alignment in the run-up to Regional Cabinet formal decisions that ensures all reports progress through Investment Panel, REGP and Programme Board and where appropriate, CSC Foundry Ltd and the Regional Transport Authority;</i></li> <li><i>• Quarterly performance monitoring is undertaken against the Annual Business Plan and this is submitted to UK and Wales Governments, as well as other key stakeholders;</i></li> <li><i>• Process mapping and enhancements to the back office are being taken forward to ensure key structures and systems are in place to provide ‘scaffolding’ to the programme;</i></li> <li><i>• Arrangements are reviewed with the Accountable Body to ensure the level of support provided is commensurate to needs and requirements, particularly as these evolve.</i></li> </ul>	<p>Completion of Review on wider Risk Management Strategy and Risk Policy</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
15	<p><b>We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>SLA in place with the Accountable Body's Internal Audit section, which incorporates a 5 year rolling audit plan, based on a risk assessment. As the City Deal activity ramps up the Audit Plan will be developed and updated accordingly. The second City Deal Internal Audit was completed in March 2019, offering an audit opinion of 'Effective' and with no formal recommendations issued. The audit objectives covered the adequate reporting of project performance, financial management provisions for the evaluation and approval of funds released to projects, and internal controls and processes surrounding income collection and recovery.</i></p> <p><i>A further Internal Audit commenced in March 2020, to consider business case governance, declaration and disclosure processes, compliance and control in commissioning and procurement and payroll, and the progression of matters identified through the AGS and associated assurance statements. The findings and any associated recommendations will be reported for management consideration in the financial year 2020/21.</i></p> <p><i>The purchasing of goods &amp; services must follow the Accountable Body's policies and procedures and City Deal Office staff, have undergone training and have access to the relevant financial and administrative systems. Clearly identified financial authorisation limits are in place, along with segregation of duties. The Accountable Body provided training slides on 'effective counter fraud and anti-corruption arrangements' and these have been disseminated to all CDO staff.</i></p> <p><i>The accounts of CSC Foundry Ltd are externally audited to provide independent assurance and review.</i></p> <p><i>A "Know Your Customer" process is being developed by the Accountable Body, which is of interest at a time when City Deal has increasing use of loans and alternative financial products. This will be discussed and if appropriate extended to the City Deal, which will sit alongside/supplement the due diligence that is already completed as part of the IIF approval process. This will seek strengthen risk mitigation measures in respect of financial support provided.</i></p>	<p><u>2019/20</u></p> <p>Conclusion of Internal Audit (commenced in March 2020) and response to any Recommendations</p> <p>Consideration of "Know Your Customer" process developed by the Accountable Body</p>
16	<p><b>We have an effective scrutiny function in place.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p>			<p><i>Since the implementation of Scrutiny arrangements in 2018/19, the CCRCD Joint Scrutiny Committee has to date met on 6 occasions and in 2019//20, met on 3 occasions. The venues for holding meetings of the CCRCD Joint Scrutiny Committee rotate around the 10 local authorities, and have been held in Bridgend, Caerphilly, Cardiff, Newport and Rhondda Cynon Taff to date.</i></p> <p><i>During 2019/20, the CCRCD Joint Scrutiny Committee has been supported by the Programme Director of CCRD and other officers of the CCRCD as appropriate. Members of the CCRCD Cabinet have also attended meetings and have presented a report on the Investment &amp; Intervention Framework.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<b>GREEN/AMBER</b>			<p><i>The Committee at each of its meetings has received, considered and scrutinised reports on the performance of the Business Plan for City Deal. These reports show how the reporting requirements of the Assurance Framework are discharged and also provides an update of actual expenditure at each quarter. The Committee has also received a report showing the restructure and resourcing plan of the City Deal office.</i></p> <p><i>The Committee has also had the opportunity of scrutinising progress and the expenditure to date of the Metro Plus project. It has also scrutinised a paper on Developing a Skilled Workforce and Tackling Unemployment and in so doing so commenting on the skills initiatives. The Committee has also reviewed the Initial Industrial and Economic Growth Plan which sets out the scope and substance of CCR's initial Industrial and Economic Plan, as developed by the Regional Economic Growth Partnership in conjunction with the City Deal Office. Going forward, the CCRCD Joint Scrutiny Committee will receive reports for consideration on the Investment &amp; Intervention Framework, at future meetings.</i></p> <p><i>The Joint Scrutiny Committee has a Forward Work Programme which is reviewed at each meeting of the Committee. Its purpose is to identify items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee. It is also a medium to identify any invitees to attend future meetings to contribute to discussions and deliberations, to identify any training requirements required by the JOSc and to agree a schedule of meetings of the Joint Overview and Scrutiny Committee.</i></p> <p><i>The Forward Work Programme is flexible and is revisited at each meeting by Members and officers. A scrutiny criteria form accompanies the Forward Work Programme report and its purpose is to allow Members to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The criteria form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits those in the CCRCD areas.</i></p> <p><i>In addition, to holding formal meetings, the CCRD Joint Scrutiny Committee has held training sessions. As part of its training programme, a training session has been delivered by Public Governance Wales focusing on Enhancing Shared outcomes through effective Joint Scrutiny. The Welsh Local Government Association has also delivered training to the Chairperson and Vice-Chairperson of the Committee on effective chairing skills.</i></p> <p><i>Responsibility for the coordination of the CCRD Joint Scrutiny Committee has now passed to Rhondda Cynon Taff Council with effect from March 2020 as Bridgend County Borough Council's two year term for the co-ordination of the Committee's activities had come to an end.</i></p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>It should be noted that as the 'body being scrutinised', it is not the role of the City Deal Office to put in place the process, framework and work programme for Joint Scrutiny. This is a matter for the Joint Scrutiny Committee itself. The City Deal Office will provide any information requested to allow the agreed processes to be completed and an appropriate judgement on effectiveness to be concluded.</i></p>	
17	<p><b>Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>SLA in place with the Accountable Body's Internal Audit section, which incorporates a 5-year rolling audit plan, which is based on an assessment of risk. As the City Deal activity ramps up, the Audit Plan will be developed and updated accordingly as part of the annual SLA process.</i></p> <p><i>The Audit Manager has reported the Internal Audit Section's ongoing conformance with the Public Sector Internal Audit Standards and relevant best practice through processes for ongoing assurance and annual internal review. Conformance is required to be endorsed by a 5-yearly external peer review, which was completed by RCT in March 2018.</i></p> <p><i>Accountable Body and CDO to review the adequacy of the level resources available to carry out annual internal audits as the IIF pipeline matures. This review will need to consider the scope of WAO's Annual Audit Plan to ensure these work in a complimentary manner.</i></p>	<p><u>2019/20</u></p> <p>Review adequacy of Internal Audit Resources</p>
18	<p><b>We have arrangements in place for the delivery of the core functions of an audit committee.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>Effective financial management and internal controls, preparing its accounts and submission for audit is discharged by Regional Cabinet through its appointed s151 Officer. Providing independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes is achieved via a SLA with the Accountable Body's Internal Audit section and through the annual external audit plan.</i></p> <p><i>No further updates or actions proposed at this time, but a 'watching brief' will be maintained on this matter, particularly as the level of City Deal activity increases. In addition to the points outlined above, this conclusion is further supported in view of:</i></p> <ol style="list-style-type: none"> <li><i>1. Quarterly Performance Reports prepared and considered by Regional Cabinet, which are then sent on to Funders (UK and Welsh Governments), WAO and SQW (Gateway Review Assessors);</i></li> <li><i>2. Full external audit undertaken on the Joint Committee's accounts and those of its subsidiary;</i></li> <li><i>3. Joint Scrutiny arrangements are in place and operating (see Statement 16).</i></li> </ol>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
19	<p><b>We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>An open two-way relationship is maintained with Wales Audit Office (WAO), with regular update meetings taking place throughout the year. WAO have made available a Technical Manager to observe the work of the City Deal Technical Sub-group and to assist with resolving issues as they arise.</i></p> <p><i>In respect of the 2018/19 accounts, a full ISA260 compliant audit was completed and there were no mis-statements identified in the financial statements that remained uncorrected. The report of the external auditor on the 2018/19 Statement of Accounts acknowledges that timely support, information and responses were provided to its auditors, as part of the audit. Findings and Recommendations relating to the 2018/19 external audit have either been fully implemented or are in the process of being implemented</i></p> <p><i>Wales Audit Office Audit plan considered by Regional Cabinet in May 2020, outlining the approach to the audit of the accounts and performance audit for 2019/20.</i></p> <p><i>Timely support and information and responses have been provided to internal audit in respect to any recommendations and requests for information.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
20	<p><b>We incorporate good governance arrangements in our partnerships and other joint working arrangements.</b></p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>Joint Committee governance arrangements are set-out in the JWA and have been approved by all ten partnering Authorities. Depending on the nature of the partnerships and other joint working arrangements, different governance structures are required, but in the main their Terms of Reference are agreed by Cabinet.</i></p> <p><i>Enhancing working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel.</i></p> <p><i>Under the IIF, the following is now in place and it should be noted that this process works in sequence to ensure optimal lines of communication and that advice and recommendations are lined up, tested and consulted upon, prior to cabinet decision making:</i></p> <ul style="list-style-type: none"> <li><i>Investment Panel has been established with 5 private sector reps of REGP and 5 public sector reps of Programme Board. This has a clear terms of reference, a strong operating model and in 19/20 from the beginning of October, has met monthly, with ongoing engagement and participation ongoing on key matters such as project due diligence;</i></li> </ul>	<p><u>2019/20</u></p> <p>Complete Review of RBC and implement agreed Recommendations</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<ul style="list-style-type: none"> <li>• <i>REGP continues to perform its role in thought and strategic leadership – policy forming, economic strategy, publications, data and research. In addition, it has a role in considering the recommendations and advice of Investment Panel regarding investment proposals;</i></li> <li>• <i>Programme Board is now re-purposed with CEO representation. Programme Board plays a strategic role in monitoring programme-level issues and, like REGP and because of its ‘fit’ with Investment Panel also considers advice and recommendations of Investment Panel;</i></li> <li>• <i>The Regional Business Council has been subject to a comprehensive review process – the commissioning for which began in 2019/20. This is important in terms of finding the new fit and contribution of the group, in the light of the IIF;</i></li> <li>• <i>The Regional Transport Authority arrangements have been strengthened in line with progress on key projects and programmes – such as Metro Plus and Metro Central. Beyond considering investment proposals and receiving advice of Investment Panel – programme monitoring, establishing linkages with TfW and working across both the Metro and Wider Investment Fund aspects of City Deal;</i></li> <li>• <i>CSC Foundry Board continues to perform its role in relation to the delivery of the project and the landlord role in respect of the Development Agreement for Lease. In 2019/20, all monitoring and evaluation arrangements have been brought in line with the logic model for the National Evaluation Panel, ensuring all performance reporting is consistent and in line with gateway requirements;</i></li> <li>• <i>Cabinet – continues to meet in accordance with the planning schedule and also undertakes regular briefings, at which point, all of the information, advice and recommendations from the above are distilled and shared. Cabinet also held a planning day in 2019/20, ahead of the production of the Annual Business Plan. Cabinet’s role is evolving and their clear function is to steer ship and deliver strategic and distributed leadership, by ensuring all of its sub-groups and supporting partnerships, are playing their full role in delivery.</i></li> </ul> <p><i>In terms of external partnerships and events, the CCR has contributed to scores of events, partnerships, groups, policy developments and strategic initiatives in 2019/20. These include, Regional Investment Wales Steering Group, Ministerial Advisory Groups on the Valleys Task Force and Foundational Economy, policy think tanks such as NESTA, IPPW and What Works Wales as well as UK-government level representation at UKRI level. CCR will continue its extensive engagement with Welsh Government’s emerging regional framework and, in particular with the Chief Regional Officer for South-East Wales.</i></p>	



	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>Arrangements exist with both Welsh and UK Governments as well as with SQW (HM Treasury's appointed consultants that are leading the work on the Gateway Review). This requires participation in national and UK-level steering groups and policy fora.</i></p> <p><i>Good governance requires clear channels of communication to be established with partnerships and other joint working arrangements and it is recognised that further work is required to build on the work done to-date and respond to any feedback that is received. In 19/20 a Communications and Engagement professional has been appointed as well as new contractual arrangements for a City Deal portal presence within Business News Wales. Combined with improvements to the overall engagement strategy, website and social media changes. There has been a three-fold increase in reach and sentiment.</i></p>	

## 2019/20 AGS Action Plan

Table 1. below outlines the actions captured as part of a formal 2019/20 Action Plan, with a responsible officer and review period identified in respect of each action. The quarterly performance reports to Regional Cabinet will be used as the mechanism for providing progress updates and review against the Target Date.

Table 1. AGS 2018/19 Action Plan

Action No	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
1 & 2	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 ( <a href="#">Statement 1</a> ).	1. Ongoing review and update of Declarations of Interest.  2. Development of Ethical Investment Policy.	City Deal Office  City Deal Office	To be completed by Qtr 2.  To be completed by Qtr 3.
3	We ensure: <ul style="list-style-type: none"> <li>• Compliance with relevant laws and regulations;</li> <li>• Compliance with internal policies and procedures;</li> <li>• that expenditure is lawful (<a href="#">Statement 2</a>).</li> </ul>	3. CDO Task & Finish Group, including the recruitment of Business & Governance Manager and Admin Support	City Deal Office	To be completed by Qtr 3.
4	We are committed to openness and acting in the public interest ( <a href="#">Statement 3</a> ).	4. Ongoing review of RTA and Joint Scrutiny Meetings and paper being made publicly available via the CCR website	City Deal Office	To be completed by Qtr 2.
5	We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation ( <a href="#">Statement 4</a> ).	5. Review of CCRCD Website and content in 2020/21	City Deal Office	To be completed by Qtr 3.
6	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 ( <a href="#">Statement 8</a> ).	6. Develop appropriate Evaluation and Reporting mechanisms for Projects that are in the Delivery Phase	City Deal Office & Accountable Body (Finance)	To be completed by Qtr 2.

Action No	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
7 - 9	Our financial management arrangements conform to all relevant legislative and best practice requirements ( <a href="#">Statement 10</a> ).	<p>7. Update CCRC D Affordability Model and Quarterly Performance Reporting</p> <p>8. Need earlier consideration of accounting and financial management arrangements in respect of proposed investments e.g. loans, equity and joint ventures etc.</p> <p>9. Relevant CDO staff to complete mandatory VAT training module</p>	<p>Accountable Body (Finance)</p> <p>City Deal Office &amp; Accountable Body (Finance)</p> <p>City Deal Office &amp; Accountable Body (Finance)</p>	<p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 4.</p>
10 & 11	We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability ( <a href="#">Statement 14</a> ).	<p>10. Accountable Body report on CDO Resourcing to Cabinet (15th June)</p> <p>11. Completion of Review on wider Risk Management Strategy and Risk Policy</p>	<p>Accountable Body</p> <p>City Deal Office &amp; Accountable Body</p>	<p>To be completed by Qtr 1.</p> <p>To be completed by Qtr 2.</p>
12 & 13	We ensure effective counter fraud and anti-corruption arrangements are developed and maintained ( <a href="#">Statement 15</a> ).	<p>12. Conclusion of Internal Audit (commenced in March 2020) and response to any Recommendations</p> <p>13. Consideration of "Know Your Customer" process developed by the Accountable Body</p>	<p>City Deal Office &amp; Accountable Body</p> <p>City Deal Office &amp; Accountable Body</p>	<p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 4.</p>
14	Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice ( <a href="#">Statement 17</a> ).	14. Review adequacy of Internal Audit Resources	City Deal Office & Accountable Body	To be completed by Qtr 2.
15	We incorporate good governance arrangements in our partnerships and other joint working arrangements ( <a href="#">Statement 20</a> ).	15. Complete Review of RBC and implement agreed Recommendations	City Deal Office	To be completed by Qtr 2.

## Future Generations Assessment Evaluation






<b>Name of the Officer completing the evaluation:</b> <b>Gareth Gates</b>  <b>Phone no: 02920 872275</b> <b>E-mail: gareth.gates@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  To present the unaudited Joint Committee Statement of Accounts and Annual Governance Statement for 2019/20
<b>Proposal: Joint Committee to approve the unaudited Accounts</b>	<b>Date Future Generations Evaluation form completed: 08 June 2020</b>

- 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?
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report presents the unaudited Statement of Accounts. Whilst this is not directly relevant – it sets out a picture of wider City Deal progress relating governance and financial accountabilities and responsibilities.	Set out in report
<b>A resilient Wales</b> 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.	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Not directly applicable, although where possible projects seek to include ‘Active Travel’ within their agreed scope e.g. Metro Plus, Metro Central etc.</p>	
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>Not directly applicable.</p>	
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>Not directly applicable.</p>	
<p><b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p>Not directly applicable.</p>	
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert 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.</p>	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>Relates to a draft final position and must be seen in the context of the wider 5 year business plan.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>As above, albeit the assessment does refer to opinions and areas for improvement.</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Communications and engagement remain a feature of our work.</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Demonstrated in the report through detailed funding allocations and investment cases.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>City Deal seeks to make a contribution on place and to improving the life chances of people in the region.</p>	

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	The Report is to present the unaudited Statement of Accounts and Annual Governance Statement. There are no specific proposals which will affect any Protected Characteristics.	None.	
Disability	As above.	As above.	
Gender reassignment	As above.	As above.	
Marriage or civil partnership	As above.	As above.	
Pregnancy or maternity	As above.	As above.	
Race	As above.	As above.	
Religion or Belief	As above.	As above.	
Sex	As above.	As above.	
Sexual Orientation	As above.	As above.	
Welsh Language	As above.	As above.	

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

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Not directly relevant, however building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents.	None.	
Corporate Parenting	Not directly relevant, however building strength on the economy should create opportunities for all the young people entrusted in our care.	None	

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

- Annual Governance Statement
- Joint Committee Revenue Budget Monitoring Reports
- Quarterly Performance Reports
- CSC Foundry Ltd Financial Reports

**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?**

This report discharges the Joint Committee's statutory obligation to approve an unaudited Statement of Accounts and Annual Governance Statement for the previous Financial Year and provide a copy to its external audit body.

**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:**

September 2020, when the Final, Audited Accounts will be considered.



**15 June 2020**

---

**REPORT OF THE INVESTMENT PANEL: RECOMMENDATIONS LOGS, STRATEGIC OUTLINE CASES, OUTLINE BUSINESS CASES, AND PROJECT UPDATES**

**REPORT OF CCR CITY DEAL DIRECTOR**

**AGENDA ITEM 5**

---

Appendices 1-8 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 recommendations made by Investment Panel at its meetings, held remotely, on 2 June 2020 and 5 June 2020 in respect of SIFT 1A's and specifically for:
  - i. Strategic Outline Case for an investment in a AI-data company in the health sector;
  - ii. Strategic Outline Case for an investment in a fin-tech trade body;
  - iii. Outline Business Case for a CCR Premises Fund;
  - iv. Developing Outline Business Case for a Life Sciences Innovation Park.

**Background – The Investment and Intervention Framework**

2. The Investment and Intervention Framework (IIF) was approved by Cabinet in June 2019 as a means of providing a comprehensive assessment toolkit for evaluation and approval of proposals received into the City Deal Wider Investment Fund. The IIF builds upon the sectoral, cluster-driven and place-based priorities set out in the Industrial and Economic Growth Plan (endorsed by Cabinet in February 2019). It further provides a clear means of originating projects and proposals that resonate with core priorities; developing a meaningful pipeline and deal flow; robust assessment criteria; and, accenting key decision-making points that support an agile but strong governance approach.

3. The IIF gives practical effect to the Assurance Framework and ensures Regional Cabinet is supported to enact its strategic decision-making role. The IIF has established an Investment Panel which comprises five members of the Regional Economic Growth Partnership and five members of the Chief Executive's/Programme Board. The Investment Panel is an advisory panel and considers detailed technical matters and provides a means of impartial advice to Regional Cabinet as core decision-makers in the process. As of 5 June, Investment Panel has met on ten occasions which indicates the pace and momentum now within the system.

### **Making Progress – Stage 1a Proposals**

4. Investment Panel met on 2 June 2020. It should be noted that this meeting was held remotely. Reports to Investment Panel were as follows with the associated recommendations and the exempt Recommendation Log attached at Appendix 1.
  - Report of CCR Director SIFT 1a – Antibacterial Hand Gel Manufacturing – Private Proposer. This proposed to develop a dominant supplier of small volume hand gel for supply into Welsh and UK markets and set-up platform for additional innovative liquid sanitisation products. Investment Panel concluded that further information was needed in respect of this proposal to understand the real investment needs. This is likely to need some changes, and refinements to the current submission and will need to be brought back to Investment Panel for further **REVIEW**, and approval, prior to progressing to the next stage of development.
  - Report of CCR Director SIFT 1a – app based delivery – Private Proposer. This proposed to develop a new app-based and web delivery service that connects customers to local restaurants, takeaways, shops and retail outlets. Investment Panel concluded that this was **NOT** a suitable proposition since the request was for a grant and not investment.
  - Report of CCR Director SIFT 1a – transport access programme – Rail organisation. This proposed making three stations across the region compliant with current disability and mobility/accessibility legislation. Investment Panel concluded that this was **NOT** a suitable proposition since ensuring compliance with such important requirements is not a CCR investment consideration or responsibility.
5. All of the full SIFT applications can be accessed by members of Regional Cabinet on request to the City Deal Office and on the cessation of lockdown, a secure folder will be made available, containing all of the original applications.
6. Investment Panel met again on 5 June 2020. It should be noted that this meeting was held remotely and considered the Outline Business Case for the CCR Premises Fund, and the Developing Outline Business Case for the Life Sciences Innovation Park. Recommendations are attached in the exempt Recommendation Log at Appendix 2.

### **Strategic Outline Case – AI/Data Company in the Health Sector**

7. At the Investment Panel meeting on 2 June, a Strategic Outline Case (SOC) for an investment into a regionally based AI/Data company in the health sector was presented.

8. The company is an established healthcare-related data science company. It is a leading expert in the data analysis of routine healthcare data using a highly sophisticated mix of engineering, human data sciences and data analytics. It has over 500 verified peer reviewed scientific publications and is recognised for research excellence. They are an established research organisation that has serviced the pharmaceutical industry for 15 years, and their services are commissioned at a global level by large pharmaceutical companies such as AstraZeneca, Pfizer, Merck, Novartis and Sunli Avensis.
9. The proposal is for an investment to finalise the development of, and subsequent commercialisation, of a new analytical software product that has been developed over several years. The software automates analysis of healthcare data at varying levels, from simple day-to-day queries, to full scientific studies. Using real-time data it has the potential to cut the time to analysis data from months to days. Whereas this product is squarely aimed at reducing costs for big pharma in analysing data, the inference of rapid analysis of data has direct benefits when considered in the current Covid-19 environment.
10. The proposal is for a £4,000,000 investment from CCR to aid in the finalisation and roll out of the new data platform to its proposed clients. The nature and structure of the investment will need to be tested through the next stages of the due diligence.
11. This is an innovative development in the healthcare-related, data science field and aligned with the objectives and outcomes of the City Deal. Specifically, the company aims to employ a large number of local graduates and postgraduates in highly skilled, highly paid jobs that are future proof. Private sector leverage will also be achieved through the creation of a new premises to house the expanded business in the region, with wider economic benefits such as new start-ups – two further companies have already been created by people trained through the proposers.
12. In order to move the SOC forwards to an OBC/FBC, project development, due diligence costs and legal advice will be required and it is therefore suggested that an initial £40,000 is required to be met from the CCR Programme Development Fund.
13. The Strategic Outline Case for the proposed investment, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 3. At its meeting on 2 June, Investment Panel recommended approval of the SOC to Regional Cabinet.

### **Strategic Outline Case – Fin tech trade body**

14. At the Investment Panel meeting on 2 June, a Strategic Outline Case (SOC) for an investment into a Fin Tech trade body was presented.
15. The proposer is a recently established independent not for profit body representing Fin Tech and Financial Services businesses in Wales. With an advisory panel of twenty government-industry-academic persons/organisations, members and pledges of over thirty organisations and a technical advisory group, collectively representing the regional sector and its needs. The organisation are unique in their position and role with the sector and able to draw on experience, qualification, and access to data, membership and individual's time that would be prohibitive or unavailable, in the normal course of events

16. The proposal is concerned with supporting the growth of a key cluster within the region, which also has a presence in the Swansea Bay and North East Wales. In a recent study undertaken as part of the REAP programme in Wales, InsureTech was one of only two sectors recognised as being internationally competitive on a global level.
17. This proposal aims to build on this strong foundation and establish a thriving, leading edge ecosystem in the region – a priority sector as identified in the CCR Industrial and Economic Plan. This will gain international attention and respect and create a globally competitive sector based on strong leadership, innovation, skills development and collaboration. The focus on building the conditions for and generation of, a healthy pipeline of innovation and service development will ensure the cluster is future proofed and made ready for inevitable change and disruption.
18. The seed funding expects no direct financial return and it is intended to allow essential work to be undertaken to establish and evidence the building blocks required to grow the fintech sector sustainability in the region/Wales. This will include feasibility assessments to build hubs in Cardiff, Bridgend and Cwmbran, which will likely form a core element of the investment request from CCR in the future.
19. In order to move the SOC forwards, seed funding for a 9 month programme of work is required to fund the necessary work to define and test the proposed building blocks for the growth of this important cluster, and it is therefore suggested that an initial £250,000 is required to be met from the CCR Programme Development Fund.
20. The Strategic Outline Case for the proposed investment, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 4. At its meeting on 2 June, Investment Panel recommended approval of the SOC to Regional Cabinet.

### **Developing Outline Business Case – Life Sciences Innovation Park**

21. At the Investment Panel meeting on 5 June, the draft Outline Business Case (draft OBC) for the Life Sciences Innovation Park was presented. This proposal was considered at SOC stage by Regional Cabinet in March 2020 and was a proposal submitted by a Cardiff based developer, as 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.
22. The proposer is seeking co-investment in delivering a proposed Life Sciences Park. The project proposal seeks to:
  - I. Provide up to 225,000 sq. ft of Grade A office/ R&D accommodation
  - II. Complement the profile of an existing significant anchor tenant
  - III. Build upon heads of terms under agreement with wider significant research/ government and industry occupiers that will develop a Wales and UK-wide profile

- IV. Directly and significantly contribute to jobs, growth, private sector leverage – as well as Returns on Investment
  - V. 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
  - VI. 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
  - VII. Provide space and services for c2,000 high value jobs
23. In relation to outline deal-terms, heads of terms and draft loan agreements have been agreed in principle with the developer in line with the direction set out in the SOC. The co-investment requirement is in the form of an initial equity match (to mirror land acquisition contribution) coupled with a senior debt package and will be facilitated through the establishment of 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.
  24. Following approval of the SOC in March 2020, Technical Advisors were commissioned to undertake a targeted demand analysis for the project. The report concludes that the project is strategically significant to the region and suggests that the region punches above its weight in the life science sector in terms of talent and skills, with a globally recognised specialism in neuro-science; that there is strong demand for space at the level up from the start up community; and that there is currently poor availability of specialist life science focused space in the region.
  25. A call for expression of interests from the ten partner local authorities has been issued to request a contracting entity for this project on behalf of the CCR City Deal. Further work is now required to finalise the draft OBC and move to a Full Business Case, and includes a joint business plan with the developer for the proposed joint-venture, further detailed legal and financial due diligence on the proposed deal as outlined in the draft OBC in appendix 5.
  26. It is estimated that the costs involved to finalise the draft OBC and progressing to a Full Business Case is approximately £120,000. These costs will be covered by the loan arrangement fee for the senior debt package proposed. However in the meantime, it is proposed that the detailed due diligence and transaction costs are met from the CCR 'In-Principle Project' budget allocation.
  27. The draft Outline Business Case for the Life Sciences Innovation Park, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 5. At its meeting on 5 June, Investment Panel recommended approval of the draft OBC to Regional Cabinet, noting the work that will be concluded as part of the next stage.

### **Outline Business Case – CCR Premises Fund**

28. At the Investment Panel meeting on 5 June, an Outline Business Case (OBC) for a CCR Premises Fund was presented. CCR has carried out market testing to support its development for an evergreen Premises Fund for industrial/commercial property. This has long been an objective of CCR and builds upon work previously commissioned on

a strategic approach to sites and premises in the region. Similarly, this also connects into a very closely aligned piece of work done by SQW in recent times for WG and so is an area of joint working.

29. In the post-COVID environment, there will be an opportunity to develop a distinctive strategy for CCR's approach to strategic premises, outside of 'business as usual' scenarios. The opportunity is to develop a strategic approach to supporting development of new business and industrial premises as a means of creating a more entrepreneurial region. It should be noted that the proposal developed has a specific angle. This is only one part of the picture and it is recognised this supports a commercially-led approach. However, it is necessary to kick this off to be able to create returns, which can be matched through CCR, Shared Prosperity Funds, Welsh Government and other forms of assistance to provide grants into the areas that need subsidy to sustain such an approach.
30. The proposed Fund is to be set up to support the region's Industrial and Economic Plan by driving forward economic development projects across South East Wales. The Fund will target projects that are key to delivery of the region's economic priorities in support of innovation, business growth and regeneration. It is proposed that the fund is set up initially with a £50M investment from the CCR with Welsh Government strategic and financial support being explored via the Property Development Grant and Financial Transactional Capital.
31. The role of the Fund will be to provide the necessary finance to unlock projects, with the risk managed in accordance with a pre-approved Investment Strategy. The concept is an 'evergreen' model where funds are fully repayable and re-invested into future projects creating a multiplier effect in terms of outputs generated over the life of the Fund. The Fund will be designed to align with CCR objectives by funding projects where the strategic CCR criteria are met. The Fund will target sectors where investment is needed and alignment to the strategic goals for CCR allowing for:
  - Regeneration & Infrastructure: - Creating grade A or equivalent space, reusing Brownfield land, regeneration, and recycling capital
  - Innovation: - The Fund will target projects in support of innovation as well as business growth and regeneration
  - Skills and Employment: - To promote and measure jobs creation from funding
  - COVID-19: - Providing funding to kick start developments, which will attract inward investment which may have slowed due the pandemic as well as enabling economic recovery sooner and possibly accelerated over the recovery period.
32. The Fund will support one of the key objectives of CCR by leveraging private sector investment into the region through matched funding and creating and supporting investable projects. The focus will be on achieving a balance of quantifiable benefits for the area as well as an appropriate financial return. It will also offer a flexible approach to financing designed to reduce the impact of market failures, accelerating the delivery of projects, acting as a gateway to encourage inward investment from developers and investors seeking to invest in the region, and facilitating the delivery of ideas between the public and private sector. The OBC contains a draft investment strategy for the proposed Fund and outlines a draft scope of services for the Fund advisor – these have been drafted based on the input of soft market testing. It is proposed that a workshop of key stakeholders is held to discuss and reach consensus on these prior to commencing the formal procurement process.

33. In order to move from an OBC to a FBC, a procurement process to appoint an external FCA registered Fund Advisor to provide a range of services to deliver the objectives and manage the Fund appropriately will need to be undertaken, along with finalising an Investment Strategy for the Fund. An allocation of £125,000 is required to be met from the CCR 'In-Principle Project' budget allocation to progress to an FBC.
34. The Outline Business Case for the CCR Premises Fund, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 6. At its meeting on 5 June, Investment Panel recommended approval of the OBC to Regional Cabinet.

### **Wider Projects Update**

35. In a short space of time, the Investment Framework has come alive and Investment Panel is committing a significant amount of time to proposals coming forward. The attached exempt IIF Tracker at Appendix 7 gives an overall picture of the number and positioning of projects and programmes as at the time of writing. Appendix 8 gives more detailed narrative and a status update on the projects that are currently progressing. In overview terms, there are currently:
  - c20 known proposals that CCR is actively talking to proposers about, in the wider Pipeline – and yet to formally submit
  - 4 proposals are at SIFT 1a
  - 4 proposals are at SIFT 1b
  - 5 are at SOC
  - 7 are at OBC/FBC
  - 4 projects are at legal completion/delivery
36. This sets out the projects in process – however – regular reports to Cabinet such as this, demonstrate the work and effort that also has to go into the proposals that do not progress. Given the inability to recruit to all posts in the team structure, compounded by the temporary 'holding pattern' as we head into the Gateway 1, there are issues around the capacity and resources needed to manage and balance all of this. This is highlighted in the Risk Register item on the agenda.

### **Reasons for Recommendations**

37. Given the phases and sequence set out for approvals in the IIF, this report provides progress on the proposals deemed to be in a sufficient state of readiness to progress including the two SOCs and two OBCs as outlined in paragraphs 7 to 34 above. It further provides a status update on the wider IIF Pipeline.

### **Financial Implications**

38. Following the Investment Panel meetings of 2 June and 5 June 2020, this report seeks the approval of sums of £40,000 in relation to developing the OBC/FBC for the AI/Data project, £250,000 seed funding to progress the fin tech trade body business case, £120,000 to finalise the draft OBC and to develop an FBC for the Life Sciences Innovation Park and £125,000 for the development of an FBC for the CCR Premises Fund.

39. If approved, the City Deal financial contribution to specific projects and any on-going support can be met from sums set aside in respect of the CCR 'In-Principle Project' budget allocation.
40. All approvals 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**

41. The report seeks authority for further work to be carried out to develop proposals for the various projects referred to.
42. 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. 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.
43. It is important that the due diligence and development of the business cases 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 cases. By way of example only, consideration will need to be given to;
  - 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 attached to the various proposed funding arrangements; and
  - d) consideration of any planning law issues, state aid and procurement law implications.

## **Well-being of Future Generations**

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



- a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
- b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
- c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

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

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

45. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 9.

## RECOMMENDATIONS

46. It is recommended that the Cardiff Capital Region Regional Cabinet:

- a) notes the Recommendation Logs from the meetings of Investment Panel on 2 June and 5 June 2020 respectively;
- b) approves the recommendations made by the Investment Panel in respect of SIFT 1As, including the 'Review' status of the Antibacterial Hand Gel proposal, which may progress to the next stage of business case development, following further consideration by Investment Panel at its next meeting;
- c) approves the SOC for the AI/Data company growth and agrees the next step to develop a OBC/FBC at a cost of £40,000 and approves to receive the business case in the autumn;
- d) approves the SOC for the fin tech trade body and agrees the next step to release seed funding of £250,000 to progress the business case, and approves to receive the business case in due course;
- e) Notes the draft OBC for the Life Sciences Innovation Park and approves the next steps to finalise the OBC and progressing to develop the FBC at a cost of £120,000, with updates being received in the autumn;
- f) approves the OBC for the CCR Premises fund and agrees the next step to develop an FBC at a cost of £125,000 and approves to receive the FBC in the autumn;
- g) notes the status update on the IIF tracker and the projects and proposals provided in the confidential appendices.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**15 June 2020**

### Appendices

Appendices 1-8 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 1	Investment Panel Recommendation Log – 2 June 2020
EXEMPT Appendix 2	Investment Panel Recommendation Log – 5 June 2020
EXEMPT Appendix 3	SOC AI/Data Company growth
EXEMPT Appendix 4	SOC Fin Tech trade body
EXEMPT Appendix 5	OBC Life Sciences Innovation Park
EXEMPT Appendix 6	OBC CCR Premises Fund
EXEMPT Appendix 7	IIF Pipeline Status
EXEMPT Appendix 8	IIF Projects Update
Appendix 9	Well-being of Future Generations Assessment

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 919286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>Setting out the recommendations of the Investment Panel in respect of potential projects in the IIF and specific recommendations on:</p> <ul style="list-style-type: none"> <li>i. Strategic Outline Case for an investment in a AI-data company in the health sector</li> <li>ii. Strategic Outline Case for an investment in a fin-tech trade body</li> <li>iii. Outline Business Case for a CCR Premises Fund</li> <li>iv. Developing Outline Business Case for a Life Sciences Innovation Park</li> </ul>
<p><b>Proposal: Investment and Intervention Framework Report</b></p>	<p><b>Date Future Generations Evaluation form completed: 08<sup>th</sup> June 2020</b></p>



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




Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The IIF sets out the framework for testing, assessing and appraising proposals in an independent, fair and balanced way, in order to ensure the proposals that develop are those that best contribute to wealth</p>	<p>Maximising potential for added value and meeting City Deal targets is enshrined within the assessment process.</p> <p>In relation to the specific recommendations, we are mindful of the opportunity afforded by the Covid-19</p>

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
	creation and prosperity. The projects in the pipeline now seek to make a major contribution to this.	crisis, to rethink the balance across our economy of business opportunities and the impact of home-office-local working and this will be reflected in the work, as will the need and opportunity to roll-out an approach across the whole of CCR.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The IIF is underpinned by the four Industrial Strategy Grand Challenges, included in which is clean growth.  In any proposals that are brought back to Cabinet regarding strategic premises development – and subject to approval of a final business case – biodiversity, environmental and sustainability implications will be considered in detail.	This will be pertinent on a business case by business case basis.
<b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood	Developing the conditions, through new links and networks – and opportunities for future engagement – will make a contribution to prosperity, which in turn will support wellness and wellbeing.	Inclusive growth and sharing prosperity are key principles and some of the conditions proposed to be set by Panel.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.	ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The IIF has regard to the wider factors required to support a vibrant and responsible economy	

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?
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people’s lives.	The ‘spread’ and targeting of City Deal benefits in a place-based and place-led way – as reflected by the proposals.

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Balancing short term need with long term and planning for the future</p>	<p>The IIF is relevant to today, but focused on foresight and what comes, tomorrow.</p>	<p>Continued work on data/ evidence and generating in equal measure, insight and foresight.</p>
 <p>Working together with other partners to deliver objectives</p>	<p>The report sets out the different partners and sectors engaged in this work</p>	<p>City Deal will be delivered by a multiplicity of diverse partners.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	The report sets out the different partners and sectors engaged in this work	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	The framework operationalizes the process for stimulating economic activity in the region creating opportunities to engage people in work and develop the prosperity needed to ensure people are more economically self reliant and self sufficient.	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	This will be undertaken on a case by case basis through the new assessment process.	

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	As with all those categories below – the impacts will relate to specific delivery that underpins the execution and operation of this Plan	None arising at this time.	
Disability	As above	As above	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above		

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

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

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

- Individual SIFTs and accompanying documents
- SOC and underpinning research and evidence base for the investment in the AI-data company in the health sector
- SOC and underpinning research and evidence base for the Fintech Trade Body seed funding
- OBC and underpinning research and evidence base for the Life Sciences Innovation Park
- OBC and underpinning research and evidence base for the CCR Premises Fund
- CCR Priority Sectors analysis 2019

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

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

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

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

**Quarterly via the IIF reports to Cabinet and via emergence of individual business case developments**



**15 JUNE 2020**

---

## **ESTABLISHING A CCR CHALLENGE PROGRAMME – RE-BUILDING LOCAL WEALTH POST COVID**

### **REPORT OF CCR CITY DEAL DIRECTOR**

#### **AGENDA ITEM 6**

---

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

1. To set out an Outline Business Case for a Challenge Fund programme aimed at Re-building local wealth and supporting foundational economy renewal post-COVID. This is consistent with both the Investment and Intervention Framework approved by Cabinet in June 2019 and with the CCR Priorities Post-COVID document also endorsed by Cabinet on 18 May 2020.

##### **Background**

2. The Investment and Intervention Framework (IIF) approved by Cabinet on 10 June 2019 established three funding priorities: Innovation, Infrastructure and Challenge. Challenge Funds are recognised as a key way of enabling public service organisations to source solutions to service/policy delivery challenges. There is both existing activity in the UK in orienting innovation to big challenges, such as the Nesta's Challenge Prize Centre, and in the focus of the UK Industrial Strategy; UK and Welsh Government's continued commitment to the Small Business Research Initiative (SBRI), Govtech and Innovate to Save; and, in academia, with UCL establishing a new centre for mission-oriented innovation. In response to COVID-19, both UK and Welsh Governments have used challenge funds to explore Coronavirus-related challenges and swiftly launched challenge funds on loneliness/ isolation, ambulance/ blue light sanitisation and med-tech.
3. The CCR post-COVID Priorities paper was approved by Regional Cabinet on 18 May 2020 and contained an aim to establish a challenge programme through which to focus on local wealth re-building in a post-COVID state. This requires a £10m investment from CCR but leverages a potential further £6m through the WEFO-funded Innovative Future Services (InFuSe) programme (subject to approval) and, has the potential on a challenge by challenge basis, to leverage further external funds from challenge sponsors.
4. The purpose of such a challenge programme is to demonstrate how applying innovation to big challenges can promote novel solutions and radical improvements. It provides an important counter to the more conventional approaches of 'allocating' R&D

funding or grants which often fail to provide the incentives for deeper experimentation, new collaborations, scale and ROI.

5. GVA, jobs and private leverage are the key objectives most frequently associated with City and Growth Deals. Challenge funds still deliver on these – but intentionally don't start out with the answer, or known end point. Instead they start with data and a problem statement. Through exploration and R&D, the answer, solution or project is arrived at.
6. In this way, SBRI is used in cases where the five-case HMT model ('the Green Book') cannot be met at the outset because the solution to a problem does not readily exist. This is consistent with the aims of IIF where it is recognized that infrastructure and innovation-style investments are clearly aligned to 'knowing' the answer or end point (knowns). However, in many instances the end points or answers will not exist or will not be known (unknowns). This requires a different, more explorative and experimental process – consistent with the original rationale for supporting a challenge-led priority.
7. At the end of the SBRI, CCR will have all of the info to make a five-case compliant procurement. The challenge process itself has to be consistent with this clear outcome – ensuring the process as a whole is retrospectively compliant with HMT model. All three funding priorities: innovation, infrastructure and challenge all adhere to the 5 case framework – but the challenge concept is about arriving at a concept that is compliant through a process of R&D because a solution doesn't exist – whereas infrastructure and innovation start with a stronger sense of adherence because a solution is known and can be more straightforwardly fed through the model.

## **Purpose**

8. The focus of the proposed new £16m programme is to re-build local economies for a post-COVID world, through solving societal challenges that have economic impact and potential commercial-scale opportunities. An Outline Business Case for the proposed programme is attached at Appendix 1.
9. Countries around the world are leveraging learning and experiences to fundamentally re-imagine post-COVID economies. From adoption of Universal Basic Income in Spain to Holland's plan for transformation in agriculture to boost local and mostly vegetarian food production – the appetite for change keeps coming.
10. There is a real opportunity for public bodies, and for local government in particular, to build a positive and more distinctive legacy post-COVID. The measures, behaviours and adaptations now in place as we continue to lockdown, should not be temporary crisis responses. Organisations, services and people everywhere have moved quickly beyond comfort zones. We have re-connected with what matters and perhaps more importantly, one another. Changed operating models, new collaborations and recognition of data as a core resilience pillar have all featured – and must continue to do so.

## **The Programme**

11. The programme would bring together both InFuSe and a CCR-led SBRI challenge programme. It should be noted that InFuSe is the programme submitted to WEFO under its P5 Institutional Capacity programme and has been through phases of EOI

and OLT and is now in the final stages of being negotiated and accepted. The programme value is c£6M. This is anticipated to be £4M WEFO and £2M in kind match from CCR partners and LAs and will be confirmed in the final business case.

12. The CCR SBRI programme component of £10M is complementary to this and would work through selecting 2-3 challenges to form the focus of individual challenge funds with the idea being to contribute to new ideas, solutions and projects that contribute to the new momentum and 'new reality' of the post COVID world. This would help cultivate the new future state; translate lessons learnt and develop new opportunities and avoid reversion to 'business as usual'. There is a danger that when healthcare imperatives give way to more long-term economic concerns, we reach for what we know and fail to build upon what we've learned and what can be done differently.
13. The core principle is one of putting innovation skills and capability in alongside the changes and challenges so that learning and value is applied and can continue to spread and scale. The InFuSe programme for WEFO will be hosted by Monmouthshire Council and the SBRI/ Challenge aspect direct by CCR. Whilst the finances for each of the programmes will be operated and managed separately and in line with WEFO and CCR T&Cs – the two elements will come together operationally and will align to present one comprehensive and complementary programme.
14. In summary terms, the proposed programme will involve:
  - An innovation skills and capacity building element via InFuSe. As this nears final stages of approval, this potentially secures secure £4m in funding to be matched by £2m of in kind contributions from consortium of partners which is led by Monmouthshire (for CCR) and Nesta/ Y-Lab and Cardiff University.
  - Investment to support the development of new innovations through a SBRI style programme for which CCR is proposed to commit £10m with further potential for leveraged external funds from challenge owners/ sponsors
  - A unique blended partnership across CCR, Cardiff University, Nesta/ Y-Lab and supported by a WG SBRI secondee and the Centre for SBRI Excellence

### **Parameters of the Programme**

15. There are a number of proposed parameters to the programme which include:
  - adherence to principles of SBRI as a recognised and approved UK and Wales Government method for challenge-driven approaches;
  - compliance with WG's advice note on 'Pre-commercial Procurement – an approach to procuring R&D services' (attached at Appendix 2);
  - address in both direct and indirect ways, the economic objectives of CCRCO;
  - each challenge will have sign off procedures and delegations to allow fluid movement and seamless progression that adheres to the IIF and Green Book principles;
  - programme scope is aligned to local wealth building given the enormity of the COVID crisis and the potential to support local economies in new and enhanced ways;
  - programme to be delivered over two years with an additional year for full review to be completed and findings to be drawn up. Around 20% of the total programme value will be needed to administer, design and deliver the programme, as well as

for investment in marketing and commercialisation. This is consistent with the current SBRI programme and the Nesta Challenge Prize approach of c25%;

- in aligning with InFuSe and delivering via an approved SBRI framework, it will allow proof of concept testing for wider ambitions for a Public Services Testbed.

## Potential Challenge Themes

16. A workshop will be held to determine Challenge themes and topics in full. Early indications from COVID economic analysis include those below and are set out comprehensively in the OBC document at Appendix 1:

- *How do we shift from 80/10/10 to a more active/public transport mix and a more differentiated infrastructure strategy for CCR?*
- *How do we help the public sector make better use of and share data more effectively?*
- *How do we improve food security and resilience in the region?*
- *How do we better support healthy ageing?*
- *How do we support foundational economy renewal?*
- *How do we maintain behavioural change beyond lockdown to take bolder steps to more rapid decarbonisation*
- *How do we mitigate the social and psychological impacts of re-entry?*
- *How do we support delivery of vaccination programmes and monitor & share results?*

## Key Success Factors

17. The key success factors must include demonstration of:

- how a challenge approach can solve a complex problem and provide a tailored fix;
- how public bodies can work together experimentally;
- a clear understanding of how public bodies have a role in innovation and responding to future complex challenges;
- how we build capacity for innovation in public services at a time when core resources will be operationally focussed;
- a blueprint for communities of practice where in good ideas are encouraged and there is a process of scale;
- returns of Investment – social, economic and potential for commercial;
- support for sustainable and resilient local economic development in a world where ‘same old’ approaches to economic growth will not work;
- new market creation and local supply chain development in line with new priority sectors and specialisms;
- sustaining a positive legacy post-COVID and embedding what we’ve learnt to impact wider challenges and problems.

## Programme Finances

18. The programme finances will be split. This is because of the separate Terms & Conditions across WEFO and CCR. The WEFO component is expected – if fully successful – to contribute £4M to be matched by £2M of in-kind contributions. The CCR challenge element is £10M with the potential for further leveraged funds on a challenge-by-challenge basis. Whilst operationally these will be brought together to

deliver a comprehensive programme –in accounting terms, they must be kept strictly separate. The below table is an illustration only of the breakdown of the CCR component, based on typical SBRI structures - but for the full business case and with WEFO’s final determination, will be amended to reflect alignment across both elements

*SBRI Challenge Programme £10M CCR*

<b>ACTIVITY</b>	<b>% programme split</b>
Programme design, delivery, project management, marketing support and commercialisation expertise (including WG SBRI secondee)	20%
R&D and feasibility testing and prototyping	40%
Challenge Prize or Funds awards	40%

**Wider Considerations**

19. Challenge funds are a departure from more traditional ways of doing business. However there are many examples across other City Regions, Combined Authorities and LEPs use challenge funds or prizes to drive a more experimental approach to economic growth – particularly where no ready answers, solutions or products are available. This is important in recognising the complex of the challenges faced today. Adopting this approach in a CCRCD context is important, albeit ambitious because it is consistent with putting to use, the freedoms and flexibilities of devolved City Deals
20. Wales and UK Government has suggested that whilst this is a departure from standard approaches, it is up to CCR to be comfortable with the approach being compliant with requirements. The proposed approach will follow the Green Book approach – albeit in a different sequence. Again using the SBRI approach and model provides a UK Government and WG-approved and adopted mechanism used regularly and through which £0.5bn of public investment has been channelled by UK Government alone to date. City Deal is about devolved freedoms and flexibilities and this is one such good illustration. SBRI has also been subject to independent review and is procurement compliant (Appendix 2).
21. Legal advice taken on the matter accords with this view and emphasises that CCR must satisfy itself – as with on any project – the approach is consistent with aims.
22. Significant progress has been made on programme delivery since the launch of the IIF in June 2019. There are 27 live projects in the system. The IIF tracker shows that CCR is on track to deliver its objectives - including financial returns on investment. There is therefore headroom to be experimental and try new ways of securing better and more innovative solutions to complex problems. The original challenge fund ‘allocation’ was £90m in the IIF. This initial £10m, which leverages £6m at the outset with potential for further leveraged funds – is a small-scale test of concept.
23. The proposal was endorsed at the Investment Panel meeting on 31 March 2020.
24. Monmouthshire is the designated the lead body for InFuSe (on behalf of CCR) and thus, deploying and administering potential WEFO funds. This is consistent with previous reporting and the Innovation Prospectus. The SBRI aspect will be administered direct by CCR with the following process likely to involve the following – subject to the workshop sessions and development of the final Full Business Case:

- CCR derives 2-3 challenge themes and topics;
- a call for Expressions of Interest (EOI) is made for challenge sponsorship;
- EOIs are assessed by a Programme Steering Panel supplemented by Investment Panel members;
- an open market call for Challenge 'responders' is made – or those companies, firms, services or individuals who believe they can solve the problem;
- The responses are assessed by the Panel in conjunction with Challenge Sponsors;
- interviews are held;
- group makes recommendations to Regional Cabinet or delegated bodies in terms of signing off initial low levels of spend on R&D rounds of development;
- once this round is complete, clear contenders emerge and through an ongoing process of evaluation, a product or prototype of a product is selected;
- recommendations are made to Regional Cabinet to seek sign off of the challenge prize that allows the company or individual to productise and commercialise – with the Challenge Sponsor acting as the end customer;
- this whole process mirrors the stages of the Green Book – in a reverse sequence – but demonstrates in the final funding award, a five-case compliant solution.

25. In respect of State Aid, SBRI is an established programme operating at UK Government level and across numerous departments for many years with a total investment to date of £0.5bn. It provides for the public procurement of R&D and essentially 'seed funding' the gap that exists for early stage companies with great ideas and potential products and services. As the public bodies are essentially buying R&D from firms at a fair market price, not for their exclusive use (the expectation is commercialisation) and where the competition is advertised in an open market – there is no advantage and consequently no state aid.

26. Nesta/Cardiff University are the consortium delivery partners for InFuSe. As a partnership they have unique experience of deploying challenge prizes; social sciences research and development; operating the WG Innovate to Save scheme as well as being partners to the Public Services Testbed submission to the IIF. For continuity and consistency sakes, and with the additional support of the Wales Centre for SBRI Excellence, it makes sense to build one core delivery competency for the whole programme. Initial legal advice suggests that this can be done via a 'contracting authorities' award to Cardiff University who will then retain the services of Nesta/ Y-Lab – this will be confirmed in the final business case.

### **Reasons for Recommendations**

27. To ensure the CCRCDC programme delivers on its ambitions for innovation, infrastructure and challenge-led growth, it is important frameworks are in place to support operationalising all priority areas. In addition, given the economic fallout arising from COVID-19, re-building local wealth at a foundational-level has emerged as a clear priority for CCR.

### **Financial Implications**

28. The costs of developing the final business case will be met from within existing CCR resources. The outline business case indicates a resource requirement totalling £10m over three years, which includes the cost of project management, training, monitoring

and delivery. It is understood that a significant element of this proposed resource will be revenue in nature and will need be funded accordingly. On this basis, this proposal represents a substantial commitment against the level of CCR revenue funding that is available to support proposals over the remaining life of the City Deal. The final business case will provide a further update on the potential implications in this regard.

29. Monmouthshire Council will act as the lead body within CCR for deployment and administration of WEFO funds for InFuSe and any associated match funding for Innovation Capability and Skills building. This includes responsibility for any terms and conditions of any grant.
30. The deployment of funds and administration costs of the SBRI Challenge Fund aspect will be undertaken by the CCR and will be supplemented by additional funds from challenge sponsors where applicable. Given the nature of challenge funds and investment in research and development, costs will need to be met from the HMT / WG revenue allocation of the Wider Investment Fund after allowing for other commitments.
31. The Joint Working Agreement provides that CCR will adopt a best practice business case approach in line with HMT's Five Case Green Book Guidelines. These are also terms and conditions in WG / HMT funding for CCR. The diverse range of project types, values and sectors encompassed within the CCR may necessitate the Five Case Model being amended on a proportionate basis to reflect the scale, nature and scope of the relevant application. The report sets out for Regional Cabinet a demonstrable approach to meeting these requirements in respect to the Challenge fund. Discussion has been had with funders and the approach set out in this report as part of the development of the Final Business case should be communicated to them, including as part of the forthcoming Gateway Review to ensure no risk to funding is identified by funders at a later date.

## **Legal Implications**

32. Regional Cabinet need to be satisfied that all proposed activities are in line with state aid rules, the WG and HMT funding conditions that attach to the Cardiff Capital Region Wider Investment Fund, and the Wider Investment Fund Assurance Framework, at Appendix 8 of the JWA.

## **Well-being of Future Generations**

33. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
  - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
  - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;

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

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

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

34. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 3.

## **RECOMMENDATIONS**

35. It is recommended that the Cardiff Capital Region Regional Cabinet:
- a) notes and approves the Outline Business Case at Appendix 1 for a Challenge Programme aimed at re-building local wealth post-COVID;
  - b) notes and approves the arrangements that will now need to be in place to assist development of a Full Business Case – such as WG-advisory support; necessary procurement arrangements for delivery support; and, holding a workshop to establish key priority themes and topics;
  - c) notes that it will receive the Full Business Case in the early autumn of 2020, including implications for the availability of City Deal revenue resources going forward;
  - d) notes and approves the delivery arrangements for the InFuSe aspect of the programme in respect of Monmouthshire acting as lead body on behalf of CCR



and noting the Full Business Case will be conditional on achieving funding status from WEFO to achieve the external leveraged funds; and,

- e) notes the advice that it must be content that operating a Challenge Fund is within its remit and jurisdiction and endorse the advice set out in this report regarding the different but complementary way in which the process adheres to the Green Book spirit, requirements and principles.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**15 June 2020**

**Appendices**

- Appendix 1 Outline Business Case for Challenge Fund Programme – Re-building Local Wealth Post-COVID
- Appendix 2 Welsh Government Procurement Advisory Note – SBRI
- Appendix 3 Wellbeing of Future Generations Assessment

## **OBC for a Challenge Programme: Re-building Local Wealth post-Covid**

### **Background**

The Investment and Intervention Framework approved by Regional Cabinet in May 2019, provides a means of assessing submissions into the Wider Investment Fund. It established 3 funding priorities to frame expressions of interest into CCR. These are: innovation, infrastructure and challenge. Challenge Funds are a relatively new concept to City Deal but are a key way of enabling public services to source solutions to service/policy challenges.

Further, the CCR priorities for Covid-19 and beyond paper was approved by Cabinet in May 2020. This set out, as part of the 'Response and Resilience' set of measures, the opportunity to develop a Challenge Programme aimed at re-building local wealth in a post-Covid world.

There is body of activity in the UK in orienting innovation to big challenges or missions. Nesta's Challenge Prize Centre has long been active in this space. Challenges are the focus of UK Government's Industrial Strategy Challenge Fund and programmes such as the Global Research Challenge Fund. UK and Welsh Governments continue to commit to SBRI< Govtech and Innovate to Save and in academia; UCL has established a whole new Centre for mission-oriented innovation.

In response to COVID-19, both UK and Welsh Governments have used challenge funds to explore solutions to complex problems surrounding Coronavirus and in quick time launched challenge funds on loneliness and isolation, ambulance/ blue light sanitisation and med-tech.

The purpose of such a challenge programme is to demonstrate how applying innovation to societal challenges can promote novel solutions and radical improvements. It provides an important counter to the more conventional approaches of 'allocating' R&D funding or grants which often fail to provide the appropriate incentives for deeper experimentation, new collaborations, scale and ROI.

GVA, jobs and private leverage are the key objectives most frequently associated with City and Growth Deals. Challenge funds still deliver on these – but intentionally don't start out with the answer, the amount or a specific project. Instead they start with data and a problem statement. Through exploration, the answer, solution or project is arrived at. The process drives innovation and unlocks added value for both the problem owner and problem solver(s). It is unlocking the added value, development of the innovative end outcome and the creative processes there in, that contribute to City Deal objectives.

*The focus of the proposed programme is to re-build local economies for a post-Covid world, through solving societal challenges that have economic impact and potential commercial-scale opportunities.*

### **Purpose of a challenge fund**

The UK Industrial Strategy pinpoints the four great industrial/societal challenges of our time: future of mobility; ageing society; AI/Data and energy. Arguably, the effects of the global pandemic Covid-19 accelerate the need to solve problems. There is a real opportunity for public bodies, and for LG in particular, to build a positive and more distinctive legacy post-Covid. The measures, behaviours and adaptations now in place as we continue to lockdown, should not be temporary crisis responses. Organisations, services and people everywhere have moved quickly beyond comfort zones. We have re-connected with what matters and

perhaps more importantly, one another. Changed operating models, new collaborations and recognition of data as a core resilience pillar have all featured – and must continue to do so.

Challenge Funds can take various shapes and forms. In Wales to date, a number of challenge funds have operated, mainly through DCMS (Govtech), UKRI (Industrial Strategy Challenge Fund) and in particular, Innovate UK which has invested over £0.5bn in a specific type of challenge fund, called the Small Business Research Initiative (SBRI).

There will be two main aspects to the Challenge Programme:

*1. Innovation Capability and Skills building through the £4m WEFO InFuSe project (to be matched by £2m of additional contributions) which focuses on growing institutional capacity in public services for innovation. This is being led by CCR, Nesta/Y-Lab and Cardiff University. This will focus on re-building local economies through the lenses of data, procurement and adaptation. The CCR Consortium (via proposed 'host' body Monmouthshire Council) has submitted both an EOI and OLT to WEFO and the bid is in the final stages of negotiation and is subject to final approvals.*

*2. SBRI-focused challenges of £10m. SBRI is an adopted/ recognized public procurement compliant government programme and therefore, is the best tool for CCR deployment.*

This combination will ensure that putting innovation capability and skills alongside real-world, real-time challenges will deliver a more applied focus.

SBRI enables public sector to tap into new ideas and technologies and speeds up their adoption. It helps public bodies connect with innovative businesses to solve tough challenges. The infrastructure to support SBRI is available in the WG SBRI Centre for Excellence and in the key expertise of Cardiff University, Nesta/ Y-Lab and the Alacrity Foundation. Typically SBRI is structured in two phases – first, R&D helps prove the scientific, technical and commercial feasibility of the proposed project. Second, production of a well-defined prototype with the intention of demonstrating.

SBRI challenges are typically run over a two-year period, however in response to COVID-19, they are being run to a more immediate timeframe, capitalising on the data and strong innovation appetites that exist. They test out and aim to achieve:

- How a challenge-led approach can solve a complex problem and provide a specific fix
- How multiple public bodies work together in an experimental way
- A clearer understanding of the potential role public bodies have in innovation
- How we build capacity for innovation and R&D in public services
- A blueprint for establishing communities of practice
- Improve outcomes for citizens
- Support sustainable local economic development
- The potential to solve societal challenges

Key benefits of such an approach include:

- Opportunity to explore creative solutions to local economic challenges
- Investment to find and develop innovative solutions
- Improved local service delivery that benefits from tailored solutions

- New market creation and ability to ‘break through’ public procurement frameworks
- Potential for commercial solutions which can be scaled and sold elsewhere
- Local supply chain growth and development

The development of the challenge programme is timely for a number of reasons:

- The potential to build local resilience in the CCR economy, which given the continuing effects of COVID-19 is increasingly vulnerable, is clear to see. Focussing on re-building local wealth will be key to long-term economic recovery. This is timely because it coincides with policy and delivery programmes on the Foundational Economy within Welsh Government. Post COVID-19, foundational renewal be critical to re-building community infrastructure support and more creative locally grown services.
- The opportunity to connect the operation of such a fund into testing the concept of a Public Services Testbed – a submission made by Cardiff University, Alacrity, Nesta and Y-Lab into the CCR’s Investment Framework.
- This is important because along with CCR, this is the already committed partnership recipient anticipated to secure £4m of WEFO funds + £2m of matched funding for the Institutional Capacity Building Programme for InFuSe (Innovative Future Services). This will build the skills and capabilities for innovation and challenge-driven approaches in Public Services. The composition of the final partnership and inclusion of Nesta will be confirmed in the final business case.
- WG is currently developing and delivering a number of challenge funds related to COVID-19. These SBRI’s are mainly around finding solutions to loneliness and isolation emanating from lockdown; ambulance sanitisation; diversification of the manufacturing base to develop ventilators and other essential diagnostics. There is scope to build upon this and collaborate with WG & Centre for SBRI Excellence.

## **Strategic case**

### *Proposal Description*

The programme provides innovative solutions to challenges faced by the public sector, leading to better services, improved efficiency and effectiveness and productivity. It supports economic growth through new market creation because it enables the development of innovative products and services through innovative public procurement.

The InFuSe aspects of the programme will further support development of key skills and competencies around public service innovation, critical at a time when the challenges posed through Covid and beyond require new mind-sets and skillsets to respond.

The SBRI challenge aspect of the programme will drive a more competitive approach to unlocking the value of the public balance sheet and works in two structured phases. The first is focussed on proposals that are R&D intensive and will significantly contribute to proving the scientific, technical and commercial feasibility of the proposed project. The results of Phase 1 determine what should go to Phase 2. Phase 2 is then about building upon the R&D to a well-defined prototype and potential service or product development..

Costs will be borne as part of this process – in respect of training and development as well as in R&D, testing and experimentation ahead of product development. R&D investment is not an abortive cost. It is an investment in finding tailored solutions and is akin to feasibility costs associated with infrastructure investments or, due diligence costs. They are necessary because they guide development of the right product and in the majority of the cases, even if the R&D isn’t used in the final product, this still has a learning value which can be exploited.

### *Themes and priorities*

The themes proposed for the challenge programme are set out as below. It will however only be possible to deliver, in a focussed and targeted way around 2-3 of these and so further work will be done as this proposal develops, on which are most important:

- **How do we shift from 80/10/10 to a more active/public transport mix and a more differentiated infrastructure strategy for CCR?**
  - Opportunities for better jobs closer to home through balance of office/ local and home working
  - Digital tools and learning needed to optimise remote working productivity
  - Changing behaviours to see work as a thing we do rather than a place we go
  - Maintaining improvements in air quality and taking bolder steps towards transport decarbonisation
  - Smart IoT systems to track and record transit times, peak hours and congestion
  - Leveraging data science and analysis capabilities to inform new 'working day'
- **How do we help the public sector make better use of and share its data more effectively?**
  - Data collaboration v data security and defensiveness
  - Open data to frame more innovative explorative approaches
  - End uses and applications in relation to areas such as public procurement spend, highlighting gaps for local SMEs and supplier effects
  - Overcoming difficulties in digital democracy and remote decision-making
  - Optimising levels of community support and inaction and maintaining the spirit of voluntary action galvanised through Covid for future challenge response
  - Leveraging capacity of private sector to enable public sector to better use data
- **How do we improve food security and resilience in the region?**
  - Opportunities for agri-tech and CEA-approved digital farming with local impact
  - Secure data systems for supporting local growers
  - Land, food decarbonisation relationships. Land for agriculture is becoming restricted. Leveraging tech assets, state levers and civic innovators to redesign food systems
  - Pioneer collaboration across health providers, public health, social care, schools, energy and food producers as well as with supermarkets
  - Rethinking food bank provision linked to the above as well as behaviour change around food waste and recycling
- **How do we better support healthy ageing?**
  - Rethinking care as an alternate infrastructure and overcome some of the structural inequalities to see public care as necessary for societies and economies to flourish
  - Role of communities in local care eco-systems and maintaining feel of 'neighbourliness' and community spirit fostered in lockdown
  - Tackling loneliness/isolation – social connectivity & remaining in own homes
  - Development of new products and services to sustain physical activity and support wellbeing
- **How do we support foundational economy renewal?**
  - Impact of the knowledge economy and technology on sustainable futures for retail, care, food, tourism and construction so that disruptive forces of AI/ machine learning see more 'adapt' than 'displace'

- Skills and abilities needed for increased productivity in the everyday economy
- Maximising in-region supply chains linked to economic anchor companies and linking the contributions of high growth businesses to everyday firms
- Creation of maker spaces where equipment, tools and resources can be hired out to support new ideas and community action

Other considerations in addition to the above, could include:

- How can do we maintain behavioural and social change beyond 'lockdown' to take bolder steps to more rapid decarbonisation?
- How do we mitigate the social and psychological impacts of 're-entry'? Returning to work, school, care settings and wellbeing and mental health care
- How do we target & deliver vaccination programmes & monitor and share results?

### *Proposal Objectives and Case for Change*

The primary objective of the proposed Challenge Programme is to solve problems that standard procurement approaches cannot – and this is exacerbated by the needs emerging from the Covid pandemic. The 'same old' approaches to procuring services, contracts and products, won't work in times of turbulence and rapid-fire change. The current approach to public procurement tends to be cost-driven and, in a climate in which austerity has diluted capacity in such functions, the focus on optimisation of value has eroded. Alongside this, engaging in skills development and capacity-building, as well as learning to leverage the value of data and rapid prototyping is a critical job of work. It is however not a straightforward one. This requires patience and a shift away from transactional 'one size fits all' approaches.

Innovate UK has a successful programme of £0.5bn SBRI delivery under its belt. Performance shows that it can address challenges, increase effectiveness and stimulate additional economic benefits through both procurement of innovation and innovative procurement. This has helped drive internal efficiencies and unlock local value for public bodies whilst improving local market creation and stimulation. SMEs are the mainstay of foundational economies and can provide solutions to policy and operational challenges. Sometimes however, public bodies find it hard to frame challenges in ways which enable a different and more creative response. Equally, smaller companies find it hard to connect with big organisations and access procurement opportunities.

The programme helps overcome this by 1) building the skills and capacity for innovation in public bodies and 2) connecting public bodies and SMEs to stimulate development of solutions, new products and services – whilst providing structured support around risk-taking.

The proposal aims to:

- Explore new and creative solutions to local economic challenges
- Improve service delivery and quality through bespoke, tailored solutions
- Improve sense of place and local economic vitality
- Invest up to 100% to fund and develop innovative solutions
- Support to build capacity and capability
- Generate first customer commitments should products be viable
- Develop commercial solutions which can be sold and scaled elsewhere
- Invest in local supply chains and networks

Progress towards these objectives will be monitored through an Evaluation Plan.

### *Rationale for Public Intervention*

Innovation is key to economic growth. By doing more to create the conditions for innovation and productivity within their organisations, public bodies can lever their resources and assets in ways which make optimal impact on local businesses and firms.

Innovation is needed more than ever in the public services sector, especially in a climate where services are coming under increasing pressure to financially sustain at a time when demand, global, demographic and technological challenges are swelling. InFuSe is thus, a programme for the public sector, shaped by the public sector.

Mitigating the long-term impact of global crises such as COVID-19 will require more public sector engagement with their local economies to generate wealth and wellbeing. Many SMEs find it difficult, if nigh on impossible to be able to access public sector contracts. With awards mainly going to larger companies who can demonstrate requirements in respect of insurance, liability cover, turnover and ability to meet core regulations – the value-add of small local businesses can get lost. There is failure in the way the state and market interacts.

### *Strategic Fit*

InFuSe is a prospective WEFO funded programme that aims to build capacity for innovation in public service in order to heighten capacity to respond to challenges. A well developed final bid has been submitted to WEFO and feedback has been good with a positive outcome expected shortly. SBRI is a national UK Government initiative that operates at a UK-wide level. In Wales, success rates have been particularly high with it being at the top of the leader board for adoption and application.

Unlocking the value of public procurement is high up on the priority list at the moment with re-shaping of the policy agenda. From a growing body of work on the Foundational Economy, to work led by both the WAO and Office for the Future Generations to a resurgence in activity around the Can Do Toolkit and the public value creation mission being pioneered in Cardiff University's Business School – the policy lens is being widened and enriched.

### *Options Appraisal*

The options appraisal is essentially informed by the case already made under the IIF for the establishment of a challenge fund. The first appraisal concerns the establishment of the Fund:

- Do nothing – not an option – particularly in light of the projected 35% drop in GDP in Q2 2020 through the Covid crisis with ONS stats showing it is the very foundational sectors of food, hospitality, public transport, tourism and retail that are being worse affected by the ongoing crisis. Innovation cannot be sparked without action and the development of new approaches. In addition with potential for leveraged investment through WEFO and potentially others – it is time to act
- Address issues through conventional procurement – the purpose of this programme is not to just procure innovative solutions but develop innovative procurement
- Run a challenge through an alternative mechanism – this has been considered but given City Deal Terms and Conditions, SBRI is an adopted government policy tool and in additions, synchs with broader aims for a Public Services Testbed.

The preferred option is to establish a CCR Challenge Programme to take advantage of InFuSe and apply innovation skills to a challenge programme that can make a difference.

### **Economic Case**

### *Economic impact*

As with all innovation programmes, it is impossible to predict the value that will result. This uncertainty is inherent because it is not known which projects will get funded and go on to be successful and what the benefits and spill over effects might be.

Notwithstanding some inevitable uncertainty, there is good general evidence that there are market failures leading to under-investment in R&D and that public funding leads, on average right across the economy, to significant social benefits. There is evidence of a social return in the case of SBRI where an evaluation found early evidence of net social benefits of running the programme.

In January 2018 a review undertaken by the Manchester Institute of Innovation with the Enterprise Research Centre, demonstrated that for the £0.5bn invested in SBRI R&D contracts since its inception, the following had been achieved:

- For every £1 awarded - £2.4 was returned to the UK economy
- This means that in conservative terms over £1bn has been returned to the UK economy
- Over 66% of contracts awarded were to SMEs
- Examples and illustrations include: new chemical sensors for early disease diagnostics; technology solutions to loneliness; innovations in nursing and patient care time being increased; rate collection rates improving and new materials for advanced protection
- Creation of new international leadership opportunities for companies in global markets
- Based on past successful SBRI programmes – one review of SBRI commissioned by NHS England in 2017 concluded that 37 of its projects were already showing deployment in the NHS, either through clinical trials or sales and these were generating already, £19m in annual savings. The review also captured benefits to the wider public sector with recurring savings from the nine most commercially advanced SBRI currently running at up to £30m.
- Based on the evidence supporting the Govtech programme which also runs as a SBRI, whilst a much more specific market, a recent Public.IO report estimated the UK Govtech market to be £20bn by 2025. The opportunity that exists is for public bodies to be more proactive and innovative in how this potential is levered locally and to derive optimum public value
- The recent Ambulance/ blue light rapid sanitisation project run by WG and DAPA in response to Covid, saw over 160 market responses

Due to the way in which SBRI works, the company can negotiate to retain all or part of the IP in order to scale commercial solutions and growth. In return the public bodies get solutions that are suited to their exact requirements. The process is an economically competitive one and operates under Pre-Commercial Procurement rules. Public bodies buy R&D from competing suppliers in parallel to compare solution approaches and identify best value for money. R&D is split into phases for solution design, prototyping and original development alongside validation and testing of a limited number of products. At each stage of the process the number of competing R&D providers is reduced.

SBRI typically covers the period up to development of the limited volume of first products developed. However SBRI does not cover full-scale commercialisation. For CCR, this would be an opportunity for the Innovation or Infrastructure Investment Funds to be drawn upon to support further commercial benefits and increased GVA and jobs outcomes.

### *Costs and benefits*

The main costs of the programme are that of public and private investment in R&D projects that would not otherwise occur. Whilst the fund will typically cover up to 100% of private sector R&D costs (subject to negotiation) there will be indirect contributions from private firms (future projects the firms make after the support had ended and encouraging other firms to invest in



R&D such as through the supply chain). The further benefits of the project relate to cost reductions for public bodies and agencies and improvements in public services or local economies that result; direct benefits to participating firms and their employees through improved profits and wages and spill over benefits to other firms and employees.

Estimates undertaken by economic intelligence experts at Cardiff University predicts:

<b>Challenge Fund/ SBRI</b>	
Main beneficiaries	SMEs in CCR
Output metrics (in-process progress)	No. of SMEs actively engaged in Challenge Prize process
Outcome metrics	No. jobs safeguarded in Challenge Prize participants No. new jobs created in participating SMEs No. of additional output in Challenge Prize participating firms No. of additional GVA in Challenge Prize participating firms Value of new IP connected to Challenge Prize project
Estimation of outcome metrics	SME level monitoring and annual survey undertaken by socio-economic evaluation function
Outcome monetisation rationale	Value of sales connected to new business GVA connected to firm output and safeguarded/new employment creation
Non-monetisable benefits	Knowledge spillovers between SMEs engaged in the programme New knowledge dissemination by HE sector

### *Value for money*

All individual applications from challenge responders will be assessed by CCR and the sponsoring public body for Value for Money. As part of the submission to the fund aspect, applicants or responders must provide:

- Summary of organisational finances
- Proposed project finances in order that they can be assessed for VFM in order that proposed cost for effort and deliverables reflects a fair market price
- All costs quoted must reflect actual costs at a 'fair market value' and not include profit
- This statement must include directly incurred costs, overhead costs and VAT
- Full Economic Costs are not relevant in this context – SBRI is a competitive procurement mechanism. Applications are assessed competitively

In respect of entry to InFuSe this will be done in accordance with the agreed programme delivery plan overseen and monitored by WEFO.

### **Financial Case**

#### *The budget*

The budget for the Fund is set at £16m initially. This is £10m investment from CCR for 2/3 SBRI challenges over a two year period with an additional year needed for full academic/ peer review and publication of findings. Should challenges be identified with partner public bodies that wish to act as an end customer or challenge sponsor – there is potential for match funding or further leveraged funds. The remaining £4m is expected to come from WEFO's Institutional Capacity Programme for skills and capability growth for the InFuSe programme with the additional £2m of matched funds.

It must be noted that InFuSe will be administered by Monmouthshire Council. The SBRI programme via CCR. Each will have separate T&Cs which must be observed. However, there are alignments and each element is complementary so although separate sources, they will be presented as one comprehensive programme.

The table below sets out proposed running costs. This is for the SBRI element only and as the two elements align, budgets – although remaining separate – will be updated via the Full Business Case to draw out efficiency and effectiveness benefits.

<b>ACTIVITY</b>	<b>% programme split</b>
Programme design, delivery, project management, marketing support and commercialisation expertise (including WG SBRI secondee)	20%
R&D and feasibility testing and prototyping	40%
Challenge Prize or Funds awards	40%

A full financial case has been prepared for InFuSe and will also be prepared for each proposed SBRI challenge, which shall include:

- Cost of round 1 competitions (R&D, solution design)
- SBRI Accelerator Panel assessment of applications
- Project lead and co-ordination (including commercial support)
- Market making support
- Monitoring and evaluation

Funding at each stage will be considered by a Programme Steering Group and via CCR Investment Panel, with final funding recommendations being made to Regional Cabinet.

#### *Distribution of Funds*

Monmouthshire Council will act as the lead body within CCR for deployment and administration of WEFO funds for InFuSe. The challenge fund will be held by CCR Expressions of interest (EOIs) from public bodies will be assessed by the Programme Steering Group supplemented by members of the CCR Investment Panel. The first part of the assessment process will score the challenges submitted via the EOI against:

- Impact upon public policy and public service delivery
- Ability to help solve challenges
- Likelihood of implementation/ commissioning
- Market and commercial potential
- Potential levels of innovation
- Alignment with CCR objectives and aims
- Resources and willingness to support and manage the challenge

There is an accepted and approved EOI process. Scores are reviewed by the panel who agree the shortlist of challenges to progress to the second stage of assessment. This second stage involves an interview. The panel then makes recommendations to Regional Cabinet or delegated bodies to consider and sign off funds. The final recipients of funds are the successful businesses awarded investment through the process.

There are no specific VAT implications, the fund excludes VAT but VAT will be charged by vendors but recovered by the challenge owner departments.

### *Risks and mitigation*

<b>Risk</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Mitigation</b>
WEFO P5 funds are not ultimately secured	High – would undermine building innovation skills and capability programme built upon	Low	WEFO has accepted plan and confirmed funding highly likely to be awarded
Competition costs are higher than expected resulting in overspend	High – would reduce number of funded projects and impact VFM	Low	Competition structure is well defined with proposal supporting experienced leadership and co-ordination
Competition costs lower than expected resulting in underspend	Medium– would impact timetable of planned competitions	Low	Challenges selected will be of sufficient scale and ambition to benefit – but also leaves scope for further challenges to be run
Challenges are framed in vague terms and do not attract industry bidders	High – would compromise competition process	Low	InFuSe programme established to prevent this
Failure to get investment out the door in time	High – delay could impact future competitions and lose industry interest	Medium	Expert and experienced project management support in place with direct liaison with businesses concerned
Lead in period is longer than anticipated	High – could compromise overall timeframe	Low	SBRI is an adopted long-term process with clear structure and frameworks to follow
Risk of overlap across competitions	Medium	Low	Evidence shows cases where proposers and responders have collaborated on larger scale and more ambitious outcomes
Public bodies fail to procure end solutions	High – could compromise validity and purpose of scheme	Medium	This is a key part of the criteria and is tested at every stage. Challenge owners must commit  Some of the challenges such as Ambulance sanitization, has a clear end customer already in place
Without co-development the competitive nature of SBRI might mean that if local businesses aren't successful in bidding, wealth may be lost outside the region	High – could undermine purpose	Medium	Will ensure wrap around business support as part of the challenge with a geographical requirement for suppliers to engage in co-creation within the region (as per Civitech). This will help attract support from local

			businesses and/or attract inward investment opportunities.
--	--	--	--

## Commercial Case

The governance structure is clear with the Programme Steering Group supplemented by the commercial expertise and know-how of members of the Investment Panel followed by Regional Cabinet decision-making and approvals. The WEFO InFuSE programme further has its own reporting requirements to WEFO.

### *Greenbook adherence*

SBRI is used in cases where the five-case HMT model ('the greenbook') cannot be met at first because the solution to a problem does not readily exist. This is consistent with the aims of the CCR IIF where it is recognized that infrastructure and innovation-style investments are clearly aligned to 'knowing' the answer or end point (knowns). However, in many instances the end points or answers will not exist or will not be known (unknowns). This requires a different, experimental process – consistent with the original rationale for supporting a challenge-led priority. At the end of the SBRI, CCR will have all of the info to make a five-case compliant procurement. The challenge process itself has to be consistent with this clear outcome – ensuring the process as a whole is retrospectively compliant with HMT model. All three funding priorities: innovation, infrastructure and challenge all adhere to the 5 case framework – but the challenge concept is about arriving at a concept that is compliant through a process of R&D because a solution doesn't exist – whereas infrastructure and innovation start with a stronger sense of adherence because a solution is known and can be more straightforwardly progress through the model.

### *State Aid*

InFuSe is ESF funded and state aid compliant. SBRI is an established programme – operated successfully by the UK Government over many years, allowing the public procurement of R&D and essentially 'seed funding' the gap that exists for early stage companies with great ideas and potential products and services. As the public bodies are essentially buying R&D from firms at a fair market price, not for their exclusive use (the expectation is commercialisation) and where the competition is advertised in an open market – there is no advantage and consequently no state aid.

### *Commercial Considerations*

The process must demonstrate that a workable commercial deal to deliver the proposed solution is possible. Following a round of challenge calls, challenges are selected and progress through the phases of the programme, with initially, R&D contracts awarded. Sponsor bodies who work with a business to the prototyping and production phases assume accountability and responsibility for procuring the solution from business.

In terms of management of suppliers through the programme, the partnership in conjunction with local programme leads will draft and issue contracts using standard SBRI templates. Contracts are milestone driven and payments made only when required stage-posts are arrived at. SBRI contract template balances risk with the level of innovation required. Procurement depts. in sponsor bodies should however review contracts to ensure minimum requirements are met, performing relevant due diligence prior to award.

**Parameters/Limitations of the programme:**

- Must adhere to broad principles of SBRI as a recognised and approved UK and Wales Government method for challenge-driven approaches
- Will need to address in direct and indirect ways, the key economic objectives of CCR
- Each challenge fund will need to have sign-off procedures and delegations to allow fluid movement and seamless progression that adheres to the IIF
- The scope of the programme is specifically aligned to local wealth re-building given the enormity of the Covid-crisis
- The programme itself will be delivered over two years with an additional year for a full review to be completed and future findings to be drawn up. Within the total funding envelope, c20% will be required to run, administer, support and operationalise the programme including marketing and commercialisation support and a WG secondee. This is consistent with running costs of the Challenge Prize Centre and typical SBRI.
- The programme will bring together a focus on building capacity for innovation, R&D skills and problem solving capability with application to a set of real world problems
- In aligning the InFuSe programme with SBRI, it will allow testing of proof of concept for the proposed Public Services Testbed.
- State Aid compliant – SBRI is a state aid compliant mechanism

**Management Case***Project management*

The programme will be overseen and managed across CCR, Monmouthshire Council, Nesta/ Cardiff University via a contracting authorities commitment. Procurement advice has been taken in this regard. Cardiff University will further contract with Nesta and Y-Lab for project delivery. This is to be confirmed.

Given the expertise in the WG SBRI CoE a secondment opportunity from its Innovation Team.

*Wider considerations*

Broader considerations pertinent to the management case are:

- Challenge funds are a departure from the traditional way of doing business. However there are examples of them across other City Regions with Combined Authorities and LEPs all supporting the need for a more experimental approach to economic growth. Doing so within a CCRC context is consistent with devolved freedoms and flexibilities
- WG and UK Govts has suggested that CCR must be comfortable the approach can be compliant with HMT requirements then this is considered in keeping with existing terms
- The proposed process will follow the green book approach and the full five stage business case model – albeit as outlined above – in different sequence. The reason for running the programme through the SBRI model is that this a UK and WG-approved mechanism used regularly and through which £0.5bn of public investment has been channelled to date. It is procurement compliant, tried and tested and has been subject to independent rigorous review
- Legal advice taken on this matter accords with this view and emphasises that CCR itself must satisfy – as with on any project – that the process is consistent with aims
- The IIF tracker shows that CCR is on track to deliver against objectives. This means this is headroom to be experimental and try new ways of securing better and more

innovative solutions to problems. The original 'fund' allocated to challenge areas was £90m. The proposed £10m is a much smaller sum, which leverages £6m at the outset and allows the concept to be developed, tested and demonstrated.

- In satisfying itself about the operation of a Challenge Fund, it should also be further reflected that City Deal is a devolution deal with freedoms and flexibilities for regions to decide how to best meet their needs
- HMT is currently reviewing the Greenbook Five Stage procedure

### *Practical delivery*

The proposed programme will link the InFuSe project with SBRI delivery – an initiative which has been operational since 2008/09. There is a detailed process in existence for this developed by Innovate UK and applied to the 200+ SBRI projects it has run. There will be:

- A round of challenge calls inviting submission of a challenge
- Process for testing and refining challenges
- SBRI Accelerator + Investment Panel will recommend the best challenges in each SBRI to Regional Cabinet
- Delegations will be required for the CCR Director and Innovation Portfolio holder to sign off low levels of R&D spend and contract awards for up to £75K
- A full stakeholder engagement plan will be put in place

### *Metrics*

Key Performance Indicators will include:

No of teams/ officers trained via InFuSe	Value of contracts at Ph 1 &2
No of competitions launched	Success rate of applicants
No of projects funded at phased 1&2	Commercialization opportunities
No of project converting from Ph1-2	Profile of applicants

Indicators for the impact evaluation will include output, outcome and impact in relation to:

<b>Direct effects of Fund on firms</b>	<b>Metrics on broader effects on firms</b>	<b>Direct effects on participating public bodies</b>
Sales or profits of products developed	Total sales and proportion of sales from exports	No of projects resulting in procurement by challenge owner (where difference value to that of procurement)
Licence income	Total no of employees and average wages	Procurement expenditure in area related to innovation sought
Direct employment and wages related to participation	R&D spend and adoptions levels	Qualitative assessment of impact on departments
Further investment in R&D	Impact on other firms through displacement	Benefit of product on unfulfilled need
Patents/ IP	Changes in profits and wages	Wider effects on procurement



---

Llywodraeth Cymru  
Welsh Government

# **Pre-commercial Procurement: An Approach for Procuring R&D Services**

**Procurement Advice Note (PAN)  
for the Public Sector in Wales**

# Contents

<b>Section</b>	<b>Page No.</b>
1. Introduction	3
2. Using the Pre-commercial procurement approach – What to Consider	4
3. The Tender Process	6
4. Do's and Don'ts of Pre-commercial Procurement	12
5. Examples	15
6. Frequently Asked Questions (FAQs)	16
7. Guidance, Templates and Tools	18
8. List of SBRI Competition Template Documents	19
9. Acknowledgements and Useful Links	20



# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

## 1. Introduction

This Guidance Note provides advice on using the pre-commercial procurement approach for Research and Development (R&D) services that involves risk benefit sharing at market conditions and in which a number of companies develop in competition new solutions for mid- to long term public sector needs. Pre-commercial procurement is an approach which can be used to procure R&D services other than those where "the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs", on condition that the service provided is wholly remunerated by the contracting authority and that does not constitute State aid.

The approach presented is consistent with advice published by the Commission of the European Communities, the existing legal framework for the public procurement of R&D services as set out in the Public Procurement Directives, the WTO GPA, the Fundamental Treaty Principles, as well as competition law including State aid law.

This guidance has been developed to support organisations in the development and implementation of SBRI challenges and in support of the Welsh SBRI Innovation Catalyst Programme. A Welsh Government initiative led by the Department for Economy, Science and Transport, the Welsh SBRI Innovation Catalyst Programme is intended to drive participation from the public sector and businesses in Wales in Small Business Research Initiative (SBRI) competitions. It is envisaged that the Programme will catalyse the procurement of innovative solutions and help deliver a culture change which improve supplier engagement through outcome-based specifications.

The Welsh SBRI Catalyst Programme will identify public sector problems and challenges with a view to supporting Welsh public sector competitions which drive innovation in the areas of:

- Life Sciences and Health
- Low Carbon, Energy and Environment
- Advanced Engineering and Materials
- ICT and the Digital Economy

## 2. Using a Pre-commercial Procurement approach – What to Consider?

Pre-commercial Procurement is an appropriate approach where the needs of the public sector body are so technologically demanding and in advance of what the market can offer that either no commercially stable solution exists yet, or existing solutions exhibit shortcomings which require new R&D.

The following sections describe the steps to prepare for a pre-commercial procurement.

### 2.1 IDENTIFYING CANDIDATE PROJECTS FROM PUBLIC SECTOR NEEDS

In situations where there is a concrete public sector need but the best way to address it is unclear, public purchasers can organise an initial open dialogue with the supply side in order to develop a better understanding of the available options. This dialogue would clarify market gaps with respect to actual needs. By developing a deeper understanding of ongoing industrial developments in terms of technological maturity, this engagement could

## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

help public purchasers distinguish between purchasing needs that require new R&D versus others that concern primarily commercial development.

For purchasing needs that require new research and development to create solutions that are **not available on the market**, the public purchaser can decide to start a pre-commercial procurement.

### 2.2 DECIDING ON THE PRE-COMMERCIAL PROCUREMENT CONTRACT STRUCTURE

Firstly, it should be noted that the scope for pre-commercial procurement is R&D services only. This can cover activities such as solution exploration and design, prototyping, up to original development of a limited volume of first products or services in the form of a test series (as referred to in Annex II and Annex XVII respectively directive 2004/18/EC and 2004/17/EC attached here:



The World Trade Organisation (WTO) Government Procurement Agreement, article XV, also says:-

“Original development of a first product or service may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the product or service is suitable for production or supply in quantity to acceptable quality standards”.

When deciding if this approach is appropriate note that R&D does not extend to commercial development activities such as quantity production, supply to establish commercial viability or to recover R&D costs, integration, customisation, incremental adaptations and improvements to existing products or processes

Before embarking on a R&D / SBRI process, public purchasers should consider whether it would be more suitable to run an alternative outcome-based procurement exercise instead such as competitive dialogue.

Organisations should also be aware that in pre-commercial procurement, the public purchaser does not reserve the R&D results exclusively for its own use. Public authorities and industry share risks and benefits of the R&D needed to develop new innovative solutions that outperform those currently available on the market.

By organising the risk / benefit sharing and the entire procurement process in a way that ensures maximum competition, transparency, openness, fairness and pricing at market conditions allows the public purchaser to identify the best possible solutions the market can offer. It is a competitive procurement designed to exclude state aid.

As a rule, the relationship between the public purchaser and the company within the pre-commercial procurement should not include a state aid element, and this should be excluded through the appropriate design of the contract. Where public authorities buy R&D from companies at market price, there is no advantage and consequently no element of State Aid. When the pre-commercial procurement approach is applied, it is critical to check

## **PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES**

whether or not a company participating in the procurement receives an advantage. This will depend on the terms of the contract between the public purchaser and the companies.

In pre-commercial procurement the contracting authority does not assume all the results and benefits of the R&D services performed in the contract exclusively for itself for use in the conduct of its own affairs, but shares them with others. Sharing R&D results and benefits with the public sector and industry outside the pre-commercial procurement project can be done through:-

- (i) Wide publication of the R&D results after completion of the pre-commercial procurement, and/or
- (ii) Contribution to standards bodies in a way that allows other stakeholders to reproduce the results of the R&D.

In order to ensure that such an approach of sharing R&D results outside the project is beneficial for the public purchaser and companies participating in the project, R&D risks and benefits are shared between them in such a way that both parties benefit of actively promoting wide commercialisation and take-up of the newly developed solutions.

To limit the financial risks of the public purchasers and to ensure equal chances for all potential bidders, it is important to fix the contract conditions up front and clearly describe all rights and obligations of both parties in the contract notice. It is also helpful for the public purchaser to work with a price range indication in the contract notice to extract the best offers at market price: this ensures a certain minimum quality level of incoming bids, while still allowing companies to compete on price. Requiring companies to submit fixed price offers has the advantage that companies are responsible to cover at their own expense any additional unforeseen costs in their individual design that they may incur above the fixed price they have committed to in their bid. In exclusive development contracts, in return for bearing all the development risks, the contracting authority obtains exclusive rights to all results and benefits resulting from the development contract, such as the Intellectual Property Rights or IPRs. However, there are disadvantages to this approach when the public purchaser does not need exclusive rights. The public purchaser will pay the expensive price of exclusive development; the company is not able to re-assign people involved in the development to other projects (because of the risk of inadvertently breaking IPRs) and is not allowed to re-use the results for other customers. These arrangements are not conducive to innovation. Therefore, when the public purchaser does not require exclusive ownership of all R&D benefits, IPRs is one of the possible areas where both risks (filing/litigation costs and the exploitation responsibilities) and benefits (the rights of use and licensing incomes) can be shared between public purchasers and companies participating in the procurement. It is in both parties' interest to share the IPRs in such a way that promotes wide commercialisation and take-up of the newly developed solutions.

# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

## 3. The Tender Process

### 3.1 Pre-Process dialogue

Beginning with an open dialogue will make it possible to broach the views of the market before starting the tendering process. This would have to be done under the condition that the seeking or accepting of advice does not have the effect of precluding or distorting competition.

### 3.2 The Tender

The tender stage can be split into up to 3 phases, see Figure 1 (page 9).

Public purchasers should always begin with an advert to alert companies to the competition. The use of competitive tendering fosters innovation and encourages new and original thinking. The intention at this stage is to select multiple companies to start the project in parallel and this should be announced in the contract notice. If a multi-stage procurement, then the advert should clearly outline the phases to be followed for the process.

The tender should be published widely, by advertising on Sell2Wales and through the relevant procuring organisations' websites, the Technology Strategy Board (TSB) channels (eg Knowledge Transfer Networks) and the Welsh Government's innovation communication channels.. Using these routes the public purchasers should satisfy the requirement to attract sufficient competition and reach all potential bidders. Allowing companies from anywhere in the world to make offers regardless of the geographic location of company head offices would be an open and effective way to promote the creation of growth and jobs in Wales without excluding non-Welsh firms. By using the above channels the procurement process can be organised to stimulate companies to locate a relevant portion of the R&D and operational activities related to the pre-commercial development contract in Wales.

Once the advert is placed you must have a project brief available in the form of a functional or output-based specification. Using this type of specification enables the public purchaser to formulate the pre-commercial procurement tender as a problem to be solved without prescribing a specific solution to be followed

The public sector sponsor should give careful consideration to the length of the prototype period to ensure the solution is sufficiently tested to ensure full viability. Also, they should consider the impact of the timing of going to full market competition in setting the duration of the prototype period. The specification and/or terms & conditions of the contract should also include a requirement to secure Community Benefits outcomes through the delivery of the contract. Principle 4 of the Wales Procurement Policy Statement, announced by the Finance Minister in December 2012, requires Community Benefits to be delivered from all public sector contracts where such benefits can be realised. A Programme for Government commitment and part of the Tackling Poverty agenda Community Benefits policy recognises public procurement as a major lever to change the way business is done in Wales, using Welsh Government expenditure to stimulate growth and maximising the creation and retention of jobs in Wales. The policy is focused on helping the public sector to deliver contracts that result in re-investment in local communities, providing opportunities that help disadvantaged people back into employment & training and stimulating local supply chains.

## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

### Summary of things to think about during the SBRI process:-

- Make sure you give suppliers unique ID numbers
- Set up a dedicated email address/mailbox and website for suppliers to easily access information and express interest, raise queries, etc.
- What will the impact on service configuration be

### 3.3 Evaluation

Once the applications/bids have been received the evaluation panel should be convened. As with all public procurements the purchaser must evaluate all bids according to the same objective criteria regardless of the nationality of the bidder. It is important to ensure due diligence is applied to the process to ensure that the suppliers which have bid have the required capability and capacity to deliver and are of sufficient financial standing. In addition you need to consider such things as technical feasibility, evidence base, freedom to operate, IP issues, whether product is already available or market ready and potential conflicts of interest.

The following award criteria can be used to award the contracts:

- ability to address the problem posed in the tender
- technological quality & innovativeness of the proposal
- added value for society/economy of the proposal - this criteria can, besides plain cost aspects, also take into account the added value the proposal brings with regards to improving public services and the associated benefits for the whole society and economy. The criteria that are chosen must be specified in such a way as to be readily understandable, quantifiable and verifiable. It is this criteria that will allow you to evaluate the community benefit aspects of the bid.

## **PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES**

Guidance for Assessors and an Example score sheet is available at annexes A & G.

At least two companies must be retained until the last phase to ensure a future competitive market.

### **3.4 Award**

The contract with the successful bidder should contain an agreement on the future procedure for implementing the different phases, if a multi-phase approach is taken this will include the format of the intermediate evaluations after each phase to progressively select companies with the best competing solutions. The intermediate evaluations can make use of the same criteria used for contract award. The tender specifications can become progressively more specific with each phase. An example contract is provided at Annex F but please note this is a sample only, it is recommended that you seek your own independent legal advice.

**Ensure you are clear on when the SBRI process will end....**

Once the deadline arrives for final submission?

Once you have a product that delivers the agreed specification?

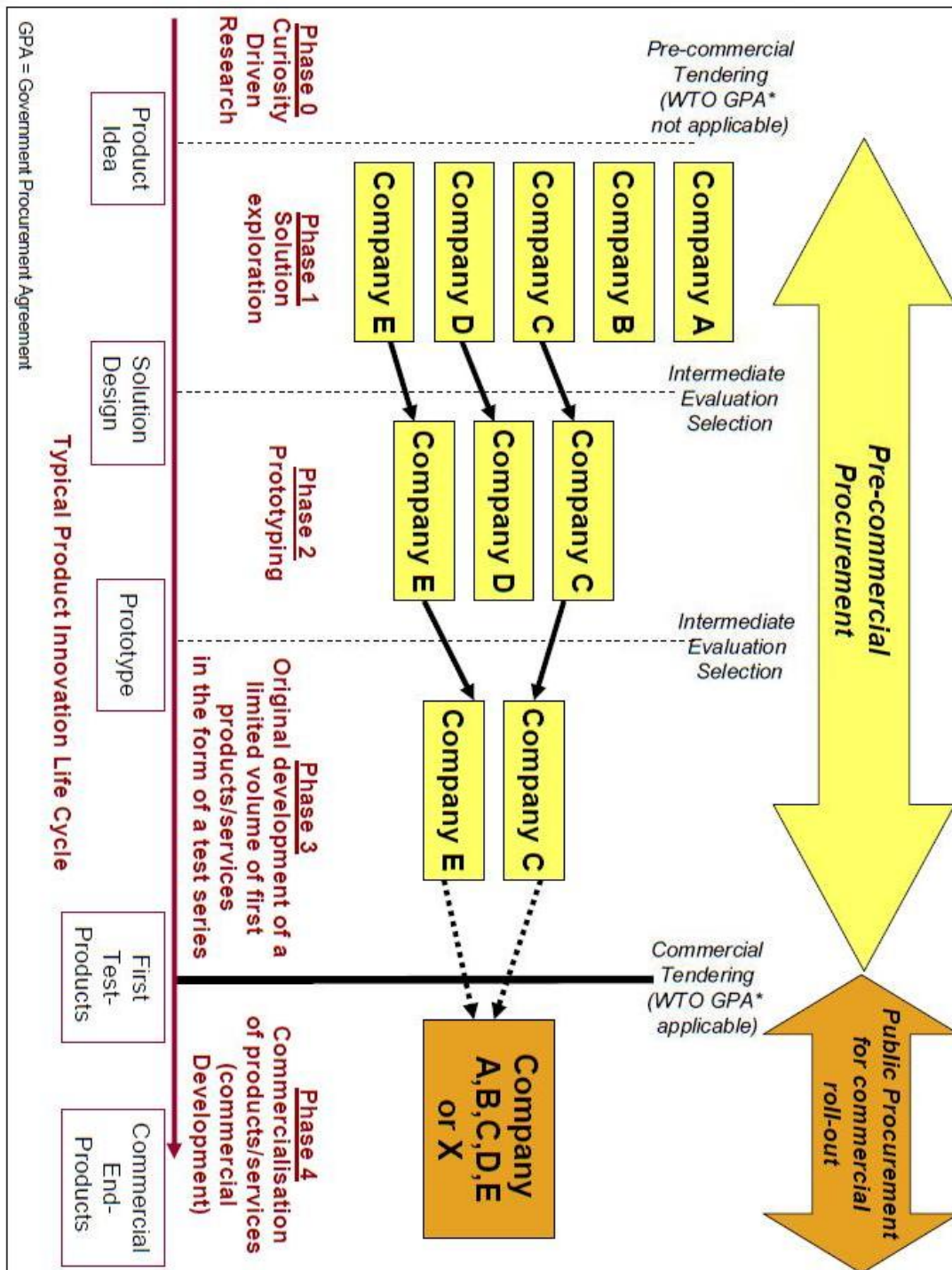
### **3.5 Follow-up - public procurement for deployment of commercial volumes**

Leaving a clear separation between the pre-commercial R&D phase and the roll-out of commercial end-products resulting from the R&D enables public purchasers to filter out technological R&D risks before committing to procuring a full-blown innovative solution for large-scale commercial roll-outs.

Importantly at the start and during the pre-commercial procurement process the public purchaser should keep in mind that no action in the pre-commercial procurement procedure might preclude competition in the procurement for commercial roll-out when the public procurement Directives are applicable.

# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

Figure 1



## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

<b>4. Do's and Don'ts of Pre-Commercial Procurement</b>	
<b>DO</b>	<b>DON'T</b>
Do note that pre-commercial procurement is for R&D Services <u>only</u> .	Don't use this approach for commercial development activities such as quantity production – consider whether an alternative process would be more suitable eg competitive dialogue
Do ensure sustainable procurement considerations are built in upfront. Ensure community benefits clauses have been built in where appropriate	Don't forget about the wider environmental, social and economic considerations where they can be linked to what is being bought
Do ensure your challenge is well-defined and likely to generate interest from a good mix of bidders	Don't try and define the solution...leave that to the bidders!
Do be clear upfront on the criteria and scores that will be used to assess bids	Don't miss the opportunity to advertise the competition on sell2Wales
Do begin the process with open dialogue.	Don't exclude non-Welsh firms
Do organise the risk/benefit sharing in a way that ensures maximum competition	Don't under-estimate the effort involved in the process
Do consider the state aid issues	Don't allow costs and timescales to drift
Do fix the contract conditions up front to ensure equal chance for all bidders and limit financial risk for public purchasers.	Don't place unnecessary burdens on suppliers by asking irrelevant questions and requesting large amounts of information
Do carry out effective contract management and supplier development	Don't 'let and forget' and hope the contract will run itself
Do think early on about risk management and mitigation	
Do think about the administrative and management support you will need and plan accordingly	
Do consider Welsh language requirements	
Do ensure a dedicated email address / website / contact for suppliers to access information, express interest/bids, raise queries, etc.	
Do give each supplier involved a unique ID number	
Do think early on about considerations covering staff/HR, contracts, estates, training, IT infrastructure	



## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

Do ensure due diligence is applied to the selection process	
Do keep tight control over costs and timescales	
Do ensure wide publication of the R&D results after completion of the pre-commercial procurement.	
Do ensure intellectual property is retained by the contractor.	
Do consider how you will engage with suppliers and benefit from innovative products and services created.	
Do be clear on when your SBRI will finish	

## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

### 5. Examples of SBRI Competitions

The Technology Strategy Board (TSB) competitions portal contains information on pre-commercial procurements undertaken across the UK – link below:-

[www.innovateuk.org/funding-competitions](http://www.innovateuk.org/funding-competitions)

# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

## 6. Frequently Asked Questions (FAQ) for Public Sector Bodies

### Q. How does an SBRI Competition work?

A. SBRI enables public sector bodies in Wales to connect with technology organisations, finding innovative solutions to specific public sector challenges and needs. It aims to use the power of government procurement to accelerate technology development, supporting projects through the stages of feasibility and prototyping which are typically hard to fund. The programme offers an excellent opportunity for businesses, especially early stage companies, to develop and demonstrate technology, supported by an intelligent lead customer.

### Q. Who is eligible to submit an application to a Welsh SBRI competition?

A. Any organisation can submit an application, although it is expected that opportunities presented by SBRI will be particularly attractive for SMEs. SBRI is aimed at organisations working on the development of an innovative process, material, device, product or service. Successful applications will be those whose technology best addresses the specific needs identified, with the potential to make a measurable improvement to currently available products, processes materials, devices or services. Development contracts will be awarded only to individual organisations. However, organisations may also wish to demonstrate that successful collaboration will enhance their overall development. Work may be subcontracted but this is the responsibility of the main contractor.

### Q. Can University apply?

A. Universities may apply, however they must demonstrate a route to market, i.e., The application must include a plan to commercialise the results.

### Q. Can Registered Charities apply?

A. Yes, registered charities are equally eligible to enter SBRI competitions via their trading company limited by guarantee. All organisations must demonstrate a route to market.

### Q. Who owns the Intellectual Property generated by the Project?

A. Intellectual property rights are retained by the applicant although certain rights of usage may be applied by the funding authority including royalty-free, non-exclusive licence rights and the right to require licenses to third parties, at a fair market price.

### Q. Can companies collaborate?

A. Contracts will be awarded only to individual organisations so whilst consortia will be able to bid they will need to nominate a lead organisation for contractual purposes.. Applicants can also identify components of the work which they wish to subcontract and may also employ specialist consultants or advisers if they believe this will increase the chances of the project being successful.

A new Joint Bidding Guide that makes it easier for businesses to form consortia to bid for public sector contracts is available on the Procurement Route Planner in the Policy Toolkit, via the following link:-

<http://prp.wales.gov.uk/>

### Q. Do SBRI Contracts Constitute State Aid?

A. No. Where Public Authorities buy R&D from organisations at a fair market price, not for their exclusive use and where the competition is advertised in an open market, there is no advantage and consequently no element of State Aid.

## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

### Q. What is meant by 'community benefits'?

A. Principle 4 of the Wales Procurement Policy Statement requires Community Benefits to be delivered from all public sector contracts where such benefits can be realised. A Programme for Government commitment and part of the Tackling Poverty agenda Community Benefits policy recognises public procurement as a major lever to change the way business is done in Wales, using Welsh Government expenditure to stimulate growth and maximising the creation and retention of jobs in Wales. The policy is focused on helping the public sector to deliver contracts that result in re-investment in local communities, providing opportunities that help disadvantaged people back into employment & training and stimulating local supply chains. It involves the use of social clauses to specify outcomes and seek solutions which can become conditions of contract.

### Q. Who should I contact if I have any further questions?

A. Questions on SBRI and the Welsh SBRI Innovation Catalyst programme should be addressed to:-

- [Innovation@wales.gsi.gov.uk](mailto:Innovation@wales.gsi.gov.uk)
- [VWpolicy@wales.gsi.gov.uk](mailto:VWpolicy@wales.gsi.gov.uk)

# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

## 7. Guidance and Tools

Below are some of the policy guidance documents and supporting tools that are available to you for use in your procurement activity:-

Wales Procurement Policy Statement, December 2012

<https://prp.wales.gov.uk/toolkit>

Community Benefits Guidance, Maximising Value from the Welsh Pound, Value Wales 2010

<https://prp.wales.gov.uk/toolkit>

Community Benefits Measurement Tool for Wales, Value Wales, 2013

<https://prp.wales.gov.uk/toolkit>

Joint Bidding Guide, 2013

<http://prp.wales.gov.uk/>

Procurement Route Planner (PRP)

<https://prp.wales.gov.uk>

Commission of the European Communities guidance Pre-commercial procurement: Driving Innovation to Ensure High Quality Public Services in Europe

[http://cordis.europa.eu/fp7/ict/pcp/home\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/home_en.html)

# PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

## 8. Competition Template Documents

Please note, the example template documents that are provided (listed below) are **for reference use only**. Competition sponsors are free to modify and adapt the documents to suit specific competition aims and objectives, providing you remain within the boundaries of the pre-commercial procurement approach detailed within this Procurement Advice Note:-

Annex A – Guidance for Assessors

Annex B – Competition Brief

Annex C – Guidance for Bidders

Annex D - an Invitation to Tender (ITT) template

Annex E – Application Form (tender submission template) for Bidders

Annex F – Example Contract

Annex G – Assessor Score Sheet

Annex H – FAQs for Contractors

## PRE-COMMERCIAL PROCUREMENT: AN APPROACH FOR PROCURING R&D SERVICES

### 9. Acknowledgements

Value Wales is pleased to acknowledge that it has drawn upon the following publications and organisations to supplement its own research to produce this guidance note (links are provided where appropriate):

1. Commission of the European Communities guidance Pre-commercial procurement: Driving Innovation to Ensure High Quality Public Services in Europe {Com(2007) 799 final} & {SEC (2007) 1668}

[http://cordis.europa.eu/fp7/ict/pcp/home\\_en.html](http://cordis.europa.eu/fp7/ict/pcp/home_en.html)

2. Community Benefits Guidance, Maximising Value from the Welsh Pound, Value Wales 2010/ Community Benefits Measurement Tool for Wales, Value Wales, 2013
3. Value Wales Procurement Route Planners (PRP)
4. DG Consulting – SBRI Development Workshop (July 2013)

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 919286</b>  <b>E-mail: <a href="mailto:kellie.beirne@cardiff.gov.uk">kellie.beirne@cardiff.gov.uk</a></b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>Responding to the Covid-19 economic fallout via challenge-led development</p>
<p><b>Proposal: OBC Challenge Fund – building local wealth post Covid</b></p>	<p><b>Date Future Generations Evaluation form completed: 8 June 2020</b></p>





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


<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The proposal is for a challenge-driven approach to creating prosperity. Therefore the problem is known and understood – but not the outcomes. Based on £0.5bn invested to date there is ROI and significant prosperity impacts through new market creation.</p>	<p>Through the various stages of the R&amp;D process</p>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>One of the potential challenge areas identified is around acceleration of transport decarbonisation, a differentiated transport strategy and more general rapid attempts to decarbonisation.</p>	<p>Resilience is referenced as the key goal of the fund – building wealth at a local level</p>



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	The new priorities emerge directly in response to Covid and sustainability challenges and opportunities	Discrete proposals that will emerge from this framework will make more of a direct impact upon this as the challenges develop
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The priority seeks to make a direct contribution to local wealth building, in order to support key local foundational economies.	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The proposal shows how the CCR can lead the way in pioneering new solutions and showing the foresight to get ahead.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	The new priority set is about levelling across the region and ensuring a balance across interventions that will support the wider region and those which will be locally specific.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The programme is over 3 years. However the solutions that could be developed could be features of the medium and long-term</p>	<p>This will be under constant review.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The report sets out the different partners and sectors engaged in this work – both as challenge sponsors and responders</p>	<p>We want to encourage all participants to come forward – if supply exceeds demand consideration will be given to successive waves of the programme</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Successful SBRI shows that hundreds of stakeholders get involved with the process. It is not just about challenge ‘winners’ either – but the companies throughout the process that show promise and strike up new relationships and potential</p>	<p>How we work with ‘unsuccessful companies’ to signpost support and further direct them to other opportunities</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The focus of this is around providing economic support and resilience measures which will support local economies in the area hit hardest by the economic fallout of covid – public transport, food, tourism and retail/ leisure and hospitality</p>	<p>These sectors are key to the local economy – as the programme develops, if further interventions are needed and become apparent this will inform wider parts of CCR policy.</p>

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The challenge programme is entirely compatible with WFG and wellbeing goals as well as the five ways of working. It focuses on understanding and solving problems; the art of the possible; re-framing public procurement and focusing on sharing and spreading prosperity at a local level.</p>	<p>A key risk here is the availability of revenue funds in the CCR programme to support further challenge-led approaches.</p>

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	<p>Problem owners and solvers will be drawn from those who can sponsor a challenge and those who can solve them. Particular challenges as they are selected and chosen may have more in common with one age group than another and this will be addressed and highlighted at the time so positive impacts can be scaled and optimized and any negative impacts, appropriately mitigated.</p>	<p>As per 'positive' comment</p>	<p>Monitoring data and evidence required as part of challenge selection</p>

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Disability	The process is open to all and anyone can engage – there are no barriers to doing so. In this age of remote working – accessibility of briefing sessions and events will be given appropriate consideration.	As per 'positive' comment	Project management arrangements across all partners with central co-ordination via CCR office will ensure all risks and issues are managed through a risk process and all benefits are maximized wherever possible. For example, challenges may emerge that could have resonance for one specific social group more than another.
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	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?
Welsh Language	As above	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		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care and makes a direct contribution to wellbeing.		

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

<ul style="list-style-type: none"> <li>• Economic evidence data and insight</li> <li>• SBRI review data</li> <li>• Govtech and Sivtech data</li> <li>• The original submission for the Public Services Testbed</li> </ul>
---

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

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

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

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

**Quarterly via the IIF reports to Cabinet and quarterly performance monitoring with FBC to follow in September 2020.**

**15 JUNE 2020**

---

## **CCR ENGAGEMENT WITHIN THE WESTERN GATEWAY INITIATIVE**

### **REPORT OF CARDIFF CAPITAL REGION DIRECTOR**

#### **AGENDA ITEM 7**

---

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

1. To seek endorsement of the principle of Cardiff Capital Region City Deal becoming partners to the Western Gateway initiative. At this time, the Western Gateway collaboration is embryonic and work is underway on a governance review, economic assessments and consultation with all partners on a full vision document – all of which aim to formalise and legitimise the full status and scope of the initiative.

##### **Background**

2. The concept of focussed economic collaboration at regional scale was first brought to the fore with the birth of the Northern Powerhouse in 2014. The case was made for a 'global powerhouse' forged through boosting the economic and physical connections between the cities and city regions of the North East of England. The Northern Powerhouse is made up of the city regions of Liverpool, Manchester, Leeds, Sheffield, Hull and the North East. Within this, a raft of interventions have been announced such as growth, city and devolution deals, Transport for the North, HS2 and the Northern Transport Strategy.
3. This was followed by further similar regional initiatives such as the Midlands Engine and the Oxford-Cambridge Corridor. The first report on the concept of an economic partnership spanning South Wales and the South West of England, 'First Great Western Cities' was unveiled in 2016. This set out the case for enhancing inter-regional connectivity as a means of enhancing economic competitiveness; and, spurring the growth of key sectors in ways which could better drive at global comparative advantage. Buoyed by the abolition of the Severn Bridge tolls in 2018, the concept of a Western Gateway Cities partnership was revived and in 2019, a report that explored a case for a new inter-regional initiative – commissioned by Newport, Cardiff and Bristol – was launched in the House of Lords.
4. In recent times, the focus of the partnership has shifted – and broadened. Not only does it now span an area covering Swindon to Swansea, there has been a commitment by the chair, Katherine Bennett who was appointed by MHCLG in 2019, to engaging and involving wider regions on both sides of the water – namely Cardiff Capital Region and the West of England Combined Authority. This has been backed by initial seed

funding of £400,000 from MHCLG; confirmation of the 'new' geography and an acknowledgement of the value and importance of aligning city regions and their economic aims and ambitions – particularly around shared priority growth sectors; internationalisation opportunities and potential to frame and respond to big challenges such as the climate crisis.

5. South Gloucestershire District Council has now been appointed as the legal Accountable Body. A Prospectus for the Partnership was published in early 2020, ahead of MIPIM (which was postponed due to Covid-19) and this sets out a clear objective to add £56bn to the UK economy by 2030 achieving 'a greener, fairer and stronger economy' focussed upon improving connectivity; creating a Global Gateway; and, accelerating innovation and R&D.
6. Regional Cabinet has considered the value of the partnership to CCR previously. The conclusion reached was one that reinforced the primacy of CCR and any future engagement to recognise that CCR participates as a recognised regional partnership. At the Cabinet briefing (held remotely) on 4<sup>th</sup> May, Katherine Bennett, Independent Chair of the Western Gateway attended and reinforced these key points, as well as the opportunities to optimise assets and resources.
7. In concluding the independent Chair outlined the following next steps:
  - Consult with all partners and stakeholders to create a full vision document for partnership and develop ambitions;
  - An independent Economic Review to build an evidence base, bringing together local industrial strategies and city region economic plans;
  - Developed detail outline business cases for potential projects and programmes;
  - Implement governance review recommendations – if possible;
  - Forge strong collaborations with partner/ neighbour powerhouses;
  - Formalise the cross parliamentary party working group; and,
  - Continue to press HMG for support in the nation's economic recovery
8. The results of the governance review are expected shortly, with work to also shortly commence on the other actions necessary in consolidating the proper scope, function and role of the partnership.
9. It was considered that at this stage, CCR should indicate formally its commitment to the partnership, recognising that its full scope and validation is subject to the final agreed outcomes of the governance review and many of the above activities. This provides CCR with the advantage of directly engaging and shaping and informing the partnership, but with natural points of reflection built in, as key milestones are reached and progress is made. This will help ensure continued engagement is in line with the important principles and 'rules of engagement' Regional Cabinet has set out.
10. Discussion around future models of governance has highlighted a potential requirement to not only recognise the status of regional collaboration bodies as members – but also the need to acknowledge the position of individual LA members as members. This desire is felt strongly within the West of England region. Should it



be the case that English partner authorities seek this 'dual' status, consideration will need to be given to parity of treatment to authorities within CCR.

11. In respect of resources and financial requirements, no direct contributions are required at this time. It is anticipated that on the conclusion of the governance review, resourcing needs will be better known and a funding framework to support the partnership, will be established. For now, the inputs required are around officer time and contributions to the emergent programme. In respect of CCR in particular, the areas which we have been informally assigned to shape and inform at this time, are internationalisation and innovation – working alongside WECA and South Glos respectively.

### **Financial Implications**

12. Support in developing any partnership proposals will need to be met from existing CCRCD revenue budgets. Any future report to Cabinet to consider the scope, function and role of CCRCD in the partnership will need to consider detailed financial implications including costs of any governance structures, accounting approach, how any financial requirements arising will be met and the period of commitment. Where these are to be met from CCRCD grant, this will need to have consideration of eligibility and the terms and conditions of the HMT / WG grant.

### **Legal Implications**

13. It is noted that there are no financial commitments to the recommendations of this report. It is noted that the Western Gateway Partnership has no formal status as yet, and therefore Cabinet are merely being asked to signal their intention to engage with the Western Gateway Partnership in principle. Accordingly, there are no legal implications for this report.

### **Well-being of Future Generations**

14. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
  - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
  - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
  - c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work

to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

15. 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.
16. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 2.

### **Reasons for Recommendations**

17. The CCR Cabinet is requested to signal intent to engage with the Western Gateway Partnership as it continues to emerge and indicate its commitment, in order to shape and inform its future scope and development.

### **RECOMMENDATIONS**

18. It is recommended that the Cardiff Capital Region Joint Cabinet:
  - a) signals it's intent to engage with the Western Gateway Partnership, as key partners through offering support and participation in terms of officer time and focus in particular, around the the themes of internationalisation and innovation;
  - b) embraces inclusion within the partnership at this initial stage with a view to working with partners to formalise roles, remits and the status of Western Gateway in accordance with progress being made on the key steps documented above.

**Kellie Beirne**  
**Cardiff Capital Region Director**  
**15 June 2020**

### **Appendices**

- Appendix 1 Western Gateway Prospectus  
Appendix 2 Wellbeing of Future Generations Assessment



**Western Gateway** Porth y  
**Gorllewin**

# WESTERN GATEWAY

Propelling a greener,  
fairer, stronger Britain

**WESTERN GATEWAY** | **PORTH Y GORLLEWIN**

A powerhouse for south Wales  
and western England

# FOREWORD



**The Western Gateway has long been a powerhouse waiting to happen, and is ready to capitalise on its phenomenal potential to drive Britain’s cleaner, fairer future.**

With eight strong cities across the Gateway, alongside rural communities in the wider economic area, the Western Gateway already outperforms the UK average in terms of economic output, and is primed and ready to do so much more.

Working together across borders we offer a unique proposition to UK plc: to propel transformative, inclusive and greener growth as part of building a new future for the British economy. Whilst we are an economic high performer, we are also a region of contrasts, with significant pockets of deprivation, low skills and low pay in some of our cities and rural areas. Through harnessing the Western Gateway’s innovation and geographical assets we can make a huge difference to people’s lives. We can release the untapped potential of our cities, towns and villages, and provide real amplification and additionality to existing projects, infrastructure and industrial strategies. Delivering this vision will add more than £56bn to the UK economy by 2030, helping us lead the UK’s transition to a net zero future.



**Katherine Bennett CBE**  
Chair of Western Gateway  
and Senior Vice President  
in the UK for Airbus



Clifton Suspension Bridge, Bristol

# THE WESTERN GATEWAY

**“The Western Gateway will draw on the diverse talents of both sides of the Severn to deliver an economic powerhouse that will drive growth throughout the region.”**

Rt Hon Robert Jenrick MP, Secretary of State for Communities and Local Government, November 2019

This cross-border Gateway of 4.4m people reaches across south Wales and western England, from Swindon to Swansea, and Salisbury to Tewkesbury, with the core cities of Bristol and Cardiff at its heart. The potential of this economic area is highlighted in the report, ‘[A powerhouse for the West](#)’ (Metrodynamics, July 2019).

Our focus is inclusive and decarbonised economic growth, where scale and collaboration can deliver more for our people and the wider economies of our countries than our constituent parts could achieve alone.

We have a track record of economic success, some of the best companies, universities and most skilled and creative people in Britain along with the natural resources to lead a levelled-up, carbon net zero future for the British economy. The Western Gateway is perfectly positioned to drive the UK’s response to the Climate Emergency.

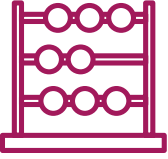

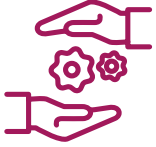

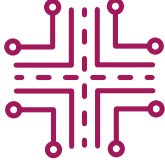




## We will do this by:

- **Collaborating** – seeking input from Local Enterprise Partnerships, councils, districts, city regions, the combined authority, Governments (in Wales and Westminster), businesses and universities as we mobilise their combined power and expertise behind the big projects that can deliver our vision.
- **Catalysing** the industry, infrastructure and innovation assets of the area to drive export led growth.
- **Communicating** the scale and strength of our collective offer through a shared voice to Governments and the world.

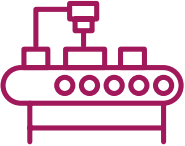




Roman Baths, Bath



# KEY FACTS

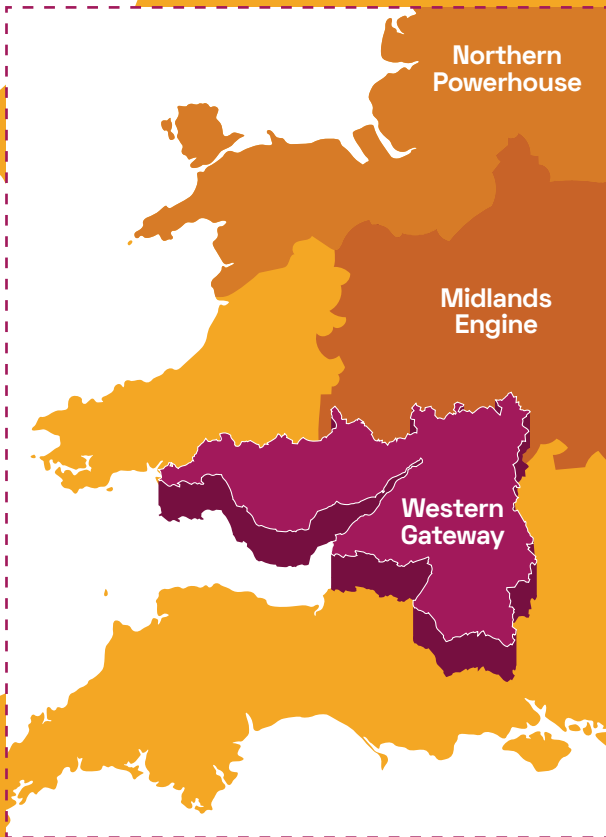
 <p><b>£107bn</b> economy</p>	 <p><b>8</b> cities, <b>3</b> City Regions, towns and countryside</p>		
<p><b>159,650</b> businesses</p> 	 <p><b>2.1m</b> jobs</p>	 <p><b>4</b> major transport lines <b>2</b> airports <b>9</b> ports</p>	
<p><b>£21bn</b> goods exports <b>£11bn</b> service exports</p> 	 <p><b>3</b> LEPs and <b>2</b> economic partnerships</p>	<p><b>10</b> universities, the ONS and <b>7</b> research councils</p> 	 <p><b>4.4m</b> people</p>

# KEY SECTORS

 <p>Advanced manufacturing and engineering</p>
 <p>Creative, digital and cyber</p>
 <p>Finance, business and professional services</p>

# GROWTH OPPORTUNITIES

 <p>Clean energy and low carbon</p>	 <p>Health and life sciences</p>
---	---



A strong cross-border relationship with high connectivity east-west and north-south, and high levels of economic integration within and across the area.



Geography and membership correct at the time of publication (February 2020). As a developing partnership this may grow or change over time, and up-to-date details of our membership can always be found on our website, [www.western-gateway.co.uk](http://www.western-gateway.co.uk)

# OUR MISSION

**Propelling a greener, fairer, stronger Britain**

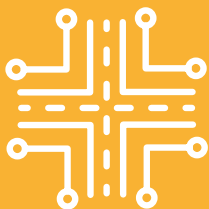
**We will draw on our combined strengths and unique assets:**

- Economic performance that is already ahead of the UK average, excluding London.
- World leading, export focussed businesses and research in the growth industries of the future.
- Creative, qualified and committed people and some of the best quality of life in Europe.
- Unique environmental and low carbon energy assets.

**...to unleash our full potential and blaze a trail for the UK's next generation economy: delivering a gateway to a cleaner, fairer and more prosperous future.**

## OUR AMBITION Propelling a greener, fairer, stronger Britain

### CONNECTIVITY



#### Ambition 1

Deliver world class physical and digital connectivity, boosting productivity, unlocking housing growth and leading our transition to a net zero future.

### GLOBAL GATEWAY



#### Ambition 2

Become Britain's gateway to global markets, increasing export and investment-led growth, marketing our industries and expertise to the world.

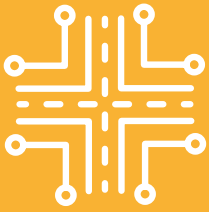
### INNOVATION



#### Ambition 3

Spark collaboration and innovation in our distinctive high-tech sectors, universities and R&D assets, making the most of the region's renewable and environmental assets.





# CONNECTIVITY

## Ambition 1:

Deliver world class physical and digital connectivity into and within our area to boost productivity, unlock housing and lead our transition to a net zero future

**Improving our connectivity, within the region, to London, to other powerhouse regions and to the world is at the heart of our Western Gateway vision. We want residents and workers to be able to travel within the area in a ‘golden hour’ with one Western Gateway smart ticket.**

With over half the population of the UK within two hours travel, two deep sea ports and two airports giving access to international markets, our location is one of the reasons we are already the UK’s most productive powerhouse. But we know that to deliver our vision of being Britain’s global gateway in the century ahead, investment plans in our region’s infrastructure will need to shift several gears.

Bold and ambitious changes are already underway, with the Severn Bridge tolls a thing of the past, the electrification of the Great Western Mainline nearing completion and the multi-billion pound investments into city-region metro systems now underway.

Our ambition is to join these projects together – and to the national transport system – so the whole is much greater than the sum of its parts, raising productivity, unlocking housing growth and supporting our transition to a ‘net zero’ future.

## Working with partners, we will deliver:

- Quicker, more frequent services to London, reducing the journey time from Swansea to London to less than two hours.
- Quicker, more frequent services between the cities of the Western Gateway, with journey times between Cardiff and Bristol reduced to 30 minutes.
- A direct link into Heathrow through delivery of the Reading-Heathrow rail link and frequent, direct trains to other Core Cities and the proposed HS2 network.
- Reduced journey times, allowing residents to travel within the area in a ‘golden hour’ using one Western Gateway smart ticket.
- Improved connectivity through Swindon to England’s Economic Heartland and improved links along the region’s north-south axis.
- Investment to the strategic road network, including upgrades to the M4 and M5 to tackle congestion, boost capacity and unlock housing growth across the region.
- A network of electric charging points along the M4 and M5 road corridors and across the area.
- The UK’s most digitally connected region.
- A Gateway between the UK and the world economy, making the most of the region’s ports and airports.

**Already one of the most productive parts of the UK**

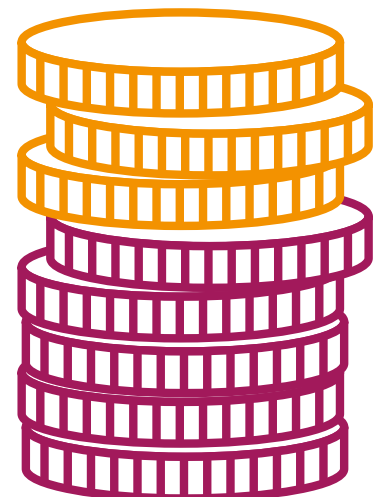
**...but with the same infrastructure spend per head (£389) as London**



**Spend to 2030 would be...**

**£37.2bn**

**£14.3bn higher**





# GLOBAL GATEWAY

## Ambition 2:

Become Britain's Global Gateway for export and investment-led growth

### The Western Gateway is already the UK's export powerhouse.

The region is home to world-leading companies in the industries that will power the UK's next industrial revolution. Our world-class research universities and some of the most highly skilled people in Europe, together with connectivity into London and all other powerhouses, makes our region the Gateway into Britain for international investment.

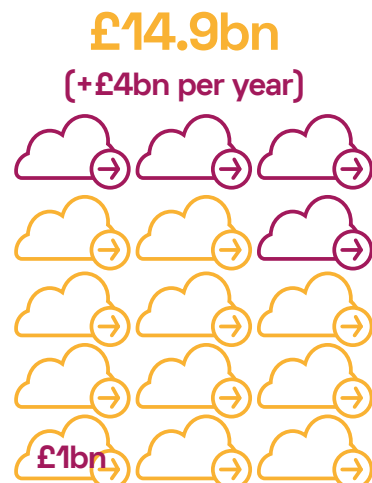
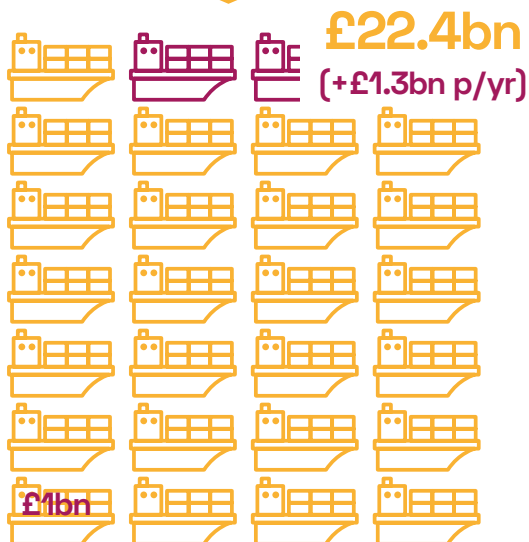
We will develop a coordinated international approach as the Western Gateway. This 'internationalisation' will promote our shared sectoral strengths and assets to key international markets. To support this we are seeking support from designated Department of International Trade resource to develop and promote the Gateway collectively, led by local leadership.

### Working with partners, we will:

- Deliver our **Global Gateway Strategy**, looking at trade, investment, ports and airports, visitor economy and business events.
- Put in place a programme of sectoral trade missions to key global markets, beginning with a joint trade mission to China in November 2020.
- Lead a **joint approach to MIPIM UK 2020 and MIPIM Cannes 2021**.
- Become a true Gateway to the UK, forging strong links and collaborations with our neighbours and fellow powerhouses: Midlands Engine, Northern Powerhouse, England's Economic Heartland and the Great South West.

If Western Gateway goods exports per full-time employee were the same as the Midlands Engine in the aerospace, automotive, the digital, cyber and creative industries, life sciences and low-carbon technologies

If Western Gateway service exports per full-time employee were the same as England and Wales





# INNOVATION

## Ambition 3:

We will bring our universities, businesses and natural assets together to meet the grand challenges and to create the new industries of the 21st century.

**The Western Gateway is home to diverse and world-leading public and private sector research, science and technology assets and some of the most highly skilled and creative people in Europe.**

We are home to innovative research, digital, science and technology assets such as UK Research and Innovation, the National Composites Centre and the Cyber Security and Digital Innovation Centre. Innovative companies such as Rolls Royce, BAE Systems, Airbus, Catalent, Intel, Dyson, Renishaw, SPTS Technologies, IQE and EDF and ten universities with four research intensive universities – Bath, Bristol, Cardiff and Swansea come together to create an ‘innovation arc’ stretching from Swansea to London.

### We will:

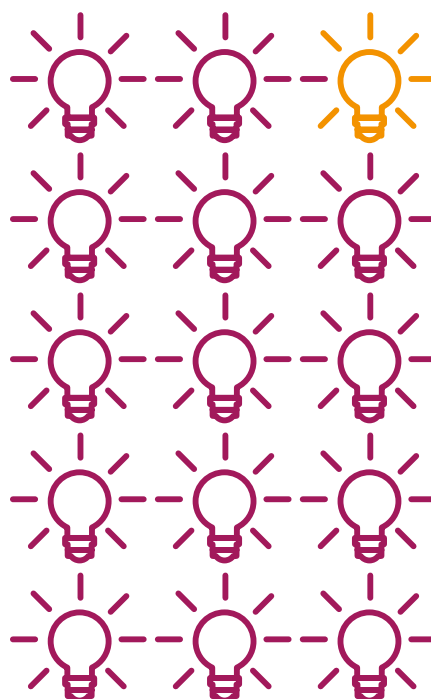
- Capitalise on our unique natural and industrial assets, including the Severn Estuary, Hinkley Point and the potential for Tidal Lagoon in Bristol Channel/Swansea Bay, to drive the development of new energy systems.
- Build on our industrial and research expertise to make the UK’s aerospace and automotive industries a global leader in developing new technologies for ultra-low emission vehicles, low carbon propulsion systems and lightweight structures for cars and planes.
- Become an internationally recognised powerhouse for innovation in the creative, digital and cyber industries.

**If Western Gateway had the same innovation spend per full-time employee as England and Wales**



**Spend to 2030 would be**

**£29.2bn** £4.1bn higher



# THE WESTERN GATEWAY'S 2020 ROUTE MAP

We are a new partnership with big ambitions. We are putting in place a solid launch pad for our long-term initiatives while making swift progress on quicker wins. Over the coming year we will work together at pace while making sure that we bring people on the journey.



## Our plans for 2020 include:

- Establishing a new leadership board, following an independent review of governance options.
- Establishing a small core professional team to provide dedicated secretariat support.
- Launching a full vision document for the partnership, following the completion of an Independent Economic Review, building on the evidence base we already have from Local Industrial Strategies and City Region Economic Strategies.
- Identifying key international markets for investment and putting in place, with Government, a sectorally-focussed trade mission to China in 2020, in advance of launching an international strategy in 2021.
- Developing detailed outline business case propositions for the major investments we want to see from Government and international investors.
- Forging collaborations with neighbouring powerhouses and beyond, creating a true Gateway for investment, trade and innovation.

Cardiff Bay



Stonehenge, Wiltshire



Wichelstowe, Swindon



Friars Walk, Newport



Gloucester Docks



Millennium Bridge, Swansea



Everyman Theatre, Cheltenham



Grand Pier, Weston-super-Mare



Salisbury Cathedral



## Contact

Web: [western-gateway.co.uk](http://western-gateway.co.uk)

 [@WesternGateway\\_](https://twitter.com/WesternGateway_)

Email: [secretariat@western-gateway.co.uk](mailto:secretariat@western-gateway.co.uk)

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

If you would like this information in another language, Braille, audio tape, large print, easy English, BSL video or CD rom or plain text please contact: [secretariat@western-gateway.co.uk](mailto:secretariat@western-gateway.co.uk)



**Western** Porth y  
**Gateway** **Gorllewin**

## Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  To approve the principle of becoming partners to the Western Gateway
<b>Proposal: Western Gateway</b>	<b>Date Future Generations Evaluation form completed: 8 June 2020</b>






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?
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposals link part of CCR's economic future to the West of England in order to maximize benefits for Wales	The direct objective is wealth creation – the issue for CCR will be ensuring schemes and projects can benefit the whole of the region and not just those closest to West of England or impacted through core cities initiative
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	One of the area cited in the prospectus is ramping up efforts to make more rapid progress in decarbonisation and green re-growth	Transport decarbonisation offers an obvious opportunity for co-working

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Wellbeing of FG's is one of the unique policy assets CCR will bring to table</p>	<p>Push for alternative metrics to evaluate and assess progress – sustainability and wellbeing outcomes</p>
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>As above</p>	
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>One of the areas of CCR interest will be around internationalization and this will be co-led with WECA</p>	
<p><b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation</p>	<p>Ensuring our cultural distinctiveness shines through initiatives will be a key goal</p>	<p>Ensuring all relevant provisions are made for Welsh language publication and engagement are made and using this as a key leverage tool for investors</p>
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>The new priority set is about levelling across the region and ensuring a balance across interventions that will support the wider region and those which will be locally specific.</p>	



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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The proposal seeks sign up to a partnership that will have long-term potential and interest to CCR</p>	<p>This will be under constant review – and reflected upon again post findings of the governance review</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>This requires two areas coming together for the first time. This is less about competition and more about active collaboration</p>	<p>In areas where they may be competition and tension – it will be important to understand how and why decisions are made</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>There is a consultation framework in place</p>	<p>Consultation will need to be enhanced to broaden appeal and to mirror the evolution of the programme and make it meaningful to businesses and communities in both regions</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>There is a powerful post-Covid dimension to working together</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The project is new and fledgling. It is about economic growth and boosting competitiveness. It will be important to ensure things that are important to CCR – local wealth building are retained.</p>	<p>.</p>

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	N/A at this stage	N/A at this stage	This will be considered more comprehensively as projects are delivered and the Gateway brought to life
Disability	As above	As above	As above
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	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?
Welsh Language	As above	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		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care and makes a direct contribution to wellbeing.		

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

<ul style="list-style-type: none"> <li>• IIF data</li> <li>• Previous reports - core cities, great western cities initiative</li> <li>• Governnace review data</li> <li>• Western Gateway Prospectus</li> </ul>
---

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

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

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

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

**Quarterly via the IIF reports to Cabinet and following publication of next iteration of Governance Review**

**15 JUNE 2020**

---

## **DISCLOSURE OF INTERESTS – UPDATE REPORT**

### **REPORT OF CCR CITY DEAL DIRECTOR**

#### **AGENDA ITEM 8**

---

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

1. This report provides an overview of progress that has been made in response to the recommendations from Wales Audit Office (WAO) in respect of Disclosure of Interests to Regional Cabinet in October 2019.

##### **Background**

2. During the process of audit of Financial Statements Report for 2018/19, Wales Audit Office's (WAO) work highlighted an issue in respect of Registration of Member's Interests, this was subsequently followed up by a proposal of improvements for the City Deal Office to implement under the advice of the Accountable Body. Full details of the issue and the report can be found in background paper 1.
3. In summary, the correspondence from WAO received by the City Deal Office highlighted that neither CCR Officers, Regional Cabinet nor the Accountable Body's Monitoring Officer were made aware of a Cabinet members personal interests in relation to a City Deal Investment, their conclusion was their non-disclosure breached the Member Code of Conduct.

##### **Issues**

4. Proposals for Improvement received from WAO recommend that (given the nature of City Deal activities related to major investment decisions, inherent in which is commercially sensitive and confidential information) Regional Cabinet members and officers should be clear about their responsibilities with regard to the registration of individual interests and the declaration processes which must be followed.
5. The letter makes four recommendations which relate to emphasising processes and protocol and how these might be best enhanced and reinforced. The

recommendations are set out in the table below, alongside the City Deal suggested response - as at October 2019, alongside an update of activities delivered to date. It should be noted that beyond the focus on process for members and officers involved in City Deal, the response goes wider to external partners and advisory groups that form part of City Deal governance structures. This is particularly important in the light of the operationalisation of the Investment and Intervention Framework and the pipeline of investment activity now being actively developed, delivered and thus, considered by a number of relevant partnership bodies.

6. It should be further noted that in respect of Recommendations which states that the Joint Working Agreement (JWA) should be amended to reflect the protocol to be agreed by the City Deal Council's Monitoring Officers, advice received from the Accountable Body suggests that a line is added to Paragraph 3.56 of the JWA (Reputation and Standing). This is proposed to read: '*A Protocol will be agreed between the Monitoring Officers of the Councils to set out a process to ensure a consistent approach to the interpretation of issues relating to potential conflict of interest under the Member Code of Conduct*'. Further advice received by the Accountable Body provides assurance that since this is neither a substantive nor material change to the JWA, this can be agreed by full Cabinet without recourse to the ten Councils.
  
7. The following table highlights activity that has been completed to-date. It should also be noted that discussions and liaison with WAO has been ongoing in respect of this issue and that this continues to be a constructive input and challenge into the process.

Table 1 – Recommendations and Completed Activity

WAO Recommendation as at September 2019	CCR Response as at October 2019	Activity Completed to Date as at May 2020
<p><b><i>Recommendation i. Remind all Regional Cabinet Members that it is their personal responsibility to ensure that they understand their obligations under the Model Code of Members Conduct. In particular, they must act in a way that demonstrates that they both understand and are committed to meeting the high standards of conduct that is expected of them.</i></b></p>	<p><i>CCR/ Accountable Body Monitoring Officer (or suitable representative) with CCR Director to hold a mandatory Code of Conduct briefing/training session for all of the members of the Joint Committee. This session will be repeated for any new members of the Joint Committee.</i></p> <p><i>This slot will be scheduled for after the late autumn 2019 briefing session.</i></p> <p><i>In addition to this, a workshop session will take place at the Cabinet Away Day on 26 October 2019.</i></p>	<p>CCR Accountable Body Monitoring Officer delivered a briefing session to the Regional Cabinet at the Strategic Planning Day on the 26 October 2019. 8 out of 10 Regional cabinet Members were in attendance. A 'mop' up session was later held for the 2 remaining Members after a Regional Cabinet Meeting on 9 March 2020.</p> <p>Briefing papers and documents have been made available and circulated to all Members.</p> <p>Further follow up guidance has been circulated to all Members with an updated Disclosure Form for 20/21 with all returns being made.</p>

WAO Recommendation as at September 2019	CCR Response as at October 2019	Activity Completed to Date as at May 2020
<p><b><u>Recommendation ii.</u></b>  <b><i>Provides further training to Regional Cabinet Members in respect of situations where potential interests could affect public perception of Cabinet Members' ability to take decisions in the public interest and not for personal gain or benefit.</i></b></p>	<p><i>In addition to the above, a meeting will be held with the Monitoring Officers' Forum to repeat the briefing session and stimulate dialogue and scenario-based discussion regarding the process, potential challenges and issues and opportunities. This will include the development of a protocol setting out an agreement between Monitoring Officers and the Accountable Body's Monitoring Officer re: dealing with potential interests in a City Deal context.</i></p> <p><i>The process of training and briefings will be repeated with officers, RTA, REGP and the Regional Business Council.</i></p>	<p>Briefing sessions have been held with the Regional Transport Authority; Regional Economic Growth Partnership, CSC Foundry Board and the Investment Panel. A session has not been held with the Regional Business Council to date, as review is currently being undertaken of its membership, function and future structure and as such, at this time, it is not operational.</p> <p>The Monitoring Officer's Group has considered a Protocol for Disclosures of Interest and this was re-named 'Agreed Code of Conduct Protocol' and published on 3 March 2020. This has been shared widely and is available on the City Deal website.</p>
<p><b><u>Recommendation iii.</u></b>  <b><i>Emphasises the need for Regional Cabinet Members to inform the Accountable Body's Monitoring Officer of any potential interests at the same time as they notify their respective authority's Monitoring Officer.</i></b></p>	<p><i>To be included in the above Code of Conduct briefing/training session, and in the proposed protocol setting out an agreement between the Monitoring Officers of all the City Deal member Councils and the Accountable Body's Monitoring Officer re: dealing with potential interests relating to City Deal matters.</i></p>	<p>This is covered under the above agreed Code of Conduct Protocol.</p>
<p><b><u>Recommendation iv.</u></b>  <b><i>Ensures that where regional or Joint Committee arrangements exist, there is sufficient communication between the authority's Monitoring Officer and the accountable body so that it is satisfied that both the registration and declaration of member's interests is appropriate and transparent. The Joint Working Agreement should therefore be amended to reflect this.</i></b></p>	<p><i>An agreed protocol will be developed between the Monitoring Officers of all of the City Deal Councils, including an agreement that the Monitoring Officers will consult with each other and take a consistent approach to the interpretation of Code of Conduct issues, and inform the City Deal Accountable Body Monitoring Officer of any requests for advice by Joint Committee members on potential conflict issues.</i></p>	<p>Declaration of interest forms have been completed for</p> <ul style="list-style-type: none"> <li>• Regional Cabinet Members</li> <li>• City Deal Officers</li> <li>• Programme Board</li> <li>• Regional Transport Authority</li> <li>• Economic Growth Partnership</li> <li>• Investment Panel</li> <li>• CSC Foundry Ltd</li> </ul> <p>The agreed Code of Conduct protocol is now in place.</p>

WAO Recommendation as at September 2019	CCR Response as at October 2019	Activity Completed to Date as at May 2020
	<p><i>The JWA be amended to reflect this by adding to paragraph 3.56 of the JWA the words in bold as follows:</i></p> <p><i>Paragraph 3.56 of the JWA relates to Reputation and Standing and specifies that the Councils agree that, in relation to the JWA and the City Deal generally, they shall pay the utmost regard to the standing and reputation of one another, and act with regard to each Council's own employer and member codes of conduct and shall not do or fail to do anything which may bring the standing or reputation of any other Council into disrepute or attract adverse publicity to any other Council. <b>A protocol will be agreed between the Monitoring Officers of the Councils to set out a process to ensure a consistent approach to the interpretation of issues relating to potential conflicts of interest under the member code of conduct.</b></i></p>	<p>The JWA has been amended to reflect the revised change and this has been approved by Regional Cabinet.</p>

### Reasons for Recommendations

8. This report provides Members with a full update on the actions taken in respect of the 4 recommendations made by WAO (Sept 2019) in relation to disclosure of interests. This report also highlights the significance of ongoing issues around Disclosures of Interest and that this is not a point in time consideration – but an ongoing one which will be kept under constant review. The City Deal Office and Accountable Body will play its part in the appropriate ways in this, however the local Monitoring Officer advice and burden of responsibility on individuals, remains paramount.

### Financial Implications

9. This report has no direct financial implications. Disclosures of interests are reviewed when preparing and auditing financial statements to identify material 'Related party' transactions.



## Legal Implications

10. This report provides a summary of CCRCD's progress made following the recommendations from the Wales Audit Office (WAO) in respect of Disclosure of Interests to Regional Cabinet. There are no legal implications arising directly from this report.

## Well-being of Future Generations

11. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
  - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
  - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
  - c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

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

- look to the long term;

- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

12. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 2.

## **RECOMMENDATION**

13. It is recommended that the Cardiff Capital Region Regional Cabinet:

- a) notes completion of the recommended improvements made by the WAO in respect of Disclosures of Interests.

**Kellie Beirne**  
**CCR Director**  
**15 June 2020**

## **Appendices**

Appendix 1 Agreed Code of Conduct Protocol

Appendix 2 Future Generations Assessment

## **Background Papers**

<https://www.cardiffcapitalregion.wales/event/special-regional-cabinet-meeting/>

## Protocol – City Deal Joint Committee Code of Conduct issues

### Introduction

Pursuant to paragraph 3.5.6 to the Joint Working Agreement in respect of the Cardiff Capital Region City Deal dated 1 March 2017, this protocol sets out the process to ensure a consistent approach to the interpretation of issues relating to potential conflicts of interest under the member code of conduct.

### Purpose

The Monitoring Officers<sup>1</sup> of the Councils agree to work together to ensure where Regional or Joint Committee arrangements exist, there is communication between the Council's Monitoring Officers and the Accountable Body's<sup>2</sup> Monitoring Officer so that it is satisfied that both the registration and declaration of members interests is appropriate and transparent.

### Protocol

1. It is each Member's personal responsibility to understand and comply with their Council's own Member Code of Conduct and it is the responsibility of each Member to seek specific advice from their own Monitoring Officer on any code of conduct issues.
2. The Monitoring Officer for each of the Councils agrees to inform the Accountable Body's Monitoring Officer, in writing by email, as soon as reasonably practicable on becoming aware of any requests for advice by any Joint Committee Members on potential conflict issues.
3. The Monitoring Officer for the relevant Council shall be open to sharing their advice/interpretation of the Code of Conduct and provide an opportunity for the Accountable Body's Monitoring Officer to consider the issue and provide a view.
4. If the Accountable Body's Monitoring Officer's view differs from the Monitoring Officer for the relevant Council, both Monitoring Officers shall agree to discuss as soon as practicable any issues and work towards an agreed joint view. This agreed joint view will then be shared with the Member who so requested the advice.
5. In the unlikely event a joint view cannot be agreed following a discussion between the Monitoring Officers, the Accountable Body's Monitoring Officer has the right to form a final view and share that view with the Member who so requested the advice.
6. The Monitoring Officers agree to meet as and when required and work together to provide support to all Members of the Joint Committee.
7. This protocol shall be updated as agreed between the Councils' Monitoring Officers.

---

<sup>1</sup> The term Monitoring Officer shall include their Deputies or any other nominated advisor

<sup>2</sup> Accountable Body means Cardiff Council

### **Monitoring Officer Contact Details:**

1. Accountable Body Monitoring Officer:  
Davina Fiore, Director of Governance and Legal Services and Monitoring Officer –  
  
T: 029 20873 860  
E: [Davina.Fiore@Cardiff.gov.uk](mailto:Davina.Fiore@Cardiff.gov.uk)
2. Accountable Body Deputy Monitoring Officer:  
James Williams, Principal Solicitor in Governance & Legal Services, Legal Services -  
  
T: 029 2087 2497  
E: [James.Williams2@cardiff.gov.uk](mailto:James.Williams2@cardiff.gov.uk)
3. Andrea Jones, Head of Legal & Corporate Compliance –  
  
T: 01495 355024  
E: [Andrea.Jones@blaenau-gwent.gov.uk](mailto:Andrea.Jones@blaenau-gwent.gov.uk)
4. Michelle Morris, Managing Director –  
T: 01495 355001  
E: [Michelle.Morris@blaenau-gwent.gov.uk](mailto:Michelle.Morris@blaenau-gwent.gov.uk)
5. Kelly Watson, Chief Officer Legal, Regulatory and Human Resources and Monitoring Officer -  
  
T: 01656 643 643  
E: [Kelly.watson@bridgend.gov.uk](mailto:Kelly.watson@bridgend.gov.uk)
6. Laura Griffiths – Group Manager, Legal and Democratic Services -  
T:  
E: [laura.griffiths@bridgend.gov.uk](mailto:laura.griffiths@bridgend.gov.uk)
7. Robert Tranter, Head Of Legal Services And Monitoring Officer–  
  
T: 01443 863 393  
E: [Trantrj@caerphilly.gov.uk](mailto:Trantrj@caerphilly.gov.uk)
8. Lisa Lane, Head Of Democratic Services & Deputy Monitoring Officer  
T: 01443 863152  
E: [lanel@caerphilly.gov.uk](mailto:lanel@caerphilly.gov.uk)
9. Carys Kennedy, Head of Legal and Democratic Services  
  
T: 01685 725454  
E: [Carys.kennedy@merthyr.gov.uk](mailto:Carys.kennedy@merthyr.gov.uk)
10. Simon Jones, Deputy Monitoring Officer  
T:  
E: [simon.jones@merthyr.gov.uk](mailto:simon.jones@merthyr.gov.uk)
11. Matthew Phillips, Head of Law & Monitoring Officer  
  
T: 07977 014176

E: [Matthewphillips@monmouthshire.gov.uk](mailto:Matthewphillips@monmouthshire.gov.uk)

12. Jo Chase, Head of Commercial Law

T:

E: [JoanneChase@monmouthshire.gov.uk](mailto:JoanneChase@monmouthshire.gov.uk)

13. Ben Davies, Litigation Solicitor

T:

E: [BenDavies@monmouthshire.gov.uk](mailto:BenDavies@monmouthshire.gov.uk)

14. Gareth Price, Head of Law and Regulation –

T: 01633 210726

E: [Gareth.Price@Newport.gov.uk](mailto:Gareth.Price@Newport.gov.uk)

15. Andrew Wilkins, Director of Legal Services -

T: 01443 424 189

E: [Andrew.s.wilkins@rctcbc.gov.uk](mailto:Andrew.s.wilkins@rctcbc.gov.uk)

16. Paul Nicholls –Service Director, Legal Services and Deputy Monitoring Officer

T: 01443 424168

E: [Paul.j.nicholls@rctcbc.gov.uk](mailto:Paul.j.nicholls@rctcbc.gov.uk)

17. Delyth Harries, Monitoring Officer and Assistant Chief Legal Officer

T: 01495 742652

E: [delyth.harries@torfaen.gov.uk](mailto:delyth.harries@torfaen.gov.uk)

18. Justine Cass, Deputy Monitoring Officer -

T: 01495 742 656

E: [Justine.cass@torfaen.gov.uk](mailto:Justine.cass@torfaen.gov.uk)

19. Debbie Marles, Monitoring Officer/Head of Legal and Democratic Services -

T: 01446 709 402

E: [DMarles@valeofglamorgan.gov.uk](mailto:DMarles@valeofglamorgan.gov.uk)

20. Victoria Davidson, Operational Manager Legal Services

T: 01446 709407

E: [VDavidson@valeofglamorgan.gov.uk](mailto:VDavidson@valeofglamorgan.gov.uk)

## Future Generations Assessment






<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  Update on proposals for improvement progress – against WAO letter of September 2019.
<b>Proposal: Disclosure of Interest</b>	<b>Date Future Generations Evaluation form completed: 8 June 2020</b>

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?
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposal ensure probity and openness in efforts to augment prosperity and productivity	New open register is available for completeness and full transparency
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	As above	As above

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?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	As above	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The improvements have been made with a view to reflecting on the broad communities of interests and groups and partnerships involved in City Deal	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances		

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

<b>Sustainable Development Principle</b>	<b>Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.</b>	<b>Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The improvements show CCR has strong governance and accountability in place for the short and long-term.</p>	<p>This will be continually built upon.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>All partnerships and groups are reflected in this update report.</p>	<p>This is linked to formal committees as well as informal committees and groups</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Openness to public</p>	<p>Live streaming of public meetings wherein interests are declared and recorded</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>N/A</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>		



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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	Not relevant in this context since the new approach and ways of working apply to all prospective interests and stakeholders		
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	As above	As above	
Welsh Language	As above	As above	

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

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

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

- WAO report Sept 2019
- Evidence and data collated through briefing sessions and questionnaires complete seeking disclosures

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

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

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

The impacts of this proposal will be evaluated on:	Quarterly via the IIF reports to Cabinet and quarterly performance
--	--

**15 JUNE 2020**

---

## **UPDATED REGIONAL CABINET PORTFOLIOS 2020/2021**

### **REPORT OF CCR CITY DEAL DIRECTOR**

#### **AGENDA ITEM 9**

---

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

1. To update the Regional Cabinet Portfolios consistent with the Investment and Intervention Framework; and, with recent changes to the composition and make-up of Regional Cabinet and the election of a new Chair, to ensure all key portfolio areas have a named Cabinet Lead and a clear set of stated responsibilities.

##### **Background**

2. The Investment and Intervention Framework (IIF) was approved by Cabinet on 10 June 2019. One of the elements of this report, in supporting the effective delivery of the framework and deployment of the Wider Investment Fund in line with key strategic priorities, was the agreement of revised Cabinet Portfolio areas. Portfolio leads have been serving across a set of themes and topics, consistent with CCR Industrial and Economic Growth Plan since the IIF was approved in June 2019. Now, with more recent changes to the composition of Regional Cabinet and, the election of a new Chair at the AGM in May 2020 it is time to refresh arrangements and ensure continued fitness for purpose.
3. The roles are in place to provide enhanced accountability for proposals and projects developed through the Investment and Intervention Framework, to provide a figurehead and ambassador for wider awareness purposes and to work with the Chair and Regional Director to ensure that delegated decisions are made in appropriate ways and in keeping with the principles of good governance. In light of recent discussions the Cabinet portfolios have altered slightly and are set out below.
4. Following a process of Expressions of Interests to the Chair, Cllr Anthony Hunt, the following portfolio holders are confirmed as below. It should be noted that two new briefs have been introduced. This means the previously held joint brief around Communications and Engagement now sits with the Chair, with a new portfolio for Technology and 5G and another to reflect the growing priority and body of work around 'TRI' – town regeneration. This helps better reflect work across CCR and Welsh Government and ensures all Members hold briefs that are best aligned to their interests and knowledge-strengths.

- i. Resources, Assurance and Local Evaluation – Councillor Anthony Hunt
- ii. Housing and Clean Growth – Councillor Andrew Morgan
- iii. Planning and the Strategic Development Plan – Councillor Neil Moore
- iv. Learning, Skills and Talent – Councillor Jane Mudd
- v. Innovation, Research and Business – Councillor Peter Fox
- vi. Economic Strategy, Cities and Internationalisation – Councillor Huw Thomas
- vii. Transport and Infrastructure – Councillor Huw David
- viii. Town and Physical Regeneration – Councillor Kevin O’Neil
- ix. Technology and 5G – Councillor Nigel Daniels
- x. Inclusive Growth & Foundational Economy– Councillor Philippa Marsden

## **Reasons for Recommendations**

- 5. To ensure there are clear lines of responsibility, key figureheads and reinforcement of good governance around the operation of the Investment and Intervention Framework, it has been necessary to revise the Cabinet Portfolio positions. This report recommends that the above Leaders and Regional Cabinet Members are confirmed in the revised roles

## **Financial Implications**

- 6. There are no direct financial implications arising from this report.

## **Legal Implications**

- 7. Under the terms of the JWA, no individual Member has decision-making authority. Formal decisions are made at meetings of the Regional Cabinet or pursuant to a delegation to an Officer. It is understood the recommendation in this report, to change the portfolio arrangements, does not alter this. It is further understood, the revision to the portfolio arrangements is not a substantive amendment to the JWA and therefore within Regional Cabinet’s remit to agree, if Cabinet wish to do so.

## **Well-being of Future Generations**

- 8. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
  - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
  - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
  - c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 (‘the Act’) is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales

that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

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

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 national well-being goals;
- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

9. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 2.

## **RECOMMENDATION**

10. It is recommended that the Cardiff Capital Region Regional Cabinet:-

- a) Notes and endorses the Lead Cabinet Portfolio holders as set out in this report.

**Kellie Beirne**  
**Cardiff Capital Region City Deal Director**  
**15 June 2020**

## **Appendices**

- Appendix 1 Regional Cabinet Portfolio Briefs 2020/21  
Appendix 2 Well-being of Future Generations Assessment

**CCR Confirmed Regional Cabinet Portfolios – 2020/2021**

<b>Portfolio</b>	<b>Leader</b>	<b>Content</b>	<b>City Deal Team Lead</b>
Resources, Assurance and Local Evaluation	Cllr Anthony Hunt – as Chair	<ul style="list-style-type: none"> <li>• Liaison with UK and Wales Govts</li> <li>• Gateway Review</li> <li>• Local Evaluation Framework</li> <li>• Joint committee governance/ JWA</li> <li>• Delegations</li> <li>• 5 year business plan</li> <li>• Annual business plan</li> <li>• Scrutiny</li> <li>• Fiscal levers</li> <li>• Risk</li> <li>• Audit/assurance</li> <li>• Communications, Engagement &amp; Marketing</li> </ul>	Hrjinder Singh Rob O'Dwyer Kellie Beirne Suzanne Chesterton
Housing and Clean Growth	Cllr Andrew Morgan	<ul style="list-style-type: none"> <li>• Sites and Premises</li> <li>• Housing Investment Fund</li> <li>• TRI</li> <li>• Low carbon future</li> <li>• Climate change</li> <li>• LEV &amp; EV</li> <li>• Energy mission and net zero carbon</li> </ul>	Hrjinder Singh and Kellie Beirne
Learning, Skills and Talent	Cllr Jane Mudd	<ul style="list-style-type: none"> <li>• Regional Skills Partnership</li> <li>• Skills for Future</li> <li>• GW4</li> <li>• HE and FE engagement</li> <li>• Curriculum change</li> <li>• Employability and welfare to work</li> <li>• Graduate scheme</li> </ul>	Nicola Somerville

<b>Portfolio</b>	<b>Leader</b>	<b>Content</b>	<b>City Deal Team Lead</b>
Strategic Planning	Cllr Neil Moore	<ul style="list-style-type: none"> <li>• Strategic Planning &amp; land-use policy</li> <li>• SDP</li> <li>• National Development Framework</li> <li>• National Infrastructure Commission</li> <li>• Strategic sites</li> <li>• Environmental impact/ sustainable development</li> </ul>	Kellie Beirne
Innovation, Research and Business	Cllr Peter Fox	<ul style="list-style-type: none"> <li>• Research &amp; HEIs</li> <li>• Innovation and R&amp;D programmes</li> <li>• Sectors and clusters</li> <li>• Business engagement</li> <li>• Business Council and REGP</li> <li>• Digital economy</li> <li>• Cluster programmes</li> <li>• Challenge</li> <li>• CSC Foundry Ltd</li> </ul>	Rhys Thomas Rob O'Dwyer Jon Wood
Economic Strategy, Cities and Internationalisation	Cllr Huw Thomas	<ul style="list-style-type: none"> <li>• Industrial Growth Plan</li> <li>• Sectors analysis &amp; data/ AI</li> <li>• Business Council and REGP</li> <li>• Expert panels</li> <li>• UKRI/ WG strategy</li> <li>• Core Cities</li> <li>• Internationalisation</li> <li>• Investment prospectus</li> <li>• Western Gateway</li> </ul>	Rhys Thomas Jon Wood
Transport and Infrastructure	Cllr Huw David	<ul style="list-style-type: none"> <li>• Regional Transport Authority</li> <li>• Digital connectivity</li> <li>• Sustainable transport</li> <li>• Active travel</li> <li>• Air quality</li> </ul>	Kellie Beirne Clare Cameron Joanne Evans

Portfolio	Leader	Content	City Deal Team Lead
		<ul style="list-style-type: none"> <li>• Environment</li> <li>• Transport Plan</li> <li>• Joint Transport Authority</li> </ul>	
TRI – Town Centre and Physical Regeneration	Cllr Kevin O'Neill	<ul style="list-style-type: none"> <li>• TRI programme</li> <li>• Retail centres</li> <li>• Tourism</li> <li>• Physical regeneration</li> <li>• Town initiatives</li> <li>• Local regeneration partnerships</li> </ul>	Nicola Somerville
Technology-led Growth and 5G	Cllr Nigel Daniels	<ul style="list-style-type: none"> <li>• 5G</li> <li>• Digital towns</li> <li>• Low emissions technology</li> <li>• Battery capacity &amp; hydrogen</li> <li>• Tech Valleys</li> <li>• Technology Wales</li> </ul>	
Inclusive Growth & Foundational Economy	Cllr Philippa Marsden	<ul style="list-style-type: none"> <li>• Foundational economy</li> <li>• Wellbeing of Future Generations</li> <li>• Place based strategies</li> <li>• Economic inclusion</li> <li>• Anti-poverty</li> <li>• Valleys Regional Park</li> <li>• Valleys Taskforce</li> <li>• Mutuals/ co-ops</li> <li>• Shared prosperity</li> </ul>	Nicola Somerville Kellie Beirne



## Future Generations Assessment


<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b> With the election of a new chair there is a requirement to revise cabinet portfolio briefs and areas of responsibility
<b>Proposal: Cabinet Portfolios</b>	<b>Date Future Generations Evaluation form completed: 8 June 2020</b>





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

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposals ensure clear areas of responsibility around priority areas including economic growth and shared prosperity	Cabinet members receive information, take part in discussions and have access to all relevant data and insights to support delivery of their briefs
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	As above	CCR – all publications have now been published and are available to public setting out relevant commitments and with Resilience being one of them
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	Wellbeing is set out as a central theme and is also contained within specific brief	

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?
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The priority seeks to make a direct contribution to local wealth building, in order to support key local foundational economies and this is a discrete portfolio area	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	The new priority set is about levelling across the region and ensuring a balance across interventions that will support the wider region and those which will be locally specific.	

## 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 provides medium term leadership focus to the core cabinet committee	This will be under constant review.

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Working together with other partners to deliver objectives</p> <p><small>Collaboration</small></p>	Each cabinet portfolio has a priority set which will require a wide range of involvement and interaction across stakeholders, groups, business organisations and other partners	This is linked to formal committees as well as informal committees and groups
 <p>Involving those with an interest and seeking their views</p> <p><small>Involvement</small></p>	Open meetings and processes for schemes such as challenge calls and all underpinned by an open process for submitting proposals into the investment framework	Live streaming of public meetings
 <p>Putting resources into preventing problems occurring or getting worse</p> <p><small>Prevention</small></p>	N/A	
 <p>Considering impact on all wellbeing goals together and on other bodies</p> <p><small>Integration</small></p>	The proposal seeks to ensure that all briefs are covered and all cabinet members are able to conduct their portfolio areas with optimal effectiveness	

**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 process for choosing cabinet briefs has been an open and transparent one		Monitoring data and evidence required as part of IIF monitoring and evaluation
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	As above	As above	
Welsh Language	As above	As above	

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

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

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

- IIF data
- Previous reports on same subject

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

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

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

The impacts of this proposal will be evaluated on:

Quarterly via the IIF reports to Cabinet and quarterly performance – AGM 2021.

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Tracey Thomas</b></p> <p><b>Phone no: 07581 567679</b>  <b>E-mail: tthomas@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>To set out changes to resourcing requirements for the City Deal Office and recommend that some of the roles are made into permanent roles.</p>
<p><b>Proposal: CCR CITY DEAL – FUTURE RESOURCING REQUIREMENTS</b></p>	<p><b>Date Future Generations Evaluation form completed: 8<sup>th</sup> June 2020</b></p>





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

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The report sets out a proposal to change some roles to permanent status in order to ensure that there is continued and sustainable capacity, capability and resource to deliver against the core objectives of the City Deal.</p>	


Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The report describes a commitment to provide a sustainable workforce for the City Deal Office for the future and an emphasis on recruitment and retention of staff	
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	The report recommends a permanent capacity for inclusive growth a focus on social justice aspects of development.	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	As above.	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The report seeks to provide resilience for the conditions for global visibility and profile.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation		
<b>A more equal Wales</b>	The report seeks to provide sustainability around the capability to better understand and respond to the issues around social justice and more radical inclusion	

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 can fulfil their potential no matter what their background or circumstances		

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	The report provides the long term planning for City Deal Office to ensure that the short term need until Gateway Review is balanced with the planning needs of the future.	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	This report does not change previous reports regarding staffing in City Deal office which were reflective of the partnership offer and the use of inter and multi-disciplines to add value, assets, and resources	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	As above.	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	This report sets out recommendations for resources within City Deal Office which will provide a sustainable workforce for the future.	



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Considering impact on all wellbeing goals together and on other bodies</p>		

**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	All roles which when they become vacant will be open to all and applications welcomed from all, in accordance with skills, values and experience		No negative impacts
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above	As above	

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

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

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

Qualitative analysis of staff views.

**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 sets outs a sustainable workforce for the future.*

**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:**

**As per annual business plan objective**