

# Pecyn Dogfennau Cyhoeddus



- 1 Cardiff Capital Region Cabinet - 10th June 2019.  
<https://www.cardiffcapitalregion.wales/wp-content/uploads/2019/06/ccr-regional-cabinet-10-06-19-agenda-and-items.pdf>



## Bargen Ddinesig Prifddinas-Ranbarth Caerdydd Cyfarfod Cabinet Rhanbarthol a Chyfarfod Blynyddol

10.30am ddydd Llun 10 Mehefin 2019.  
Ystafell Ebbw, Tŷ Penallta, Gyngor Bwrdeistref Sirol Caerffili,  
Parc Tredomen, Ystrad Mynach, CF82 7FQ

### Agenda

1. Croeso ac Ymddiheuriadau
2. Ethol Cadeirydd y Cabinet Rhanbarthol ar gyfer 2019/20  
*Mae'r Cytundeb Cydweithio mewn perthynas â chyflawni Bargen Ddinesig y Prifddinas-Ranbarth Caerdydd yn nodi y bydd Cadeirydd y Pwyllgor ar y Cyd yn aelod etholedig o Gyngor wedi'i benodi i'r Pwyllgor ar y Cyd (Cabinet Rhanbarthol) a bydd yn newid rhwng y Cynghorau bob blwyddyn*
3. Penodi Dirprwy Gadeiryddion  
*I hwyluso gwaith effeithlon y Cabinet Rhanbarthol, cynigir penodi dau Is-gadeirydd o aelodau etholedig y Cabinet Rhanbarthol*
4. Datgan Buddiannau
5. Cofnodion y cyfarfod diwethaf a gynhaliwyd ar 18 Chwefror 2019
6. Cynllun Busnes Blynyddol 2018-19 – Adroddiad Perfformiad Chwarter 4  
*Adroddiad Cyfarwyddwr y Fargen Ddinesig*
7. All-dro 2018/19 Cyllideb Refeniw Terfynol y Cydbwyllgor a Chynnig i Greu Cronfa Wrth Gefn a Neilltuir  
*Adroddiad y Corff Atebol*
8. Datganiad Cyfrifon Drafft 2018/19 (gan gynnwys y Datganiad Llywodraethiant Blynyddol)  
*Adroddiad y Corff Atebol*
9. Cynigion ar gyfer Cynllun Datblygu Strategol (CDS)  
*Adroddiad y Cyng. David Poole a Cyng. Neil Moore*
10. Cronfa Cryfder mewn Lleuedd – WAVE 1 – CS Connected  
*Adroddiad Cyfarwyddwr y Fargen Ddinesig*
11. Fframwaith Buddsoddi ac Ymyrraeth  
*Adroddiad y Cynghorwyr Peter Fox a Huw Thomas*

12. Cynnig ar gyfer MIPIM 2020  
*Adroddiad Cyfarwyddwr y Fargen Ddinesig*
13. Cynllun Gwerthuso Lleol ar gyfer Prifddinas-Ranbarth Caerdydd ac Adroddiad Sylfaen ar gyfer Gwerthusiad Cyntaf y Buddsoddiad Ehangach  
*Adroddiad Cyfarwyddwr y Fargen Ddinesig*
14. Cynllun Archwilio 2019 - Cyd-Gabinet Bargen Ddinesig Prifddinas-Ranbarth Caerdydd  
*Adroddiad Swyddfa Archwilio Cymru*
15. Penodi Prif Swyddog Gweithrediadau  
*Adroddiad Cadeirydd y Panel Penodi – Y Cyng. Anthony Hunt*

**Kellie Beirne**  
**Cyfarwyddwr P-RC**  
**10 Mehefin 2019**



## Cardiff Capital Region City Deal Regional Cabinet Meeting & Annual Meeting

10.30am on Monday 10 June 2019  
Ebbw Room, Penallta House, Caerphilly County Borough Council,  
Tredomen Park, Ystrad Mynach, CF82 7FQ

### Agenda

1. Welcome and Apologies
2. To Elect the Chairperson for the Regional Cabinet for 2019/20  
  
*The Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal provides that the Chairperson of the Joint Committee shall be an elected member representative of a Council appointed to the Joint Committee (Regional Cabinet) and shall rotate amongst the Councils on an annual basis*
3. To Appoint the Deputy Chairpersons  
  
*To facilitate the efficient workings of the Regional Cabinet it is proposed to appoint two Vice Chairpersons, from the elected members representatives of the Regional Cabinet*
4. Declarations of Interest
5. Minutes of the last meeting held on 18 February 2019
6. 2018-19 Annual Business Plan - Quarter 4 Performance Report  
*Report of CCR City Deal Director*
7. 2018/19 Joint Committee Revenue Budget Final Out-Turn and Proposal to Create Earmarked 'Reserves'  
*Report of CCR City Deal Section 151 Officer*
8. 2018/19 Unaudited Statement of Accounts including Annual Governance Statement  
*Report of CCR City Deal Section 151 Officer*
9. Proposals for a Strategic Development Plan (SDP)  
*Report of Cllr David Poole & Cllr Neil Moore*
10. Strength in Places Fund – WAVE 1 – CS Connected *Report of CCR City Deal Director*
11. Investment and Intervention Framework and Toolkit  
*Report of Cllrs Peter Fox and Huw Thomas*

12. Proposal for MIPIM 2020  
*Report of CCR City Deal Director*
13. Local Evaluation Plan for the Cardiff Capital Region & Baseline Report for First Evaluation of the Wider Investment  
*Report of CCR City Deal Director*
14. 2019 Audit Plan – Cardiff Capital Region City Deal Joint Cabinet  
*Report of the Wales Audit Office*
15. Appointment of Chief Operations Officer  
*Report of the Chair of the Appointments Panel – Cllr Anthony Hunt*

**Kellie Beirne**  
**CCR Director**  
**10 June 2019**

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

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CYFARFOD CABINET RHANBARTHOL: 18 CHWEFROR 2019

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**Aelodau Cabinet Rhanbarthol Yn Bresennol:**

Y Cynghorydd Nigel Daniels, Arweinydd	-	Cyngor Blaenau Gwent
Michelle Morris, Rheolwr Gyfarwyddwr	-	Cyngor Blaenau Gwent
Y Cynghorydd Huw David, Arweinydd	-	Cyngor Pen-y-bont ar Ogwr
Mark Shephard, Prif Weithredwr	-	Cyngor Pen-y-bont ar Ogwr
Y Cynghorydd David Poole, Arweinydd	-	Cyngor Caerffili
Christina Harrhy, Prif Weithredwr Dros Dro	-	Cyngor Caerffili
Y Cynghorydd Huw Thomas, Arweinydd	-	Cyngor Caerdydd
Paul Orders, Prif Weithredwr	-	Cyngor Caerdydd
Y Cynghorydd Kevin O'Neill, Arweinydd	-	Cyngor Merthyr Tudful
Gareth Chapman, Prif Weithredwr	-	Cyngor Merthyr Tudful
Y Cynghorydd Peter Fox, Arweinydd	-	Cyngor Sir Fynwy
Paul Matthews, Prif Weithredwr	-	Cyngor Sir Fynwy
Y Cynghorydd Debbie Wilcox, Arweinydd	-	Cyngor Casnewydd
Will Godfrey, Prif Weithredwr	-	Cyngor Casnewydd
Y Cynghorydd Andrew Morgan, Arweinydd (Cadeirydd)-	-	Cyngor Rhondda Cynon Taf
Chris Bradshaw, Prif Weithredwr	-	Cyngor Rhondda Cynon Taf
Y Cynghorydd Anthony Hunt, Arweinydd	-	Cyngor Torfaen
Alison Ward, Prif Weithredwr	-	Cyngor Torfaen
Y Cynghorydd John Thomas, Arweinydd	-	Cyngor Bro Morgannwg
Rob Thomas, Prif Weithredwr	-	Cyngor Bro Morgannwg

**Swyddogion:**

Christine Salter	-	Corff Atebol
Liz Weale	-	Corff Atebol
Hrjinder Singh	-	Corff Atebol
Gareth Gates	-	Corff Atebol
David Marr	-	Cyngor Caerdydd
Alistair Milburn	-	Cyfathrebu Effeithiol
Kellie Beirne	-	Swyddfa Rheoli Rhaglenni y Fargen
Ddinesig		
Nicola Somerville	-	SRhRh y Fargen Ddinesig
Matthew Swindell	-	SRhRh y Fargen Ddinesig

**Wedi eu Gwahodd:**

Ann-Marie Harkin	-	Swyddfa Archwilio Cymru
Alastair McQuade?	-	Swyddfa Archwilio Cymru
Sara-Jayne Byrne	-	Swyddfa Archwilio Cymru
David Rosser	-	Llywodraeth Cymru

## **1. Croeso ac Ymddiheuriadau am Absenoldeb**

Croesawodd y Cynghorydd Morgan y rhai oedd yn bresennol; ni chafwyd ymddiheuriadau am absenoldeb i'w nodi.

Wrth gychwyn y cyfarfod ymddiheurodd y Cynghorydd Andrew Morgan fod y cyfarfod wedi dechrau ychydig yn hwyr.

## **2. Datgan Buddiannau**

Gofynnodd y Cynghorydd Morgan i bob Aelod ddatgan unrhyw fuddiannau perthnasol ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad Aelodau.

Ni wnaed unrhyw ddatganiadau buddiannau gan y rheiny oedd yn bresennol.

## **3. Cofnodion cyfarfod y Cabinet Rhanbarthol a gynhaliwyd ar 17 Rhagfyr 2018**

Derbyniwyd cofnodion drafft y cyfarfod a gynhaliwyd ar 17 Rhagfyr 2018 yn gofnod cywir.

## **4. 2018/19 Sefyllfa Monitro Mis 9 a Diweddariad ar Ddatganiad Cyfrifon.**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Christine Salter, Cyfarwyddwr Corfforaethol Adnoddau ynglŷn â 2018/19 Sefyllfa Monitro Mis 9 a Diweddariad ar Ddatganiad Cyfrifon i'w gymeradwyo.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:

- a) Wedi nodi y gwariant ac incwm gwirioneddol a'r sefyllfa alldro blwyddyn gyfan a ragwelir fel yr oedd ar 31 Rhagfyr 2018 (Mis 9), yn erbyn Cyllideb Refeniw 2018/19 gymeradwy.
- b) Nodwyd yr amserlen arfaethedig i greu Datganiad Cyfrifon nad yw wedi ei archwilio ac wedi ei archwilio ar gyfer 2018/19 fel yr amlinellwyd yn yr adroddiad hwn.

Gofynnodd y Cynghorydd Morgan hefyd am ddiweddariadau rheolaidd ymlaen llaw i'r Cabinet Rhanbarthol yn rhan o gyfarfodydd briffio parhaus cyn dyddiadau statudol Mehefin a Medi 2019.

## **5. Cynllun Busnes Blynyddol 2018-19 – Perfformiad Chwarter 3**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Kellie Beirne, Cyfarwyddwr Prifddinas-Ranbarth Caerdydd ynglŷn â Chynllun Busnes Blynyddol 2018-19 – Perfformiad Chwarter 3 i'w gymeradwyo.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:

- a) Yn nodi'r cynnydd cyffredinol yn ystod Chwarter 2 2018/19, gan gynnwys sefyllfa'r gyllideb a adroddwyd yn Atodiad 5 ac yn gymeradwyo'r hyn pan yn

berthnasol, caiff cyllidebau Cynllun Busnes Blynyddol 2019/20 eu paratoi ar sail y rhagfynegiadau a adroddwyd ar yr amser hwn.

- b) Wedi ystyried a wedi penderfynu ei bod yn dderbyniol cymeradwyo adroddiad perfformio Chwarter 3; ac
- c) Wedi awdurdodi'r Cyfarwyddwr Rhaglen ar gyfer y Fargen Ddinesig - Prifddinas-Ranbarth Caerdydd i gyflwyno'n ffurfiol adroddiad perfformiad Chwarter 3, gan gynnwys gwybodaeth wrth gefn i Lywodraeth y DU ac i Lywodraeth Cymru, ac i randdeiliaid eraill yn ôl yr angen, ar ran y Cabinet Rhanbarthol.

## **6. Cyllideb Refeniw'r Cyd-bwyllgor 2019/20**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Christine Salter, Cyfarwyddwr Corfforaethol Adnoddau, ynglŷn â Chyllideb Refeniw'r Cyd-bwyllgor 2019/20 i'w gymeradwyo.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol yn cymeradwyo:

- a) costau'r Cyd-bwyllgor a osodwyd yn Tabl 1 o'r adroddiad hwn ac sy'n gyfanswm o £1,687,182;
- b) y Gyllideb Flynyddol arfaethedig ar gyfer 2019/20 gwerth £1,089,317 fel yr amlinellir yn yr adroddiad hwn i ddarparu am ran o gostau'r Cyd-bwyllgor ac sy'n cynrychioli cynnydd o 3.7% yn erbyn cyllideb y flwyddyn gynt; a
- c) i falans (£597,865) costau'r Cyd-bwyllgor gael ei dalu gan Gronfa Buddsoddi Ehangach Prifddinas-Ranbarth Caerdydd (sef y rhan o'r cyfraniadau Trysorlys Ei Mawrhydi y cyfeirir atynt yn yr adroddiad hwn fel 'Haen Uchaf y GBE).

## **7. Cynllun Buddsoddi Blynyddol Cronfa Buddsoddi Ehangach 2019/20**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Kellie Beirne, Cyfarwyddwr Prifddinas-Ranbarth Caerdydd ynglŷn â Chynllun Busnes Blynyddol Cronfa Buddsoddi Ehangach 2019/20 i'w ystyried a'i gymeradwyo.

**PENDERFYNWYD:** bod Cabinet Rhanbarthol yn cymeradwyo Cynllun Busnes Blynyddol 2019/20.

## **8. Cynllun Ailstrwythuro ac Adnoddau Sefydliad Swyddfa'r Fargen Ddinesig 2019/20 -2020/21**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Kellie Beirne, Cyfarwyddwr Prifddinas-Ranbarth Caerdydd ynglŷn â Chynllun Ailstrwythuro ac Adnoddau Sefydliad Swyddfa'r Fargen Ddinesig 2018-19 i'w gymeradwyo.

Oherwydd natur y drafodaeth yn ymwneud â Sefydliad Swyddfa'r Fargen Ddinesig, gadawodd rhai swyddogion y cyfarfod, gan gynnwys y rheiny oedd â buddiannau personol o bosib, wrth i'r eitem hon gael ei thrafod a phenderfynu arni.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:



- a) Yn dileu y strwythur presennol ar gyfer Swyddfa Rheoli Rhaglen y Fargen Ddinesig (Atodiad 1) ac yn cymeradwyo'r Cynllun Ailstrwythuro ac Adnoddau ar gyfer Sefydliad Swyddfa'r Fargen Ddinesig yn 2019/20-2020/21 (Atodiad 2);
- b) Yn nodi'r costau ychwanegol o £0.6 miliwn sydd ynghlwm wrth hyn a chymeradwyo'r cynllun ariannu a'r gyllideb arfaethedig sy'n pennu sut y caiff y cynnydd hwn ei reoli gyda'r adnoddau presennol a'r amlen fforddiadwyedd gyfredol;
- c) Nodwyd y risg ynghylch y 3% o haen uchaf y Gronfa Buddsoddi Ehangach a'i digonolrwydd wrth ddarparu am gost y gwaith cefnogi a datblygu sy'n berthnasol i gyflawniad gyflymach – nawr ac yn y dyfodol. Er mwyn cymeradwyo'r egwyddor o sefydlu roi mwy o bwyslais ar yr haen uchaf sef 3% pan ac os bydd angen yn codi – ac yn amodol ar gytundeb gan Lywodraeth y DU – yn unol ag argymhellion Cynllun Busnes Blyneddol 2019/20; a
- d) Cytunwyd sefydlu Panel Penodiadau a'i gynnwys yn unol â darpariaethau'r Cytundeb Gweithio ar y Cyd, er mwyn cychwyn, goruchwylio a gweithredu'r broses recriwtio a dethol ar gyfer y swydd uwch Y Prif Swyddog Gweithredu a gynigir.

## **9. Partneriaeth Twf Economaidd Rhanbarthol – Cynllun Twf Diwylliannol ac Economaidd Cychwynnol**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran y Cynghorydd Peter Fox a'r Cynghorydd Huw Thomas ynglŷn â'r Bartneriaeth Twf Economaidd Rhanbarthol – Cynllun Twf Diwydiannol ac Economaidd Cychwynnol i'w gymeradwyo.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:

- i.) Yn cefnogi'r Cynllun Twf Diwydiannol ac Economaidd Rhanbarthol Cychwynnol ac yn cytuno iddo gael ei gyhoeddi; a
- ii.) Chytunodd i lansio'r Cynllun mewn digwyddiad Bargen Ddinesig Prifddinas-Ranbarth Caerdydd yn ystod Wythnos Cymru yn Llundain ar 28 Chwefror 2019.

## **10. Rhaglen Strategol Amlinellol ar gyfer Metro a Mwy – Rhaglen Cam 1 o gynlluniau 'Symudedd yn y Dyfodol' lleol**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran y Cynghorydd Huw Davies, Cadeirydd yr Awdurdod Trafnidiaeth Lleol ynglŷn â Rhaglen Strategol Amlinellol ar gyfer Cam 1 Metro a Mwy i'w gymeradwyo.

Nododd cydweithwyr y byddai diweddariad ychwanegol yn ymwneud â'r cynnig Metro Canolog mewn egwyddor yn cael ei roi mewn Briffiad i'r Cabinet Rhanbarthol.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:

- a. Yn cytuno mewn egwyddor i Metro a Mwy, rhaglen weithgarwch fel y'i nodir yn yr adroddiad hwn, sydd wedi ei dylunio i ategu a gwella'r cynlluniau Metro a Metro Canolog, i'w datblygu ymhellach a'u cefnogi gan yr Awdurdod Trafnidiaeth Ranbarthol.
- b. Cytunwyd hefyd i ddatblygu ymhellach y cynigion ar gyfer y deg cynllun sy'n cwblhau Cam 1 o'r Rhaglen Metro a Mwy (Rhaglen o Gynlluniau Symudedd Lleol ar gyfer y Dyfodol, wedi eu nodi yn Atodiad 3) (gan gynnwys cynllun addas ar gyfer y dyfodol er mwyn sefydlu seilwaith Cerbydau Trydanol cynhwysfawr) drwy ddatblygu a rhoi Fframwaith Asesu Cyffredin ar waith;
- c. Cymeradwywyd £75,000 o'r Gronfa Buddsoddi Ehangach (Cyllideb Cefnogi Projectau) i ddatblygu yr achos busnes a'r gwaith ar y Strategaeth Cerbydau ag Allyriadau Isel; Modeli Incwm Seilwaith a seilwaith gwefrio ar gyfer tacsis;
- d. Cymeradwywyd y camau a gymerwyd wrth gyflwyno'r Cais ar gyfer y Gronfa Drafnidiaeth Leol ar 18 Ionawr (Atodiad 6); a
- e. Nodwyd hefyd os na fydd yn bosib cael gafael ar y cyd-fuddsoddiad llawn sydd ei angen gan Lywodraeth Cymru, sef £15 miliwn - caiff adroddiad ychwanegol ei gyflwyno i'r Cabinet Rhanbarthol er mwyn nodi'r dewisiadau ar gyfer cynnydd y cynllun.

#### **11. Adolygiad Swyddfa Archwilio Cymru o Drefniadau a Gefnogodd Buddsoddiad Cyntaf Prifddinas-Ranbarth Caerdydd**

Ystyriodd y Cabinet Rhanbarthol adroddiad ar ran Kellie Beirne, Cyfarwyddwr Prifddinas-Ranbarth Caerdydd ynglŷn ag Adolygiad Swyddfa Archwilio Cymru o Drefniadau a Gefnogodd Buddsoddiad Cyntaf Prifddinas-Ranbarth Caerdydd i'w gymeradwyo.

**PENDERFYNWYD:** cytunwyd bod Cabinet Rhanbarthol:

- a) Yn nodi'r adroddiad a'i gynnwys;
- b) Yn nodi'r 'gwersi' a bennwyd yn adroddiad SAC gan gynnwys unrhyw gamau yr ystyrir nad ydynt wedi eu gweithredu eto yng Nghynllun Busnes Blynyddol 2019/20; a
- c) Nodwyd y bydd adroddiad SAC ar gael ar wahân ar wefan CPRC gan sicrhau yn y modd hwn ei fod ar gael i'r cyhoedd yn agored ac yn hygyrch.

Diolchodd y Cynghorydd Morgan i'r cydweithwyr oedd wedi mynychu a daeth y cyfarfod i ben.



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REGIONAL CABINET MEETING: 18 FEBRUARY 2019

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**Regional Cabinet Members Present:**

Cllr Nigel Daniels, Leader	-	Blaenau Gwent Council
Michelle Morris, Managing Director	-	Blaenau Gwent Council
Cllr Huw David, Leader	-	Bridgend Council
Mark Shephard, Chief Exec	-	Bridgend Council
Cllr David Poole, Leader	-	Caerphilly Council
Christina HARRY, Interim Chief Exec	-	Caerphilly Council
Cllr Huw Thomas, Leader	-	Cardiff Council
Paul Orders, Chief Exec	-	Cardiff Council
Cllr Kevin O'Neill, Leader	-	Merthyr Tydfil Council
Gareth Chapman, Chief Exec	-	Merthyr Tydfil Council
Cllr Peter Fox, Leader	-	Monmouthshire Council
Paul Matthews, Chief Exec	-	Monmouthshire Council
Cllr Debbie Wilcox, Leader	-	Newport Council
Will Godfrey, Chief Exec	-	Newport Council
Cllr Andrew Morgan, Leader (Chair)	-	Rhondda Cynon Taf Council
Chris Bradshaw, Chief Exec	-	Rhondda Cynon Taf Council
Cllr Anthony Hunt, Leader	-	Torfaen Council
Alison Ward, Chief Exec	-	Torfaen Council
Cllr John Thomas, Leader	-	Vale of Glamorgan Council
Rob Thomas, Chief Exec	-	Vale of Glamorgan Council

**Officers:**

Christine Salter	-	Accountable Body
Liz Weale	-	Accountable Body
Hrjinder Singh	-	Accountable Body
Gareth Gates	-	Accountable Body
David Marr	-	Cardiff Council
Alistair Milburn	-	Effective Communications
Kellie Beirne	-	City Deal PMO
Nicola Somerville	-	City Deal PMO
Matt Swindell	-	City Deal PMO

**Invited Guests:**

Ann-Marie Harkin	-	Wales Audit Office
Alastair McQuade	-	Wales Audit Office
Sara-Jayne Byrne	-	Wales Audit Office
David Rosser	-	Welsh Government

## **1. Welcome and Apologies for Absence**

Cllr Morgan welcomed colleagues to the meeting; there were no apologies for absence to note.

At the commencement of the meeting, Cllr Andrew Morgan apologised that the meeting had started slightly late.

## **2. Declarations of Interest**

Cllr Morgan asked that all Members declare any relevant interest at the start of the agenda item in question, in accordance with the Members Code of Conduct.

No declarations of interest were made by those present.

## **3. Draft Minutes of Regional Cabinet held on 17<sup>th</sup> December 2018**

The draft minutes of the meeting held on the 17<sup>th</sup> December 2018 were accepted as an accurate record.

## **4. 2018/19 Month 9 Monitoring Position and Update on Statement of Accounts**

The Regional Cabinet considered a report on behalf of Christine Salter, Corporate Director Resources regarding the 2018/19 Month 9 Monitoring Position and Update on Statement of Accounts for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet:

- a) Noted the actual expenditure, income and projected full year out-turn position as at the 31<sup>st</sup> December 2018 (Month 09), against its approved 2018/19 Revenue Budget.
- b) Noted the proposed timetable for the production of both unaudited and audited Statement of Accounts for 2018/19 as outlined in this report.

Cllr Morgan also asked that regular updates be given in advance to Regional Cabinet as part of ongoing Briefing meetings prior to the June and September 2019 statutory dates.

## **5. 2018-19 Annual Business Plan - Quarter 3 Performance**

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding 2018-19 Annual Business Plan - Quarter 3 Performance for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet:

- a) Noted the overall progress at Quarter 3 2018/19, including the budget position reported at Appendix 5 and approve that where relevant, the 2019/20 Annual Business Plan budgets will be prepared on the basis of the projections reported at this time;

- b) Considered and deemed acceptable to approve the Quarter 3 performance report; and
- c) Authorised the Programme Director of the Cardiff Capital Region City Deal to formally submit the Quarter 3 performance report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet.

## **6. 2019/20 Joint Committee Revenue Budget**

The Regional Cabinet considered a report on behalf of Christine Salter, Corporate Director Resources regarding the 2019/20 Joint Committee Revenue Budget for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet approved:

- a) the Joint Committee costs set out in Table 1 of this report and amounting to £1,687,182;
- b) the proposed 2019/20 Annual Budget of £1,089,317 as outlined in this report to meet part of the Joint Committee costs and which represent an increase of 3.7% against the previous year's budget; and
- c) that the balance (£597,865) of the Joint Committee costs be met from the Cardiff Capital Region Wider Investment Fund (namely that part of the HMT contributions referred to in this report as the 'WIF Top-Slice').

## **7. Wider Investment Fund Annual Business Plan 2019/20**

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding Wider Investment Fund Annual Business Plan 2019/20 for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet endorsed and approved the Annual Business Plan 2019/20.

## **8. Establishment of the City Deal Office - Restructure and Resourcing Plan 2019/20-2020-21**

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding Establishment of the City Deal Office - Restructure and Resourcing Plan 2019/20-2020-21 for consideration and approval.

Due to the nature of the discussion concerning the establishment of the City Deal Office, certain officers, including those who had a potential personal interest, left the meeting whilst this item was considered and decided upon.

**RESOLVED:** it was agreed that Regional Cabinet:

- a) Deleted the existing structure for the City Deal Programme Management Office (Appendix 1) and endorse and approve the proposed Restructure and

Resourcing Plan for the establishment of the City Deal Office in 2019/20-2020/21 (Appendix 2);

- b) Noted the additional cost of £0.6M associated with this and approve the financing plan and proposed budget that sets out how this increase will be managed within existing resources and the current affordability envelope;
- c) Noted the risk around the 3% top slice of the Wider Investment Fund and its sufficiency in meeting the cost of support and developmental works associated with accelerating delivery – now and in the future. To endorse establishing the principle of front-loading the 3% top-slice, when and if the need arises – and subject to UK Government agreement – as per the Annual Business Plan 2019/20 recommendations; and
- d) Agreed the establishment and composition of an Appointments Panel in line with the Joint Working Agreement provisions, in order to commence, oversee and enact the recruitment and selection process for the proposed senior post of Chief Operating Officer.

#### **9. Regional Economic Growth Partnership – Initial Industrial and Economic Growth Plan**

The Regional Cabinet considered a report on behalf of Cllr Peter Fox and Cllr Huw Thomas regarding Regional Economic Growth Partnership – Initial Industrial and Economic Growth Plan for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet:

- i.) Endorsed the initial Regional Industrial and Economic Growth Plan and agree to its publication; and
- ii.) Agreed the launch of the Plan at a Cardiff Capital Region City Deal event at Wales in London Week on 28 February 2019.

#### **10. Strategic Outline Programme for Metro Plus - Phase 1 Programme of Local 'Future Mobility' Schemes**

The Regional Cabinet considered a report on behalf of Cllr Huw David, Chair of the Regional Transport Authority regarding Strategic Outline Programme for Metro Plus - Phase 1 Programme of Local 'Future Mobility' Schemes for consideration and approval.

Colleagues noted that a future update concerning the in-principle Metro Central proposal would be given at a Regional Cabinet Briefing.

**RESOLVED:** it was agreed that Regional Cabinet:

- a. Agreed in principle to Metro Plus, a programme of activity as set out in this report, which is designed to complement and enhance the Metro and proposed

Metro Central schemes, to be further developed and supported by the Regional Transport Authority;

- b. Agreed to further develop the proposals for the ten schemes comprising Phase 1 of the Metro Plus Programme (Programme of Local Future Mobility Schemes, set out in appendix 3) (including a fit for future plan for establishing comprehensive Electric Vehicle infrastructure) through the development and application of a Common Assessment Framework;
- c. Approved up to £75,000 from the Wider Investment Fund (Project Support budget) to develop the business case and further the work on the Low Emission Vehicle Strategy; Infrastructure Income Modelling and charging infrastructure for taxis;
- d. Endorsed the action taken in submitting the Local Transport Fund Bid to Welsh Government on 18 January (Appendix 6); and
- e. Noted that should it not prove possible to secure the full required co-investment from WG, of £15m – a further report will be brought back to Regional Cabinet, to set out options through which to progress the scheme.

**11. Welsh Audit Office Review of the Arrangements that Supported Cardiff Capital Region First Investment**

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding Welsh Audit Office Review of the Arrangements that Supported Cardiff Capital Region First Investment for consideration and approval.

**RESOLVED:** it was agreed that Regional Cabinet:

- a) Noted the report and its contents;
- b) Noted the 'lessons' identified in the WAO report and inclusion of any steps judged to be outstanding within the Annual Business Plan 2019/20; and
- c) Noted the WAO report will be made separately available on the CCRCD website thereby ensuring it is publicly and openly available and accessible.

Cllr Morgan thanked colleagues for attending and the meeting was concluded.



**18 FEBRUARY 2019**

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**2018-19 ANNUAL BUSINESS PLAN - QUARTER 4 PERFORMANCE REPORT**

**REPORT OF CARDIFF CAPITAL REGION DIRECTOR**

**AGENDA ITEM: 6**

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**Reason for this Report**

1. To inform key stakeholders, principally, Regional Cabinet and also, Wales and UK Governments of the Quarter 4 reporting position against the 2018/19 City Deal Business Plan, thus discharging the reporting requirements of the Assurance Framework and providing a comprehensive overview of progress.
2. To provide regional Cabinet with an update of actual expenditure and projected full year out-turn as at Quarter 4 against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year 2018/19.
3. To recommend that Regional Cabinet approve the Quarter 4 report, which has been seen and informed by Wales and UK Governments, in order for formal submission to government partners.
4. To note the continued changes to the format, structure and shape of the report, in order to provide a 'balanced scorecard' approach in order to provide a consistent, concise and coherent means of evaluating and monitoring performance and progress.

**Background**

5. Regional Cabinet approved its 2018/19 Annual Business Plan at its meeting on the 26<sup>th</sup> March 2018, which included details of the Wider Investments Fund budgets for that year. The report also provided an overview of the key work streams that would need to be progressed during the year.
6. At its meeting of the 18<sup>th</sup> June, Regional Cabinet received 2018/19 Work Programme, which provided details of the tasks and activities required in the coming year to address the requirements of the Joint Working Agreement and the Assurance Framework. That programme of work was accepted by Regional Cabinet as the Work Programme for the 18/19 financial year, and allowed the required resources to be identified and for progress to be monitored by the Regional Cabinet.
7. That Work Programme also forms the basis of the Quarterly Performance Monitoring Reports which are issued to the UK and Welsh Governments. Changes have been made to the structure, format and shape of the Performance report in order to:



- Situate plans, actions and priorities in the context of the targets that City Deal is required to deliver against;
  - Reduce extraneous information volume; place a clearer emphasis on delivery and provide a one page overview of headline issues and progress;
  - Provide a high-level account of strategy and 'direction of travel' alongside assurance on matters relating to Finance, Risk and Assurance;
  - Set out the key priority areas and activities guiding key interventions under the headings of Programme Delivery; Partnerships; Communications & Reach; Influence & Engagement and required Actions; and,
  - Demonstrate strength in the pillars underpinning delivery of City Deal around Culture, Capacity and Leadership.
8. In September 2018, the ten point plan to evolve the City Deal, in the light of new challenges and opportunities, was implemented. In the intervening seven to eight months, huge strides forward have been made in 2018/19, the most notable of which include:
- The undertaking of comprehensive **sectoral analysis** by Prof Max Munday at Cardiff University, which has established a clear evidence base, knowledge of key sectoral strengths and priorities and potential for comparative advantage. Coupled with this has been success in securing two KESS PhD studentships to develop the CCR data competency and dashboard facility and two MSc Data Science students who will join the team for the summer to work on specific projects;
  - The first city region in UK Government's City Deal Cohort 2 participants to have a full and agreed **Locality Evaluation Framework** in place. We have also received our first (of three) Baseline Report from National Evaluation Panel, Consortium Lead, which will inform the Gateway Review process in 2021.
  - Industry-led leadership of CCR's first **Economic and Industrial Growth Plan** which sets out priority sectors for intervention, signals the importance of inclusive economic growth and commits to growing eco-systems and industrial scale clusters. The Plan was launched in three locations (Caerphilly, London and Cannes) to a diverse audience of investors, businesses, public bodies, community organisations and academic institutions
  - The development of the **Investment and Intervention Framework** in close collaboration with the Regional Economic Growth Partnership in order to complete the Assurance Framework; establish three funds for priority intervention (Innovation, Infrastructure and Challenge) and set out the way in which City Deal intends to do business through the principles of 'evergreen', co-investment and challenge-led approaches
  - Extending **reach and influence** – developing closer links with Innovate UK through co-investment; UKRI Board through membership of the WG Science Advisory Council, links with the Royal Society and the Wales Government's London Office; the UK2070 Commission and, stepping up substantially social media reach and press reports, marketing activity and creating the CCR brand and reaching new audiences and investors through keynote addresses at scores of conferences, events and networks
  - **Accelerating delivery:** successful notification of SIPP ph 1 for the Compound Semiconductor Cluster; development of medical tools and diagnostics bid for Wave

2 SIFP; development and launch of CCR Graduate Scheme, approval of the case for Metro Plus and the energy, skills and digital model to support it (Low Vehicle Emissions, on-site renewables and Electric Vehicle Infrastructure). Two successful SBRI bids and three successful Govtech bids as well as the initial procurement work on a Housing Catalyst Fund. CCR has also received successful notification via WEFO for its first stage submission under the Institutional Capacity Call for a Public Services Testbed

- **Progress against targets:** with the first investment made by City Deal in the CSC Foundry, 60 new high-skill jobs have been created and recruited to, with a further 55 in progress in the CSA Catapult Centre. According to the UK Competitive Index 2019, Cardiff Capital Region is the second most improved region in competitiveness terms and ONS figures published on workplace analysis through the Annual Population Survey (April 2019) shows there are now c700,000 jobs in the Cardiff Capital Region.
- Establishing the **City Deal Office** with a new base in Tredomen, agreement of a new fit for purpose resourcing plan and the development of expertise, resources and assets across multiple partners, collaborations and networks
- **Strengthening the back office** – City Deal budget is on target; performance monitoring is consistently demonstrating key points of progress; the local evaluation framework is agreed; the Annual Governance Statement is in place as well as a comprehensive Risk Register and regular reports and updates are made to government colleagues and partners
- **Withstanding key governance tests** - City Deal has committed to developing a Strategic Development Plan – a first regional land use framework – reported to Regional Cabinet on 10 June 2019.
- **Internationalisation** – a good deal of focus has been spent on building the brand and developing a profile through engagement in shaping Wave 3 of Ser Cymru, launching the Industrial Growth Plan at Wales in London Week and participating in MIPIM 2019. Added to this are the developing links with the South West of England and membership of GW4
- **Building a region** – City Deal as seen against the backdrop of new challenges and tests takes on a greater significance. Beyond delivering a funding programme, developments such as Brexit and the loss of EU funding means that City Deal is our key means through which to build a sustainable, resilient and more self-reliant future for the region. In this respect, City Deal has started to carve out new principles and ways of working (co-investment, evergreen and challenge led investment) the practice for which is being sought after and replicated by others. CCR officers are in knowledge transfer discussions with several other City Deals ongoing across all parts of the UK.

9. It should be further noted that these changes and the furtherance of the above outcomes has now been embedded as part of the new Annual Business Plan for 2019/20 and reporting requirements will therefore be aligned with this consolidated approach from April 1<sup>st</sup> 2019. The detail ordinarily contained within this report is now set out in the attached appendices:

- Appendix 1: CCR City Deal Quarter 4 Performance 'Balanced Scorecard'
- Appendix 2: CCR City Deal Quarter 4 detailed Work Programme Update
- Appendix 3: AGS Quarter 4 Update (containing the Risk Log)
- Appendix 4: Internal Audit Action Plan
- Appendix 5: Wider Investment Funds Budget Quarter 4 Update

- Appendix 6: Wellbeing of Future Generations Assessment

## Legal Implications

10. The report sets out the Quarter 4 performance and is submitted to Regional Cabinet for consideration pursuant to the reporting requirements within the Cardiff Capital Region City Deal Assurance Framework. As regards individual projects referred to in the Work Programme, then legal advice on those projects will be reflected in the relevant reports as and when such matters are reported to Regional Cabinet.

## Wellbeing of Future Generations

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 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.
12. 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.

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

## **Financial Implications**

14. Regional Cabinet approved its 2018/19 Annual Business Plan and the associated budgets at its meeting of the 26<sup>th</sup> March 2018. Appendix 5 provides an update as at Quarter 4, which in summary indicates:

### Wider Investment Fund Top-Slice (£742,500)

15. The final 2018/19 underspend against this budget amounts to -£571,493. The full value of any underspend is available to support the WIF Top-Slice in future years, subject always to observing the 3% cap (annual and cumulative) as approved by Regional Cabinet.
16. The underspend consists of -£110,184 against the budget set aside for Regional Bodies and -£350,366 against the Programme Development & Support Budget (to support the 'Project Delivery Pipeline'. In addition, investment income totalling -£110,943 was received during the year in respect of unspent HMT revenue grant funding.

### 2018/19 Approved Project Budgets (£13,840,000)

17. Due to changes in the project's programme of work, there is slippage of £1,381,600 (or 10.1%) against the CSC Foundry Ltd's approved capital budget. Based on the revised programme, this amount is expected to be drawn down and fully utilised in 2019/20.

### 2018/19 In-Year Project Approvals

18. The 2018/19 Annual Business Plan contained uncommitted revenue and capital resources of £1.000 million and £4.015 million respectively. These resources were put in place to provide Regional Cabinet with a level of flexibility to approve additional sums during the year in the event that In-Principle and/or emerging projects found themselves in a position to be allocated approved project funding during 2018/19.
19. On 17<sup>th</sup> December 2018, Regional Cabinet approved the CCR Graduate Scheme with an indicative 2018/19 budget requirement of £31,450 to be funded from the revenue resources set aside in the 2018/19 Business Plan. As at the 31<sup>st</sup> March 2019, £7,034 had been spent against this budget, with the remaining £24,416 being carried forward to fund costs which will now be incurred in 2019/20. There were no other revenue resource commitments identified during 2018/19.
20. As outlined in previous monitoring reports, no in-year capital resource requirements have been identified during 2018/19. Given the current status of the Project Delivery Pipeline, Regional Cabinet at its meeting of the 18<sup>th</sup> February approved the slipping of this capital sum (£4.015M) forward, two years to financial year 2020/21, based on the projected out-turn positions at that time. It is normal practice to include projections (at

a point in time) within future year budgets, which are then subsequently updated to reflect the final out-turn position, once this has been established.

21. Regional Cabinet should note that the 2019/20 Annual Business Plan (ABP) incorporates the positions outlined above, to the extent these impact on budgets incorporated within the ABP. It is normal practice to include projections (at a point in time) within future year budgets, which are then subsequently updated to reflect the final out-turn position, once this has been established. Any material changes will be reported to Regional Cabinet as part of the regular budget monitoring reports.

## **RECOMMENDATIONS**

22. It is recommended that the Cardiff Capital Region Joint Cabinet:
  1. Note the overall progress at Quarter 4 2018/19, including the budget position reported at Appendix 5 and approve that where relevant, the 2019/20 Annual Business Plan budgets will be prepared on the basis of the projections reported at this time
  2. Consider and if deemed acceptable, approve the Quarter 4 performance report
  3. Authorise th Director of the Cardiff Capital Region City Deal to formally submit the Quarter 4 performance report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

Appendix 1	CCR City Deal Quarter 4 Performance 'Balanced Scorecard'
Appendix 2	CCR City Deal Quarter 4 detailed Work Programme Update
Appendix 3	AGS Quarter 4 Update (containing the Risk Log)
Appendix 4	Internal Audit Action Plan
Appendix 5	Wider Investment Funds Budget Quarter 4 Update
Appendix 6	Wellbeing of Future Generations Assessment

GOOD GROWTH SUPPORTING & DELIVERING 5% GVA UPLIFT, 25K NEW JOBS & £4BN LEVERAGE

**STRATEGY & DIRECTION**

- CCR competitiveness analysis produced
- Industrial and Economic Growth Plan launched and published
- X4 reports commissioned and underway to inform long-term energy planning around sustainable transport (Metro Plus)
- Written/verbal evidence given to EIS Committee on RSPs in March 19
- Draft final version of the Intervention and Investment framework produced and awaiting decision (June 2019)
- Work nearing completion (May 2019) on Skills for Future, Strategic Sites and Premises and Digital Framework & procurement of Housing Fund
- Strength in Places – phase 2 ‘seed’ approval notified
- Work commissioned to inform a Clean Growth mission for CCR
- Framework and governance arrangements for SDP agreed in principle
- CCR response to WG proposals for creation of Joint Transport Authorities

**FINANCE & ASSURANCE**

- Three meetings held of CCR City Deal Overview and Scrutiny meeting now held and external training session delivered, with an agreed annual work plan in place
- Investment and Intervention enhancements to governance suggested by Investment Framework (establishment of Investment Panel and refreshed Programme/ CEX Board) underway
- Work on the Investment Fund to be translated into a supplemental and business friendly Assurance Framework by Local Partnership – underway with Metro Plus SOP as first test case
- Work on Metro Plus ‘Common Assessment Framework’ underway
- Production of consolidated Statement of Accounts underway
- Financial reporting for Q4 – posted and on budget
- Outturn report – awaiting approval (June 2019) and containing comprehensive Annual Governance Statement and updated Risk Log
- Agreed Local Evaluation Framework for SQW ‘one year out’ report to inform Gateway Review – awaiting formal approval (June 2019)
- 2019/20 Cabinet and Partnerships planner produced and operational

**PROGRAMME PIPELINE & DELIVERY**

- Draft project pipeline in development to underpin Investment framework
- Strategic Outline Programme approved for Metro Plus – programme management underway and all relevant supporting studies commissioned
- Graduate scheme operational with staff appointed and all promotional material underway
- Procurement of Housing Catalyst Fund underway
- Business case production for Strength in Places CS Cluster bid underway with economic analysis commissioned for submission in Sept 2019
- Work underway on Strength in Places 2 for CCR bid on Medical Tools and Diagnostics
- CSA Catapult co-located with CSC Foundry May’19 with 5 year business plan and budget in place
- Outline submission to WEFO ‘Building Institutional Capacity’ for Public Services Testbed
- LFFN submission revisions pending with agreement to work with WG on a regional scheme
- Interest expressed on £400m EV scheme, transport SBRI & 2 successful SBRI for Bridgend (energy) and Monmouthshire (food security)
- Torfaen successful Govtech bid addition to Monmouthshire
- Scheme proposal CS Cluster received

**PARTNERSHIPS**

- Regional Economic Growth Partnership:
- Regional Industrial Plan launched in Caerphilly, London and Cannes
  - Formation of Investment Panel
  - Secured PhD studentships to inform data insight & foresight
  - Commitment for bi-annual reports secured from Board of UKRI
  - Assistance to Swansea Bay CD
  - Secured speaking slot at CBI Spring event
  - Institutional Investor meetings lined up
  - Dinner with Ian Campbell and IUK – co-investment and delivery
- Regional Business Council:
- Sectoral groups now established
  - Communications plan established
  - Post MIPIM event planned for 1 May
  - New member appointment process
  - Roundtable event with BSA
  - Business Plan prepared and awaiting approval – June 2019
- Regional Skills Partnership
- Q2 performance report approved
  - Scheme developments on STEM & hard to reach young people underway
  - Stakeholder workshops held and evidence to EIS Committee
  - Planning for a youth regional forum
- RTA:
- SOP approved for Metro Plus
  - Response to JTA consultation

**COMMUNICATIONS, MARKETING & REACH**

- Press: Coverage has increased significantly, from 7 pieces in Q3 to 46 in Q4. Direct coverage by CCR has quintupled from Q3-Q4
- Website: Website has received more traffic – 2,000 clicks up on Q3
- Website: Overall page views has increased by 10,000 from Q3-Q4
- Website: Biggest news story: 50m Metro Plus Plans
- Social Media: 13% increase in followers; number of posts from CCR City Deal account has tripled, & there are more frequent posts (328% increase)
- Social Media: More engagement, which has quintupled and was over 10K in Q4
- Website: 4803 overall visitors & page views 18869
- Twitter: 2565 followers
- Twitter: 346.9k impressions
- Twitter engagement: 10,773
- City Deal featured in top 20 Women in Business and Wales’ most influential women (Western Mail)
- MIPIM coverage report appended to MIPIM Report

**INFLUENCE & ENGAGEMENT**

- CCRCD keynote speeches/ inputs to:
  - Various keynotes and panel contributions at MIPIM 2019
  - Science Advisory Council for Wales
  - UKRI Meeting with Cardiff University and Rebecca Endean
  - CS Connected
  - Royal Society events on net zero carbon and 2.4% R&D target
  - Study trip Belfast 2019 – invite received
  - Innovation Point Board, Caerphilly CBC & Monmouthshire CC
  - National Infrastructure Commission
- Commitment from UKRI Board members to provide bi-annual updates from UKRO direct to REGP
- Representation on Regional Investment Panel, Valleys Taskforce, Foundational Economy Advisory Group
- Selected to run Wales event on UK Commission 2070
- Request for City Deal to take on lead responsibility for Valleys Taskforce Regional Park programme

**ACTIONS PENDING**

- Operationalise Innovation and Investment framework with all related governance enhancements
- CCR MIPIM Launch 2020
- Compete all outstanding commissions to further the delivery programme – skills, energy, digital and housing and sites and premises
- Comprehensive proposals pending on SIPF 1 & 2 Compound semi-conductors and medical tools and diagnostics
- Respond to formal Shared
- Clarify position on topslice of Wider Investment Fund for resource and capacity investment – proposal now awaited
- Clarify position on treatment of leverage in the Gateway Review and target revision
- Focus work of s151 group on making progress with wider fiscal programme and measures - NNDR
- Production of Investment Prospectus now in train along with Investment Guidance and Manual
- Launch CCR Energy Mission
- Launch CCR Foundational Economy Challenge

KEY ACTIVITIES

**CULTURE, CAPACITY & LEADERSHIP**

- PhD KES studentships to commence in May 2019
- Additional support secured for expert programme management
- Prince2 Training for all City Deal Office staff
- Challenge prize training – delivered
- Knowledge development: KTN and bi-weekly team briefings
- CCRCD role in assessing current round of SBRI Accelerator bids
- CCRCD Director appointed to Chief Scientific Adviser’s Panel Wales

**Cardiff Capital Region City Deal Work Programme 2018-19**  
**Evolving our City Deal – Areas to Shape Emerging Regional Plan and Approach**

**(1) DATA RICH – EVALUATION READY**

<b>To address the issue of low levels of data insight and foresight and to ensure we have a robust baseline from which track progress and key advancements</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<ul style="list-style-type: none"> <li>Commission sectoral analysis and an overview of competitiveness as regional and place level</li> </ul>		Work underway	First report due in Dec 2019	Final report received and embedded into Economic and Industrial Growth Plan
<ul style="list-style-type: none"> <li>Commission work on a data dashboard to provide a portal that brings together and makes sense of data sources that are relevant to tracking and telling the story of the region</li> </ul>			Commissioned and due in Q2-3 2019/20	Underway and expected in Q2 2019/20
<ul style="list-style-type: none"> <li>Adopt the National Evaluation Framework and work with SQW to develop the local evaluation frameworks, logic models and plans to inform the work needed for the Gateway review</li> </ul>		Report approved by Cabinet in Sept 2018		Local Evaluation Framework fully agreed – awaiting cabinet approval
<ul style="list-style-type: none"> <li>Action in conjunction with SQW, the first set of stakeholder surveys and interview to inform the work needed for the Gateway Review</li> </ul>		Preparation work underway	Phase 1 to be completed	Completed
<ul style="list-style-type: none"> <li>Secure investment through the KES Studentship scheme for PhD student to join the City Deal Office to inform and develop data capacity and competency</li> </ul>			Secured with start date of April/ May 2019	

<b>To address the issue of low levels of data insight and foresight and to ensure we have a robust baseline from which track progress and key advancements</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<ul style="list-style-type: none"> <li>Complete the work commenced by Data Cymru on the Regional Skills database</li> </ul>			Completed	Now being amalgamated with sectoral analysis work

**(2) SETTING OUR STALL OUT – REGIONAL INDUSTRIAL STRATEGY / PLAN**

<b>To set out our core competitive strengths and have a key means of engaging with the WG Economic Action Plan and the UK Industrial Strategy</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
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<ul style="list-style-type: none"> <li>Develop context to the JWA five year business plan</li> </ul>			Draft complete	Cabinet approval in Feb '19 launched in Caerphilly, London and Cannes
<ul style="list-style-type: none"> <li>Set out core competitive and sectoral strengths and demonstrate synergies with Four Grand Challenges &amp; priorities featuring in the Economic Action Plan</li> </ul>			As above	As above
<ul style="list-style-type: none"> <li>Work with Welsh and UK Government to respond to the Local Industrial Strategy guidance and provide the first Industrial Strategy in Wales</li> </ul>			Opportunity set out in Cabinet Report Dec 2018	Agreement reached with WG to produce single economic framework for region
<ul style="list-style-type: none"> <li>Demonstrate increased number of submissions into the Industrial Strategy Challenge Fund</li> </ul>			Submissions made to: Energy Revolution	Notification of successful phase 1



			SIPF Stations of Future	SIPF for CS Connected. Final submission underway. Second submission into SIPF 2 underway for Medical Tools
<ul style="list-style-type: none"> <li>Convert the core elements of the Industrial Strategy/ Plan into a CCR Investment Prospectus and to be ready for MIPIM in March 2019</li> </ul>				1 <sup>st</sup> draft

**(3) DELIVERY PIPELINE 'ECO-SYSTEM'**

<b>To develop the tools needed to enact robust assessment and decision-making in line with our key targets (GVA, jobs and leverage) and to monitor delivery against current work streams and projects</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
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<ul style="list-style-type: none"> <li>Develop an integrated project pipeline document to be monitored and assessed by Regional Cabinet and informed by the REGP by end of 2018/19</li> </ul>			Work has commenced	To be completed in line with IIF
<ul style="list-style-type: none"> <li>Develop and bring forward for approval by UK Govt, Wales Govt and CCR Cabinet, a new Investment and Intervention Framework and the establishment of three sub-funds to establish the criteria and evaluation tools for investment decision-making</li> </ul>			Work has commenced and Local Partnerships commissioned	Awaiting cabinet approval
<ul style="list-style-type: none"> <li>Once approved, launch the three funds in early 2019 – Regional Infrastructure Fund, Challenge Fund and Innovation Investment Fund</li> </ul>				Q1 & 2 2019/20
<ul style="list-style-type: none"> <li>Preparation of the Annual Business Plan for 2019/20</li> </ul>				Completed & approved in Feb '19

<b>KEY PROGRAMMES (lifted from Annual Business Plan)</b>				
<p><b>Regional Skills Partnership</b></p> <ul style="list-style-type: none"> <li>Redesign LSKIP to become CCR Employment and Skills Board</li> <li>Plan delivery of WG contractual requirements</li> <li>Develop a CCR Employability Plan</li> </ul> <p><b>Skills for the Future</b></p> <ul style="list-style-type: none"> <li>To produce the Outline Business Case</li> <li>To produce a full business case by August 2018</li> <li>To initiate phase 1 delivery</li> </ul> <p><b>Connecting the Region</b></p> <ul style="list-style-type: none"> <li>RTA Meetings to take place quarterly with progress reports to Joint Cabinet</li> <li>Finalise consultation on Regional Transport Plan</li> <li>Secure agreement of all 10 Councils for Regional Transport Strategy</li> <li>RTA to oversee development of Metro Plus scheme</li> <li>To prepare a programme business case for Metro Central in Cardiff Central Square and Business District</li> </ul> <p><b>Digital</b></p> <ul style="list-style-type: none"> <li>Secure project development support to design proposals for regional digital infrastructure</li> </ul>			<p>Reg Skills Partnership – now to be Transferred to NCC, Skills lead</p> <p>CITB secondment in place</p>	
			Q1 submitted and feedback received	As above
				Underway under auspices of RSP
			Re-worked bus case underway. Nesta commissioned. Graduate scheme for approval to Regional Cabinet Dec '18	Prog of quick wins underway Graduate Scheme approved and operational
			Complete	Nesta report due in Q1 2019/20
			Underway	Metro Plus SOP approved Feb '19 Cabinet and scheme development underway. Update pending Metro Central

<ul style="list-style-type: none"> <li>• Prepare a development plan business case for digital infrastructure OBC</li> <li>• To report to Regional Cabinet to progress</li> <li>• Sign up to Open Data Licence</li> </ul> <p><b>Housing Investment Fund</b></p> <ul style="list-style-type: none"> <li>• Secure project development support to enable design and development of proposal</li> <li>• To prepare and develop business case</li> <li>• To report to regional Cabinet on progress in forming a Fund and comply with Assurance Framework to secure investment alongside WG</li> </ul> <p><b>Strategic Sites and Premises</b></p> <ul style="list-style-type: none"> <li>• Identify agreed list of strategic sites</li> <li>• Prioritise into short/med/long terms opportunities with WG</li> <li>• Explore sources of investment and report findings</li> <li>• Explore potential for a Regional Development Fund supported by WG and City Deal</li> <li>• Establish a strategic property register</li> <li>• Identify sources of investment for sites and premises redevelopment and development</li> </ul> <p><b>Visitor Economy</b></p> <ul style="list-style-type: none"> <li>• Produce regional visitor economy plan and for Regional Cabinet agreement</li> <li>• Review constitution of Destination Management Group</li> <li>• Identify and secure opportunities for delivery against the Plan</li> <li>• WG resources and City Deal resources to be aligned for delivery in CCR</li> </ul> <p><b>Energy</b></p>			<p>Underway OBC in draft and consultation day with EGP 12.12 Completed</p> <p>Business case underway with Dev Bank</p> <p>Phase work identified key sites and premises agreed with WG. Phase 2 work commissioned Work handed over to City Deal office</p> <p>Draft Plan produced Update to Regional Cabinet in Dec 2019</p>	<p>Revision work to Digital framework underway – contained in ABP 2019/20</p> <p>Discussion commenced with WG re: regional infrastructure plan and trunk road opportunity</p> <p>Procurement advert devised – report to Cabinet Q1 2019/20</p> <p>Interim report on Phase 2 work due in May 2019</p> <p>Site list and data visualisation to be complete</p> <p>To be completed. Interim report is ready</p>
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<ul style="list-style-type: none"> <li>• Identify regional investment opportunities in key renewable energy schemes, industrial energy management and manufacturing technologies</li> <li>• Identify and secure potential resources</li> <li>• Regional sustainable energy plan</li> </ul> <p><b>Urban Renewal</b></p> <ul style="list-style-type: none"> <li>• Develop proposals that revitalise town centres and urban locations</li> <li>• Identify all sources of funding to enhance centres and towns and opportunities for job creation and secure TRI</li> </ul> <p><b>Innovation &amp; Entrepreneurial Activity</b></p> <ul style="list-style-type: none"> <li>• Support meetings of RBC and report recommendations to regional Cabinet and investment support for proposals</li> <li>• Secure project development support for the Technology Venture Capital Fund and secure investment support and decision through partners and Assurance Framework</li> <li>• Report progress on National Software Academy and development of National Cyber Academy</li> <li>• Public Services testbed to be rolled out and developed</li> <li>• Support and develop internationally renowned CSC Cluster</li> <li>• Support CSC Foundry Ltd and development of Foundry</li> </ul>			<p>Local Partnerships pro bono input Stations of Future submitted X two Energy Revolution schemes secured</p> <p>TRI proposals secured Bi-monthly TRI meetings</p> <p>MIPIM report supported 09.18 Superseded by Investment Framework Not relevant at this time</p> <p>SIPF bid submitted</p>	<p>Energy workshops held March and April 2019. Clean Growth mission work underway – as per ABP 2019/20</p> <p>2018/19 TRI schemes underway with 90% spend on target</p> <p>Ongoing. Tech fund incorporated into IIF</p> <p>EOI to be submitted to WEFO</p> <p>SIPF – notification and seed award secured</p>
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**(4) CONSOLIDATED & EFFECTIVE 'GOOD GOVERNANCE'**

To establish a streamlined effective 'good governance' that utilises the full range of talents, skills and assets available to City Deal	Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> <li>Develop the detailed 'Evaluation Criteria, Methodology and Weightings' along with a range of 'practical, user-friendly guidance notes' which support the Assurance Framework that demonstrates we are open for business and the way in which that business will be conducted</li> </ul>			Under-way	Awaiting approval
<ul style="list-style-type: none"> <li>Re-visit the number, variety, composition and frequency of the plethora of groups, partnerships and fora developed to support City Deal and streamline, consolidate and schedule into an appropriate and supportive governance network by end of Quarter 4</li> </ul>				Incomplete – ABP 2019/20
<ul style="list-style-type: none"> <li>Transfer the 'host' authority status for the Regional Skills Partnership to lead body, Newport City Council</li> </ul>			Transition period in effect	Complete
<ul style="list-style-type: none"> <li>Put in place arrangements for transitioning Lead Authority responsibility for CSC Foundry Ltd during 2019/20, including meeting all statutory requirements.</li> </ul>				Underway
<ul style="list-style-type: none"> <li>Develop and monitor a concise and coherent Risk Register and complete work around City Deal wider Risk Environment</li> </ul>			Actioned	Risk register in place and shared with WAO
<ul style="list-style-type: none"> <li>Develop and implement a comprehensive Annual Governance Statement</li> </ul>			Actioned	Actioned and 2018/19 update pending
<ul style="list-style-type: none"> <li>Quarterly Financial Monitoring Reports to Regional Cabinet, Welsh Government and UK Government</li> </ul>			Actioned	Actioned
<ul style="list-style-type: none"> <li>Develop a new Future Generations/ Sustainability Assessment to demonstrate that all decisions are foregrounded in FG considerations</li> </ul>			Actioned	

<ul style="list-style-type: none"> <li>Actively contribute to and develop presence and profile at UK Govt Steering Group Meetings, Pan-UK Implementation Panel and all relevant cross-government partnerships</li> </ul>			Actioned	Actioned
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**(5) DEVELOP CITY DEAL INFLUENCE, PROFILE & VISIBILITY**

<b>To establish the profile and visibility of the City Deal and City Region with key decision-makers, investment sources and the people and organisations who can help grow our high potential ideas</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
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<ul style="list-style-type: none"> <li>Address full range of external partnerships, events, investment community and others to develop understanding of the purpose and profile of CCR</li> </ul>		City Deal input at 5 events	City Deal inputs to 20 events	15 events supported and attended
<ul style="list-style-type: none"> <li>Develop relationship with UKRI and Innovate UK through direct interaction, University-led partnerships and input into key policy and strategy development</li> </ul>			CCRCD on GW4 Partnership	Support for Royal Society events and CSA Panel
<ul style="list-style-type: none"> <li>Further develop relationship with WG and regional working structures and strategies</li> </ul>			Director appointed to CSA Council	Appointment to Reg Inv Panel
<ul style="list-style-type: none"> <li>Develop role of REGP as industrial figure-heads supporting CCR and CCRCD</li> </ul>			REGP lead on Industrial Plan, data & investment framework	Invite to support Swansea
<ul style="list-style-type: none"> <li>Obtain a seat for CCRCD at UKRI level by 2021</li> </ul>			ongoing	On-going

**(6) CREATE 'OFFICE OF CITY DEAL'**

**Develop a professional, efficient and sufficiently resourced City Deal Office capable of driving and delivering step change in the region**

	Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> <li>Define and make a case for the capability and capacity needed to underpin delivery with a Resourcing Plan bringing forward for decision in January 2019</li> </ul>			Early thinking developed	Restructure & Resourcing Plan approved and recruitment underway
<ul style="list-style-type: none"> <li>Develop branding and marketing required to establish the City Deal core identity and brand and value proposition</li> </ul>			Prototype designs established	Plans on track in Readiness for MIPIM 2019 and all branding in place
<ul style="list-style-type: none"> <li>Establish a new CDO presence at the Innovation and Technology Centre in Tredomen with a clear 'front of house' provision</li> </ul>			CDO move date 10 Dec	Complete
<ul style="list-style-type: none"> <li>Launch the new City Deal website</li> </ul>			Completed	Complete
<ul style="list-style-type: none"> <li>Develop a comprehensive Communications plan and set targets for reach, profile and sentiment assessment</li> </ul>			Draft developed	ongoing
<ul style="list-style-type: none"> <li>Develop a targeted social media campaign</li> </ul>				Ongoing – significantly improved results reported in Q4

**(7) REFOCUS ROLE OF INDUSTRY & ENHANCE LOCAL LEADERSHIP**

To demonstrate City Deal is enabled and overseen by strong local leadership alongside strong and vibrant industrial leadership	Q1	Q2	Q3	Q4
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<ul style="list-style-type: none"> <li>Develop a challenge-led approach which focuses on Regional Cabinet’s approach and commitment to understanding and solving big problems in region</li> </ul>			Part of Investment Framework - underway	Part of Investment Framework – awaiting approval
<ul style="list-style-type: none"> <li>Develop the ‘good growth’ proposition and articulate ambitions for growth that is sustainable and inclusive</li> </ul>			Part of Comms Plan - underway	Embedded in strapline & dedicated post and role
<ul style="list-style-type: none"> <li>Work with Regional Business Council to establish the 2018/19 Business Plan to articulate their priorities and key activities to engage and involve the business community</li> </ul>			For decision Dec 2018	Underway – Q1 2019/20
<ul style="list-style-type: none"> <li>Support the increasing profile and growing programme of work of the Regional Economic Growth Partnership</li> </ul>			Industrial Plan, data and investment framework	Underway – plan for 2019/20 produced
<ul style="list-style-type: none"> <li>Develop and submit proposal to WEFO for building Institutional Capacity – Public Services testbed</li> </ul>			underway	Completed

**(8) CHALLENGE FOCUSED & MISSION-LED**

Growing our ability to secure investment on a competitive basis	Q1	Q2	Q3	Q4
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<ul style="list-style-type: none"> <li>Develop a challenge-fund to align with UKRI and UKIS 4 Grand Challenges</li> </ul>			Underway as part of investment	Draft produced and Challenge Prize Centre
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			framework work	training delivered. Discussion with WG re: collective challenge prize on Foundational Economy
• Secure co-investment commitments from Innovate UK and WG			Proposal paper to be developed by InnovateUK	In principle agreements
• Document learning from successful SBRI and GovTech work				Commenced through SBRI Accelerator
• Engage with work of Nesta's Challenge Prize Centre			Contact established	Completed
• Develop competency around Open Data and Open Data-led projects and propositions through the Digital OBC work				Commenced through SBRI Accelerator
• Secure UKRI resources in 5 major investment programmes in 2019/20				ongoing

### **(9) INTERNATIONALISM & COMPETITIVE ADVANTAGE**

<b>To grow the global reach and profile of CCR and CCRC and develop and market our comparative advantage</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
• Produce Investment prospectus by March 2019 for MIPIM that promotes both the region's liveability and investability				Draft produced

<ul style="list-style-type: none"> <li>Promote region at MIPIM 2019 and work with Dept for IT to promote regionally significant scale projects and propositions in its Prospectus and take-up Panel opportunities</li> </ul>			Contact established and drafts in development	Complete
<ul style="list-style-type: none"> <li>Support and sponsor Wales Week in London 2019</li> </ul>			Confirmed	Launch event successful in for 28 Feb & at Cannes in March 2019
<ul style="list-style-type: none"> <li>Develop links with the Vanguard and Manumix and the wealth of Knowledge Transfer Partnerships &amp; programmes, bringing global great practice into the region</li> </ul>			KTN participation with Innovate UK	Underway through WG Innovation
<ul style="list-style-type: none"> <li>Promote our commitment to sustainable development through more targeted activity with public purpose organisations – Bcorps, Co-ops and employee-owned organisations and through a commitment to the Circular Economy</li> </ul>			Yet to progress	ABP 2019/20

#### (10) TOWARDS A MORE SELF-RELIANT CARDIFF CAPITAL REGION

To develop City Deal alongside other means and mechanisms for reducing dependency and increasing regional economic self-reliance	Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> <li>Develop a plan to systematically explore, test and implement full range of fiscal powers and incentives – NNDR, Tax Increment Financing, Retail and Institutional Investment etc</li> </ul>			Yet to progress	Meeting sought with HMT and TIF Law Company
<ul style="list-style-type: none"> <li>Develop, approve and implement Investment and Intervention Framework in order to target approach to investment leverage</li> </ul>			Underway	Awaiting approval
<ul style="list-style-type: none"> <li>Identify the appropriate junctures at which to explore and develop the opportunities that currently sit outside of City Deal in order to begin bringing about greater coherence and clarity to the areas in which there is agreement to act as a region</li> </ul>			Progress with Regional Skills	Agreement in principle on SDP process

			Partnership and SDP	and governance
<ul style="list-style-type: none"> <li>Develop inter-regional links and connections and identify areas in which collaboration to enhance competition will best serve CCR</li> </ul>			Input into Severnside Summit	Informing recent discussion on sub-regional brand and leadership

### **Appendix 3: AGS Action Plan – Quarter 4 Update**

Table 1 below outlines the baseline position that was included in the audited version of the 2017/18 Statement of Accounts. As part of the preparation of the Annual Governance Statement (AGS), twenty assurance statements were assessed as demonstrating a strong, moderate or limited level of assurance (shown as red, amber and green respectively). Table 1 shows the distribution of ratings assigned to the twenty assurance statements, and outlines agreed actions required.

**Table 1: Baseline Position (2017/18 Audited Statement of Accounts)**

	<b>Assurance Statement</b>	<b>Suggested Action</b>	<b>Responsible Officer/s</b>	<b>Review Period</b>	<b>Mechanism for Review</b>
	Statements: 4, 5, 6, 7, 8 ,9, 10, 11, 12, 13, 15, 16, 17, 18,19, 20	Periodic review of Good Practice Assurance Statements undertaken during the year.	Programme Director, s151 Officer, Monitoring Officer & CEXs	6 monthly	Half-year review of AGS
<b>1</b>	Codes of conduct exist and are effectively communicated	Clarity needed on the applicability of Policies and Procedures outside of those explicitly outlined in the JWA  The need to correctly document the employment arrangements in place is paramount. HR (Accountable Body) to advise, with any non-compliance escalated to CEXs via Programme Director	Programme Director with advice from Accountable Body	Quarterly	Progress against action monitored and reported on a quarterly basis
<b>2</b>	We ensure compliance with all relevant laws, regulations and internal policies	Need to remind City Deal partnering authorities of the Governance Protocol approved by the Joint Committee in relation to the decision making framework	Programme Director / CEXs	Quarterly	Progress against action monitored and reported on a quarterly basis
<b>3</b>	We are committed to openness and acting in the public interest	It is recognised that the arrangements for Welsh Language need to be more visible and therefore, need to be strengthened.	Programme Director with advice from Accountable Body	Quarterly	Progress against action monitored and reported on a quarterly basis
<b>14</b>	We have mechanisms to review the effectiveness of our framework for identifying and managing risks	Programme Director to lead on putting in place the appropriate arrangements in respect of Strategic Risk Management	Programme Director	Quarterly	Progress against action monitored and reported on a quarterly basis

Table 2 tracks quarterly updates against the baseline position through the financial year 2018/19, with progress being reported to Regional Cabinet as part of the Quarterly Performance Reports.

**Table 2: AGS Action Plan Progress Overview Table - Qtr 4 RAG assessment**

Assurance Statement		Q1	Q2	Q3	Q4
1	We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest.				
2	<b>We ensure: a) Compliance with relevant laws and regulations, b) Compliance with internal policies and procedures, and c) that expenditure is lawful.</b>				OA
3	<b>We are committed to openness and acting in the public interest.</b>				OA
4	We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.				OA
5	We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.				
6	We have translated the vision into courses of action for our function, its partnerships and collaborations.				OA
7	We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.				OA
8	We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.				
9	We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.				
10	Our financial management arrangements conform to all relevant legislative and best practice requirements.				
11	We have effective arrangements in place to discharge the monitoring officer function.				
12	We have effective arrangements in place to discharge the head of paid service function.				
13	We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.				
14	<b>We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.</b>				OA
15	We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.				
16	We have an effective scrutiny function in place.				
17	Our internal audit assurance arrangements conform to Public Sector Internal Audit standards and relevant best practice.				
18	We have arrangements in place for the delivery of the core functions of an audit committee.				
19	We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations.				
20	We incorporate good governance arrangements in our partnerships and other joint working arrangements.				

**OA** – Outstanding Actions. Following the completion of a Status Review during Quarter 3, these assurance statements were identified as having actions identified, either to improve or to maintain the level of assurance provided.

Performance monitoring conducted at Quarter 4 indicated that of the twenty assurance statements, 17 were rated 'green', whilst 3 remained at an 'amber' rating.

There are 6 Actions ongoing where work towards achieving a higher level of assurance is being undertaken. These actions relate to the 'amber' statements outlined above, as well as a number of 'green' statements, in order to maintain and enhance the level of assurance provided. The position is summarised in below.

#### **Updates on Agreed Actions – Qtr 4**

<b>Assurance Statement 2 – Amber rating</b>	
<i>Statement</i>	<i>We need to ensure compliance with all relevant laws, regulations and internal policies.</i>
Agreed action	Need to remind City Deal partnering authorities of the Governance Protocol approved by the Joint Committee in relation to the decision making framework.
<b>Update Qtr 4</b>	<p><b>Cabinet briefing and meeting dates for 2019/20 are agreed and in place.</b></p> <p><b>However, further work required on developing the Regional Cabinet 'Forward Plan' and communicating this to relevant officers and stakeholders to ensure that draft reports are developed and circulated for advice and comment in a timely manner, allowing sufficient time for officer consideration and input. Therefore, the rating remains amber at this time.</b></p>

<b>Assurance Statement 3 – Green rating</b>	
<i>Statement</i>	<i>We are committed to openness and acting in the public interest.</i>
Agreed action	It is recognised that the arrangements for Welsh Language need to be more visible and therefore, need to be strengthened.
<b>Update Qtr 4</b>	<p><b>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 regulation.</b></p> <p><b>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.</b></p> <p><b>The action in respect of the 'Register of Members Interests' is now complete and the relevant link is included under each Cabinet Member's profile within the City Deal website.</b></p> <p><b>Regional Cabinet meetings are not held in fixed locations and it is our aim to hold meetings in a variety of locations</b></p>

	<b>and venues across the region in order to maximise accessibility and opportunity across the region's geography.</b>
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<b>Assurance Statement 4 – Green rating</b>	
<i>Statement</i>	<i>We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.</i>
Status review	<p>Clear channels of communication have been established with the community and other stakeholders, however, it is recognised that further work is required to build on this position and respond to any feedback that is received.</p> <ol style="list-style-type: none"> <li>1. A key channel of communication employed by the Cardiff Capital Region is its dedicated website. This is in the process of being relaunched to improve accessibility and navigation to ensure that the required information can be found quickly.</li> <li>2. Work ongoing to develop further the working relationships and understanding with the Skills Partnership Board and the Regional Business Council.</li> </ol>
<b>Update Qtr 4</b>	<p><b>Website relaunched to improve accessibility and navigation and to assist with information being located quickly. New Marketing &amp; Communications post (once in place) will undertake an audit of the new website to assess the impact of the changes made to to-date.</b></p> <p><b>Develop further the working relationships and understanding with the Skills Partnership Board and the Regional Business Council.</b></p>

<b>Assurance Statement 6 – Green rating</b>	
<i>Statement</i>	<i>We have translated the vision into courses of action for our function, its partnerships and collaborations.</i>
Status review	<p>Approval of the Joint Working Agreement (JWA) 5 year Strategic Business Plan and Annual Business Plans translates the Cardiff Capital Region's vision into tangible actions. However, to assist with monitoring actual progress against these plans, the need to introduce a mechanism for establishing and monitoring Key Performance Indicators (KPIs) has been identified.</p> <p>As a minimum these KPIs will need capture progress against the key criteria such as:</p> <ol style="list-style-type: none"> <li>(i) £4bn of private sector leverage;</li> <li>(ii) creation of 25,000 jobs;</li> </ol>



	<p>(iii) 5% uplift in GVA in the region.</p> <ol style="list-style-type: none"> <li>1. Consideration will be given to the introduction of KPIs as part of the 2019/20 Annual Business Plan approval process.</li> <li>2. Work is now being progressed on developing the Evaluation Framework, including application of the HMT five-case business model. This work will need to recognise that a sense of proportionality is required, and that the Councils may opt for an alternative approach for smaller projects. Whilst the five-case approach may be appropriate for certain projects, it does not naturally lend itself to all projects.</li> </ol>
<b>Update Q4</b>	<p><b>Approved 5 year JWA Business Plan is in place with the 2019/20 Annual Business Plan being approved by Regional Cabinet during Qtr 4.</b></p> <p><b>Work is being progressed on developing the Investment &amp; Intervention Framework and associated Toolkit, including application of the HMT five-case business model. This work will need to recognise that a range of approaches will need to be developed that are ‘proportional’ to the value, complexity, timescales etc. of the proposal being evaluated.</b></p> <p><b>Furthermore, whilst the five-case approach naturally lend itself to typical infrastructure projects, the work outlined above will also need to consider business case development approaches for non-infrastructure type projects e.g. those coming forward under the Challenge Fund.</b></p>

<b>Assurance Statement 7 – Green rating</b>	
<i>Statement</i>	<i>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.</i>
Status review	<p>The Joint Working Agreement (JWA) contains the appropriate mechanisms to review the effectiveness of the decision making framework.</p> <ol style="list-style-type: none"> <li>1. The 2019/20 Work Programme includes an action in respect of delegation arrangements.</li> <li>2. Work is being progressed 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</li> </ol>

	<p>make strategic interventions that are likely to have the greatest impact. The first draft of the sectoral analysis report was received in January 2019.</p>
<b>Update Qtr 4</b>	<p><b>The 2019/20 Work Programme will be monitored in respect of the ‘delegation arrangements’ action.</b></p> <p><b>First ‘State of the Region’ report is due w/c 01/04/2019. The report will bring together the sectoral analysis work undertaken during the second half of 2018/19 and inform the economic baseline against which future performance can be measured and assessed. This will be key to inform decision making going forward.</b></p> <p><b>REGP to formally consider the report during Qtr 1 2019/20. It will be important to ensure continuity of this workstream and provide regular update reports going forward. Bid submitted to KESS for PHD student support to assist with continuing this work over the medium term.</b></p>

<b>Assurance Statement 14 – Amber rating</b>	
<i>Statement</i>	<i>We have mechanisms to review the effectiveness of our framework for identifying and managing Risks.</i>
Agreed action	Programme Director to lead on putting in place the appropriate arrangements in respect of Strategic Risk Management.
<b>Update Qtr 4</b>	<p><b>A ‘Risk Register’ has been in place since the latter part of 2018/19 and work now needed to develop the wider Risk Management Strategy, including an assessment of the risk environment, appetite, monitoring and escalation processes.</b></p> <p><b>The Programme Director is in the process of implementing the City Deal Office restructure approved by Cabinet. Once in place, this will provide additional capacity and allow the next stage of the Risk Management Strategy to be developed through-out 2019/2020.</b></p> <p><b>In preparation for the above, the Programme Director is engendering a risk / performance culture to ensure risks are managed effectively and reported accordingly. This will be achieved through regular performance /risk management reviews taking into account the Investment &amp; Intervention Framework and wider strategic risks that the City Deal programme of delivery may be exposed to.</b></p>

## **Appendix 4 - Internal Audit Action Plan: Quarter 4 Update**

1. 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. To enable the Internal Audit Service to fulfil its role, a 5 year 'rolling' audit plan has been prepared covering the period from 2018-19 to 2022-23 and sets out the proposed work required each year, to secure appropriate levels of assurance.
2. The first audit of the 5 year plan covered governance, transparency and the effectiveness of decision making and was undertaken at the beginning of the current financial year (2018/19). The final report was issued in July 2018.
3. In summary, the key findings largely mirror the conclusions reached as part of the AGS process outlined above. The audit report's Recommendations, Risk Rating, Management Response and Agreed Actions have been captured as a separate Action Plan and a detailed update was provided as part of the Quarter 1 Performance Report.
4. At Quarter 4, three of the four actions have been completed and the position is summarised below:

### **R1. Development of a Risk Management Policy and Strategy – In progress.**

Strategic Risk Register now in place which captures details of the 9 Strategic Risks along with current controls and further management actions clearly documented.

The Cardiff Capital Region relies on the policies, strategies and processes of the Accountable Body, however, work completed on preparing the Risk Register has identified the need to develop the wider Risk Management Strategy, including an assessment of the risk environment, appetite, monitoring and escalation processes.

The Programme Director is in the process of implementing the City Deal Office restructure approved by Cabinet. Once in place, this will provide additional capacity and allow the next stage of the Risk Management Strategy to be developed through-out 2019/2020.

In preparation for the above, the Programme Director is engendering a risk / performance culture to ensure risks are managed effectively and reported accordingly. This will be achieved through regular performance /risk management reviews taking into account the Investment & Intervention Framework and wider strategic risks that the City Deal programme of delivery may be exposed to.

### **R2. Establishment of a Joint Scrutiny Committee – Complete.** Three Joint Scrutiny meetings have now taken place and a Work Programme has also been developed.

**R3. Establish and maintain a register of declared interests – [Complete](#).** A link has been added to the Cardiff Capital Region's website directing the user to the 'declarations of interest forms' home website for each Cabinet Member.

In addition, every Cabinet meeting has an agenda item reminding members of the need to declare any interests, with any such declarations being added to the minutes and decision register for those meetings.

**R4. Training to be provided on new Contract Standing Orders and Procurement Rules – [Complete](#).** There will be an ongoing review of training requirements for current and new staff throughout the year.

## **Appendix 5 - Wider Investment Fund Budget – Quarter 4 Update**

1. The 2018/19 Wider Investment Fund (WIF) Annual Business Plan approved a programme of expenditure as detailed in Table 1 below, along with the proposed funding priority.

**Table 1: 2018/19 Approved WIF Expenditure & Funding**

	<b>£'000</b>
<b><u>Indicative Programme Expenditure</u></b>	
Wider Investment Fund Top Slice	742.5
Approved Projects	13,840.0
In Year Revenue Project resources	1,000.0
In Year Capital Project resources	4,015.0
<b>Total Investment</b>	<b>19,597.5</b>
<b><u>Funded by</u></b>	
HMT Contribution (Revenue)	-1,892.5
HMT Contribution (Capital)	0.0
<b>Total HMT Contribution</b>	<b>-1,892.5</b>
Council Contribution	-17,705.0
Temp Borrowing 'Cost of Carry'	0
<b>Total Funding</b>	<b>-19,597.5</b>

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies. In addition, the budget includes amounts in respect of Programme Development & Support.
3. Regular updates have been provided to Regional Cabinet throughout the year via the Quarterly Performance reporting mechanism. As at Quarter 3 there was a projected under-spend of £286,123. Details of agreed budgets and final expenditure for 2018/19 are shown in Table 2.

**Table 2. 2018/19 WIF 3% Top-Slice – Quarter 4 Update**

	<b>2018/19 Budget £</b>	<b>2018/19 Outturn £</b>	<b>2018/19 Variance £</b>
<b><u>Regional Bodies</u></b>			
Regional Transport Authority	52,193	46,020	-6,173
Regional Skills Partnership	102,193	65,169	-37,024
Regional Economic Growth Partnership	70,000	19,316	-50,684
Regional Business Council	50,000	33,697	-16,303
<b>Sub-total</b>	<b>274,386</b>	<b>164,202</b>	<b>-110,184</b>
<b><u>Programme Development &amp; Support</u></b>			
-			
<b><u>In-Principle Projects</u></b>			
Digital Strategy	130,000	81,958	-48,042
Metro Plus	0	1,634	1,634
Housing Investment Fund	100,000	2,388	-97,612
-			
Programme Dev' & Support (Un-allocated)	238,114	31,768	-206,346
<b>Sub-total</b>	<b>468,114</b>	<b>117,748</b>	<b>-350,366</b>
Investment Income	0	-110,943	-110,943
<b>Total</b>	<b>742,500</b>	<b>171,007</b>	<b>-571,493</b>

***Regional Bodies: (-£110,184)***

4. The Regional Bodies element of the WIF Top-Slice budget amounts to £274,386 and includes sums set aside to advance the work of the Regional Transport Authority, the Regional Skills Partnership (RSP), the Regional Economic Growth Partnership (REGP) and the Regional Business Council (RBC).
5. There are 2 FTE posts funded from these budgets (1 FTE each relating to the Regional Transport Authority (underspend £4,522) and the Regional Skills Partnership (underspend £715). These underspends are mainly due to a delay in recruitment to the Regional Transport Authority post.
6. As part of the RSP budget, £50,000 was allocated to Strategy Development. £13,446 of this budget has been used to fund the work of NESTA to inform the next steps of the Skills for the Future business case.
7. In terms of the REGP budget, expenditure to date includes the commissioning of external support to establish a 'Sectoral Analysis' for the region. This data will provide a baseline against which future performance can be measured and assessed, as well as supporting the Gateway Review process. Put simply, the data will facilitate more effective decision making, through a better understanding of the region's strengths and the opportunities which exist to make strategic interventions which are likely to have the greatest impact. This work is partly complete, with £15,000 spent in 2018/19 and the balance of the commission (£15,000) will be met from the 2019/20 allocation.

8. The RBC's Annual Business Plan was approved by Regional Cabinet at its meeting of the 17<sup>th</sup> December 2018. The expenditure for the year consists of the RBC's contribution (£33,697) to the City Deal's presence at MIPIM in March 2019, resulting in an underspend of -£16,303 against the approved budget.

***Programme Development & Support Budget: (-£350,366)***

9. A total budget of £468,114 was approved across Programme Development & Support and is allocated between projects that had secured an 'In-Principle' approval (£230,00) and with the balance (£238,114) being available to support emerging projects and initiatives during the year.
10. Work is ongoing on the Digital Strategy project with total spend in 2018/19 of £81,958. Of this, £79,000 was spent on business case development costs and the remaining budget will be carried forward to contribute towards further work planned for 2019/20. The £100,000 allocation approved in respect of the Housing Fund project was largely not utilised in 2018/19 and the balance will be available in 2019/20 to continue the work.
11. With regard to in year emerging projects and initiatives, a budget of £29,172 was approved to support a part-time secondment to lead the work on data analytics, economic forecasts and sectoral assessments. The actual cost for this support amounted to £31,768 in 2018/19.

***Investment Income: (-£110,943)***

12. In line with the Accountable Body's approved treasury management strategy for City Deal, balances held in respect of unspent HMT revenue funding has been invested, with net interest received during the year amounting to -£110,943.

Qtr 4 WIF Top-Slice Summary

13. In summary, a total of £117,748 was spent against the £468,114 budget approved for Programme Development & Support (including In-Principle projects), resulting in an under-spend of -£350,366. Once the under-spend on Regional Bodies is factored in, coupled with the unbudgeted investment income of -£110,943, the total net underspend for the year amounts to -£571,493.
14. As set in previous reports, the underspend reflects the reduced level of activity which has taken place during the due to the transition to the City Deal Office (restructure) and the development of the Investment & Intervention Framework, which is due to be considered by Regional Cabinet at their June meeting.
15. The full value of this underspend is available to support the WIF Top-Slice in future years, subject always to observing any caps approved by Regional Cabinet from time to time and compliance with grant funding terms and conditions.

## 2018/19 Approved Project Budgets

16. The 2018/19 Annual Business Plan approval included budgets in respect of Year 2 costs relating to the Compound Semi-Conductor Foundry Site project. These were budgeted at £13.84 million, consisting of both project related expenditure and the ongoing cost of servicing the Special Purpose Vehicle (Project Delivery & Implementation budget). An update against these budgets is outlined in Table 3 below.

**Table 3: 2018/19 Approved Project Budgets**

	<b>2018/19 Budget £'000</b>	<b>2018/19 Outturn £'000</b>	<b>2018/19 Variance £'000</b>
CSC Foundry Site Funding	13,690	12,308	-1,382
CSC Project Delivery & Implementation	150	150	0
<b>Total</b>	<b>13,840</b>	<b>12,458</b>	<b>-1,382</b>

17. At 31<sup>st</sup> March 2019, the majority (90.0%) of the budget has been released to Monmouthshire County Council as Lead Authority for the Compound Semi-Conductor Foundry project based on the arrangements contained within the project funding letter and the supporting legal documentation. These documents provide a maximum cap on the level of City Deal funding that can be made available to the project. The balance of £1.38 million represents budget slippage to financial year 2019/20.

## 2018/19 In Year Revenue and Capital Project Approvals

18. The 2018-19 Annual Business Plan contained additional revenue (£1.000 million) and capital (£4.015 million) resources which were made available to provide Regional Cabinet with a level of flexibility to approve sums during the year. This could be in respect of In-Principle and/or emerging projects that come forward as part of the Cardiff Capital Region's 'delivery pipeline' and also meet the requirements of the Assurance Framework.
19. Regional Cabinet were advised at Quarter 3, given the development of Investment & Intervention Framework referred to above, it was unlikely that any new commitments would crystallise in 2018/19, over and the approved Graduate Pilot Scheme. Table 4 outlines the position in respect of In-Year Approvals.



**Table 4: 2018/19 In-Year Project Approvals**

	<b>Budget</b>	<b>Qtr 4</b>	<b>Variance</b>
	<b>£'000</b>	<b>Outturn</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>In Year (Revenue) Project Resources</u>			
Graduate Pilot Scheme	31	7	-24
Unallocated	969	0	-969
<b>Total Revenue Resources</b>	<b>1,000</b>	<b>7</b>	<b>-993</b>
<b>In Year (Capital) Project Resources</b>	<b>4,015</b>	<b>0</b>	<b>-4,015</b>

20. The Graduate Pilot Scheme was approved by Regional Cabinet at its meeting on 17<sup>th</sup> December 2018 and has incurred costs of £7,034 during 2018/19. Costs relate to some initial staffing resources and the setup of a bespoke website and are less than the £31,450 that had been estimated. Any unspent budget will be made available in 2019/20 to ensure the pilot scheme is fully resourced as set-out in the cabinet report.

# Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 9219286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  Setting out substantive performance and progress against the approved annual business plan for 2018/19.
<b>Proposal: Quarter 4 Performance</b>	<b>Date Future Generations Evaluation form completed: 28 May 2019</b>






Page 49

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

<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 healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	A number of the interventions in train – Skills, Housing and Transport improvements seek to make a contribution to the way the region 'works', how it promotes opportunity and unlocks potential	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The place-shaping component of our City Deal is set out in the report	A greater contribution will be made to this by the aforementioned data capability, sectoral analysis and place assessments.
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Attending MIPIM, Wales in London week and CS Mantech to promote the CCR will see us play a stronger part in developing the economic wellbeing of our region and country, thus impacting social and community objectives. It will help make our country feel more connected and outward looking.	Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth.
<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. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all. New role around Inclusive Growth will make a contribution to this as well as work to support the Foundational Economy.	The new Investment Framework is underpinned by criteria that focuses on economic inclusion – seeking to achieve shared prosperity and the spread of benefits across the region.

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

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

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

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above	Not at this time but the situation will be kept under review.	

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

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

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

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

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

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

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

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



**10 June 2019**

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**2018/19 JOINT COMMITTEE REVENUE BUDGET FINAL OUT-TURN AND PROPOSAL TO CREATE EARMARKED 'RESERVES'**

**REPORT OF CARDIFF CAPITAL REGION CITY DEAL SECTION 151 OFFICER**

**AGENDA ITEM: 7**

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**Reason for this Report**

1. To provide the Cardiff Capital Region Joint Cabinet (Regional Cabinet) with details of the final out-turn position against the Joint Committee Revenue Budget for the year ending 31<sup>st</sup> March 2019.
2. To seek Regional Cabinet's approval to create two specific Earmarked Reserves and to hold the 2018/19 Revenue Budget underspend as a Joint Committee General Reserve, to assist with budget management in future years.

**Background**

3. At its meeting of the 15<sup>th</sup> January 2018, Regional Cabinet approved its 2018/19 Joint Committee Revenue Budget. The budget provides the necessary resources in respect of the City Deal Office (CDO) and the Accountable Body (AB) support arrangements, which support the work of the Regional Cabinet.
4. The budget is funded from a combination of the underspend brought forward from 2017/18, with the balance being met from local authority '2018/19 Partner Revenue Contributions'.
5. Regional Cabinet have been provided with regular budget monitoring updates throughout the year, in respect of the 2018/19 approved budget. Formal updates were provided at Months 4, 7 and 9. In addition, all cabinet decision reports clearly capture and advise members of the budgetary implications arising from the report's recommendations.
6. At Month 09 Regional Cabinet were advised of a projected underspend of -£77,307, based on the various issues and assumptions known at that time.



## Issues

7. The 2018/19 out-turn position is detailed in Table 1 below and details a final underspend of £123,498, after allowing for the proposed level of specific Earmarked Reserves set-out in this report.

**Table 1: Joint Committee Revenue Draft Out-turn Position**

	2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £
<b>Expenditure</b>			
City Deal Office (CDO)	699,015	588,240	-110,775
Accountable Body Support Services	350,985	252,767	-98,218
Proposed Specific Earmarked Reserves	0	85,495	85,495
<b>Gross Expenditure*</b>	<b>1,050,000</b>	<b>926,502</b>	<b>-123,498</b>
<b>Funded by</b>			
Local Authority Partner Contributions	-1,050,000	-1,050,000	-0
<b>Net Position</b>	<b>0</b>	<b>-123,498</b>	<b>-123,498</b>

\* Note: the approved budget for 2018/19 amounts to £1,159,940 and included funding of £109,940 in respect of two FTEs from the Wider Investment Fund (WIF). Actual costs against this element of the budget will be reported against the WIF budget via the Quarterly Performance Reports.

### **City Deal Office: -£110,775 Underspend**

8. City Deal Office expenditure for the year ending 31<sup>st</sup> March 2019 amounted to £588,240 and represented just over 84% of the budget, as reduced by the budget virement approved by Regional Cabinet at their February 2019 meeting.
9. A summary of the final City Deal Office (CDO) budget positions are shown in Table 2 below, along with a narrative summary of the major variances:

**Table 2: City Deal Office – Draft Out-turn Summary**

	2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £
<b><u>City Deal Office (CDO)</u></b>			
Employee Related	425,976	307,196	-118,780
Premises Related	20,564	15,858	-4,706
Transport Related	7,500	18,919	11,419
Supplies & Services	87,390	54,055	-33,335
Joint Scrutiny	20,000	20,064	64
External Support - Communications & Media	25,000	74,675	49,675
5 Year Gateway Review Support	50,000	41,755	-8,245
Contingency	62,585	55,718	-6,867

	2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £
<b>Sub Total</b>	<b>699,015</b>	<b>588,240</b>	<b>-110,775</b>

***Employee Related Budgets: (-£118,780)***

10. Actual costs amount to £307,196 and relate to the City Deal Director, two Project Support posts and a part year cost for the now vacant Delivery Lead post. In addition, the out-turn captures the costs of the Development Officer (Digital) post which commenced in October 2018, the Operational Manager – Strategic Lead post which commenced in December 2018 and other costs related to short term staffing support.
11. The level of underspend is in-line with the projection reported at Month 09 and has resulted from the decision to implement a new City Deal Office structure. This has resulted in a number of posts being held vacant for much of the financial year, whilst details were worked up, costed and brought forward for approval at the February meeting.
12. As a result of holding these vacant posts and after allowing for the impact of the budget virement (£50,000) to the Accountable Body HR People Services budget, an underspend of -£118,780 has been incurred against the Employee Related budgets.

***Transport Related Budgets: (+£11,419)***

13. There is an overspend of +£11,419 against these budgets largely as a result of the travel and accommodation costs associated with the City Deal's presence at the MIPIM event in March 2019.

***Supplies & Services Budgets: (-£33,335)***

14. A number of favourable and adverse variances have led to these budgets being underspent by £33,335. Contained within this out-turn is an underspend of £20,000 which contributes to the Communications & Media costs outlined below.

***External Support – Communications & Media: (+£49,675)***

15. As outlined in previous reports, Communications & Media costs for 2018/19 are significantly over budget, although this is mitigated by an underspend of £20,000 contained within the overall Supplies & Services position. Costs for these services will continue to be closely monitored in the future, whilst alternative in-house arrangements have been proposed in respect of the 2019/20 budget.

***5 Year Gateway Review Support: (-£8,245)***

16. A budget of £50,000 was approved in 2018/19 to fund work associated with the Gateway Review process. Discussions have taken place during the year between the officers and SQW (HM Treasury's appointed advisors) regarding the costs to the Cardiff Capital Region for the

development and assessment of Locality Frameworks and Locality Evaluation Plans. These build on the work of the National Evaluation Framework which was largely completed in 2017/18.

17. At Month 09, costs of £69,500 were projected based on information and the proposed work programme provided by SQW at that time. However, information received in March 2019 indicated that some of the proposed work (£27,745) had slipped and would now be incurred in 2019/20. For this reason, it is proposed that a Specific Earmarked Reserve should be created to assist with budget management in future years.

**Contingency Budget: (-£6,867)**

18. The contingency budget amounted to £62,585 has been largely used to fund work on a number of governance related matters such as the development of the Investment & Intervention Framework, work on developing proportionate approaches to business cases and work on creating the City Deal Risk Register.

**Accountable Body Support & Related Services: -£98,218 Underspend**

19. The final out-turn position against the approved Accountable Body budget, as adjusted by the virement approved in February 2019, is that costs of £252,767 have been incurred, equating to just over 72% of the full year budget, resulting in an underspend of -£98,218.
20. A summary of the Accountable Body Support Services budgets are shown in Table 3 below, along with a narrative summary of the major variances:

**Table 3: Accountable Body Support Services – Draft Out-turn Summary**

	2018/19 Budget £	2018/19 Outturn £	2018/19 Variance £
<b><u>Accountable Body Support Services</u></b>			
HR People Services	61,250	14,540	-46,710
Finance & Accountancy Support	135,640	134,138	-1,502
Exchequer, Internal Audit & Insurance	3,535	3,070	-465
Legal & Governance Support	108,815	75,213	-33,602
ICT, Information & Governance	14,830	7,963	-6,867
External Audit Fee	5,000	17,843	12,843
Contingency	21,915	0	-21,915
<b>Sub Total</b>	<b>350,985</b>	<b>252,767</b>	<b>-98,218</b>

**HR People Services: (-£46,710)**

21. The effect of the CDO virement increased the HR People Services budget to £61,250. These additional resources were identified as being necessary to meet the costs associated with supporting the CDO senior officer restructure and recruitment process outlined. These costs were anticipated to be incurred during the latter part of 2018/19, however, these will now be incurred during the first quarter of 2019/20.

22. Given the value of costs involved with the CDO restructuring exercise, it is proposed that a second Specific Earmarked Reserve is created to assist with budget management in 2019/20.

***Legal & Governance Support: (-£33,602)***

23. The Legal & Governance Support budget was increased for 2018/19 in anticipation of increased resources expected to be required to meet the acceleration of the project pipeline during the year. For prudence this amount has been fully committed during the year in order to be available should such costs arise. The final spend in relation to this area amounted to £75,213, resulting in an underspend of -£33,602 against the increased budget.

***External Audit: (+£12,843)***

24. At the time of setting the 2018/19 budget, the external audit fee was estimated to be £5,000. Wales Audit Office (WAO) have now confirmed the charge will be around £12,110, an increase of +£7,110 against the approved budget.
25. Separately, an adjustment is required against the 2017/18 fee, which has now been charged at £15,302, an increase of £5,733 against the provision made for that year. These two factors have resulted in an overspend of +£12,843 against the approved resources set aside.

***Contingency Budget: (-£21,915)***

26. The Accountable Body element of the budget includes a contingency of £21,915. No costs have been incurred against this budget in 2018/19.

**2018/19 Out-turn Summary, including proposals for specific Earmarked and General Reserves**

27. As outlined in this report, it is recommended that Regional Cabinet approve the creation of two specific Earmarked Reserves to meet costs that were anticipated to be incurred in the current year, but will now be incurred in 2019/20. These reserves total £85,495 and will assist Regional Cabinet in meeting these costs in future years. The reserves have a specific purpose/activity identified and will only be available for drawdown for that purpose and in-line with the Accountable Body's processes and procedures.
28. Regional Cabinet have previously resolved that any 'bottom-line' underspends against the Joint Committee Revenue Budget will be carried forward and used to reduce the Partner Authority contributions required to fund the following year's budget. Subject to the specific Earmarked Reserves being approved, an underspend of -£123,498 will be available.
29. At its meeting of 3<sup>rd</sup> May 2019, the Finance Group (Section 151 Officers) recommended that Regional Cabinet consider retaining the 2018/19 underspend as a Joint Committee General Reserve, as matter of prudence

and to assist with budget management matters in future years, should these arise. The balance of any reserve not used in full, will become available for redistribution back to partner authorities in future years.

### **Reasons for Recommendations**

30. To inform Regional Cabinet of the final out-turn position against its Joint Committee Revenue Budget for the year ending 31<sup>st</sup> March 2019.
31. To recommend that specific Earmarked Reserves are created to meet costs which will now be incurred in 2019/20 and that the balance of the 2018/19 underspend is retained as a General Reserve for prudence and to assist Regional Cabinet with budget management in future years.

### **Financial Implications**

32. The financial implications are set out within the main body of this report. The report recommends the creation of two specific Earmarked Reserves to assist with budget management in respect of the 'Gateway Review' process and to support the 'CDO Senior Officer Restructure and Recruitment' process.
33. Reserves can be provided as a working balance, a contingency for unexpected events or emergencies or to meet known or predicted liabilities. Where reserves are created these must be maintained in accordance with the relevant codes of practice on local authority accounting in the United Kingdom and agreed accounting policies. For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
34. As reserves need to be maintained in accordance with relevant codes of practice, it is recommended that the approval of any expenditure that is to be met from specific Earmarked Reserves is delegated to the Joint Committee s151 Officer. If approved, this delegation will be in-line the policies and procedures of the Accountable Body.
35. Separately, the report recommends that the balance of the 2018/19 underspend is retained by the Joint Committee as a General Reserve for prudence and to assist Regional Cabinet with budget management in future year. If approved, it is recommended that the approval of any expenditure that is to be met from the General Reserve is delegated to the Joint Committee s151 Officer in consultation with the Joint Committee Chair.
36. If the report's recommendations are approved, then each Partnering Authority will be required to pay the full value of their respective 2019/20 Revenue Budget contribution, as approved by Regional Cabinet at its meeting of the 18<sup>th</sup> February 2019.
37. Regular updates should be provided to Regional Cabinet on the status (and balance) of any Specific and General Reserves that are being held on behalf of the Joint Committee.

## **Legal Implications**

38. The Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal (JWA) provides that the Regional Cabinet's terms of reference include monitoring performance. One of the purposes of this report is to facilitate such monitoring by providing details of the final out-turn position against the Joint Committee Revenue Budget for the year ending 31<sup>st</sup> March 2019.
39. The JWA is silent on the question of creating reserves. The JWA Scheme of delegations providing that any matters not covered in the Schedule of delegations shall be a matter for the Joint Committee ('Regional Cabinet') to determine. Accordingly the Joint committee is requested to make decisions as regards the creation of and subsequent operation of the reserves, pursuant to this power. The body of the report sets out the rationale for creating the reserves proposed and the financial implications notes the factors to which regard must be had in terms of managing such reserves accounts and drawing down against the same. Reference is made to the same
40. Legal Services are instructed that the effect of creating the Reserves is, put simply, to make more monies available to the Joint Committee, than currently provided in the Approved Annual Budget, though the creation of the reserves will not serve to increase the Annual Budget figure from that set. The reasons this point is raised are because (i) if the creation of the Reserves had served to increase the Annual Budget by more than 5 %, then the decision would go beyond the powers delegated to the Joint committee. Clause 12.4 of the JWA providing approval of the Annual budget is a matter for the Joint committee, provided that the Annual Budget shall not exceed the previous Annual budget by more than 5 % and (ii) again with clause 12.4 in mind, for the purposes of setting next year's Annual Budget (2020/21) the figure that will be used will be the Annual Budget as set by Regional Cabinet for 2019/21.
41. In exercising any delegated powers as to expenditure then regard will need to be had to the provisions of the JWA and limitations placed on the exercise of such delegation.

## **Well Being of Future Generations (Wales) Act 2015**

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

meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.

43. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:
  - Look to the long term
  - Focus on prevention by understanding the root causes of problems
  - Deliver an integrated approach to achieving the 7 national well-being goals
  - Work in collaboration with others to find shared sustainable solutions
  - Involve people from all sections of the community in the decisions which affect them.
44. Regional Cabinet must be satisfied that the proposed decision accords with the principles above
45. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an appendix to this report ( Well –being of future generations assessment ) for member's consideration
46. *In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>*

## **Equality Act 2010**

47. In considering this matter regard should be had, amongst other matters, to the Councils' duties under
  - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
  - b) the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:
    - Age
    - Gender reassignment
    - Sex
    - Race – including ethnic or national origin, colour or nationality
    - Disability
    - Pregnancy and maternity
    - Marriage and civil partnership
    - Sexual orientation

- Religion or belief – including lack of belief

## **Recommendations**

It is recommended that Cardiff Capital Region Joint Cabinet:

- a) Note the final out-turn position against the Joint Committee Revenue Budget for the year ending 31<sup>st</sup> March 2019
- b) Approves the creation of two specific Earmarked Reserves amounting to £85,495 to meet specific costs identified in this report in future years in respect of the 'Gateway Review' process and to support the 'CDO Senior Officer Restructure and Recruitment' process ;
- c) Subject to the approval of recommendation (b) delegates authority to the Joint Committee s151 Officer to manage the two specific Earmarked Reserves and to approve any expenditure that is to be met from specific Earmarked Reserves , subject to following the policies and procedures of the Accountable Body in respect of reserves and provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('JWA') ;
- d) Subject to the approval of recommendation (b), approves that the underspend of -£123,498 in respect of the 2018/19 Joint Committee Revenue Budget is retained as a Joint Committee General Reserve to assist with general budget management in future years;
- e) Subject to the approval of recommendation (d), delegates authority to the Joint Committee s151 Officer in consultation with the Joint Committee Chair, to manage the Joint Committee General Reserve and to approve any expenditure that is to be met from the General Reserve subject to following the policies and procedures of the Accountable Body in respect of reserves and provisions, relating to expenditure, of the JWA

**Chris Lee**

**Section 151 Officer, Cardiff Capital Region City Deal**

**10 June 2019**

Appendix 1 Wellbeing of Future Generations Assessment



## 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 provide details of the full year out-turn position against the approved 2018/19 Joint Committee Revenue Budget.
<b>Proposal: 2018/19 Joint Committee Revenue Budget Final Out-turn</b>	<b>Date Future Generations Evaluation form completed: 10 June 2019</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 sets out the final out-turn position against agreed revenue budgets and the way in which resources have been used to deliver outcomes and targets.	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.	
<b>A healthier Wales</b>	Not direct applicable.	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
People's physical and mental wellbeing is maximized and health impacts are understood		
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Not directly applicable.	A greater contribution will be made to this by the data capability, sectoral analysis and place assessments.
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable.	
<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	Not directly applicable.	
<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. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The report sets out short-term interventions and balances these against the long-term delivery of major programmes.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>A cornerstone of our process is the strength of partnership working.</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 an overview of financial performance. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.	None arising at this time.	
Disability	As above.	As above.	
Gender reassignment	As above.	As above.	
Marriage or civil partnership	As above.	As above.	
Pregnancy or maternity	As above.	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.	Not at this time but the situation will be kept under review.	

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

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

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

Page 66	<ul style="list-style-type: none"> <li>• Outcomes of assessments such as audit reports</li> <li>• The Draft Annual Governance Statement</li> <li>• Delivery against targets set out in individual business cases/ approved project documentation</li> <li>• Financial data and recording</li> </ul>
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**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

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

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

<b>The impacts of this proposal will be evaluated on:</b>	<b>Quarter 1 2019/20</b>
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10 JUNE 2019

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## **2018/19 UNAUDITED STATEMENT OF ACCOUNTS INCLUDING ANNUAL GOVERNANCE STATEMENT**

### **REPORT OF CARDIFF CAPITAL REGION CITY DEAL SECTION 151 OFFICER**

#### **AGENDA ITEM: 8**

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

1. To present to Regional Cabinet the unaudited Statement of Accounts (attached at Appendix 1) in respect of the Cardiff Capital Region City Deal Joint Committee for the financial year 2018/19, for review and comment, in line with the revised statutory deadline of 15<sup>th</sup> June 2019.
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, then there is a requirement 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 authorise the Joint Committee's Section 151 Officer to formally sign the Chief Financial Officer's Statement of Responsibilities and submit the document to the Auditor General for Wales, to enable the Wales Audit Office (WAO) to commence its external audit of the full financial statements.

##### **Background**

4. The Statement of Accounts is prepared in accordance with a Code of Practice on Local Authority Accounting ("the Code") 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. The Statement of Accounts includes critical judgements that have been used in applying accounting policies. This includes judgements that have been made in respect of complex transactions or those involving uncertainty about future events. Examples include judgements on the classification of financial instruments, treatment of grants received during the year, assessment of future funding requirements, impact on assets held at the balance sheet date etc.
7. Under the Accounts and Audit (Wales) (Amendments) Regulations 2018, the Joint Committee and the Auditor General are now required to meet earlier statutory deadlines than in previous years. As part of the first stage of changes, the Joint Committee's draft and final Statements of Accounts for 2018/19 will need to meet the revised deadlines of the 15<sup>th</sup> June 2019 and the 15<sup>th</sup> September 2019, respectively.
8. In addition, the Wales Audit Office's Audit of Financial Statements Report – Cardiff Capital Region City Deal Joint Committee issued on the 27<sup>th</sup> November 2018 and presented to Regional Cabinet on 17<sup>th</sup> December 2018 contained the following recommendation:  
  
*“Joint Committee reviews and agrees a revised timetable with Monmouthshire County Council for the completion and audit of CSC Foundry Ltd's 2018-19 financial statements. The revised timetable should ensure that it provides sufficient time to allow staff working for the accountable body within Cardiff Council to make the necessary consolidation adjustments within the Joint Committee's draft financial statements.”*
9. Following discussions between the Accountable Body, Monmouthshire County Council (MCC) and the Wales Audit Office, MCC have committed to providing:
  - draft accounts in respect of CSC Foundry Ltd by the **23<sup>rd</sup> April 2019**;
  - and audited CSC Foundry accounts no later than the **29<sup>th</sup> July 2019**.

### **Content of the Accounts**

10. The Statement of Accounts includes a Narrative Report which provides a general explanation of the Joint Committee's overall financial position together with a guide to the financial statements included within the accounts. These financial statements are accompanied by notes which provide further detail on the specific transactions and/or key assumptions made in preparing the accounts.
11. The Joint Committee's core financial statements and their purpose are as follows:
  - a) The Movement in Reserves Statement which shows the movements in the year for different reserves. Usable reserves are those that can be used to fund expenditure or reduce partner contributions for example general and earmarked reserves. Unusable reserves are

those used for accounting entries, so cannot be used to fund expenditure or reduce contributions.

- b) The Comprehensive Income and Expenditure Account shows the cost of the Joint Committee's activities during the year in accordance with prescribed accounting practices.
  - c) The Joint Committee's Balance Sheet provides the relevant values at the balance sheet date of the Joint Committee's assets and liabilities.
  - d) The Cash Flow Statement identifies the movement in cash and cash equivalents during the year and is classified into prescribed categories as set-out in the Code.
12. Other accompanying notes included in the statements either as a result of legislative or accounting requirements are:
- a) Disclosures on financial instruments (Financial Assets and Financial Liabilities);
  - b) Capital Expenditure and financing arrangements;
  - c) Officer remuneration and exit packages;
  - d) Fund accounting where applicable; and
  - e) Changes in any applicable accounting standards and their impact on the financial statements.

### **Group Accounts**

13. The Code of Practice also requires the preparation of Group Accounts where the relevant activities e.g. subsidiaries, associates or joint ventures fall within prescribed definitions or requirements. As in previous years, the Special Purpose Vehicle (SPV) established to deliver the Compound Semi-Conductor project will need to be consolidated and included within the Joint Committee's Group Accounts.
14. 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.

### **Annual Governance Statement**

15. The Statement of Accounts includes a key section in relation to the Joint Committee's Annual Governance Statement. The disclosure represents an 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).
16. The disclosure meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.



## **Next Steps**

17. Regulations require that the Chief Financial Officer (Joint Committee s151 Officer) sign the accounts no later than the 15th June 2019. The next steps are:
  - a) A copy of the unaudited accounts are formally provided to Wales Audit Office as soon as possible and ahead of the statutory deadline of the 15<sup>th</sup> June 2019 (noting that some preliminary work has already begun by Wales Audit Office to assess a number of major transactions from the year);
  - b) To advertise the opportunity for public inspection of the accounts for a period of four weeks, the indicative dates of the 18<sup>th</sup> June to the 15<sup>th</sup> July have been established for this purpose;
  - 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) To propose that Regional Cabinet approve and sign the audited accounts at its meeting in September and in any event no later than the 15<sup>th</sup> September 2019;
  - e) To publish the approved accounts by 15<sup>th</sup> September 2019 on the Joint Committee's website.
18. The dates agreed for CSC Foundry accounts have been set significantly earlier than those which transpired last year. In order to minimise the risk of complying with statutory deadlines a detailed timetable has been prepared which covers all key milestones over the accounts closure and auditing period. The timetable has been agreed with relevant parties.
19. To-date all parties have met the dates included with the timetable and it is important that this continues over the remaining period in the lead up to the completion of the final, audited Statement of Accounts. Should information not be received on time, meaning deadlines and quality of information are potentially compromised, then matters will need to be escalated in a timely manner.

## **Reasons for Recommendations**

20. To provide Regional Cabinet with the opportunity to review and comment on the unaudited Statement of Accounts for the year ended 31st March 2019, ahead of submission to the Wales Audit Office in line with the statutory deadline of the 15th June 2019.

## **Legal Implications**

21. 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 .

22. 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 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 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.

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.

### **Financial Implications**

23. The attached report provides Regional Cabinet with the Joint Committee's unaudited Statement of Accounts for 2018/19 for review and comment prior to them being formally signed, put on public display and submitted for external audit.

### **RECOMMENDATIONS**

It is recommended that the Cardiff Capital Region Regional Cabinet:

1. Authorises the Joint Committee Section 151 Officer to sign the Chief Financial Officer's Statement of Responsibilities on page 11 of the unaudited Statement of Accounts;
2. Note that having had an opportunity to review and provide comments, the unaudited Statement of Accounts for the year ended 31<sup>st</sup> March 2019 (attached as Appendix 1) will be:
  - i. Formally provided to the Wales Audit Office to allow them to commence their audit of the statements;
  - ii. Will be made available for public inspection for a period of four weeks as per the indicative dates outlined in this report.

**Chris Lee**

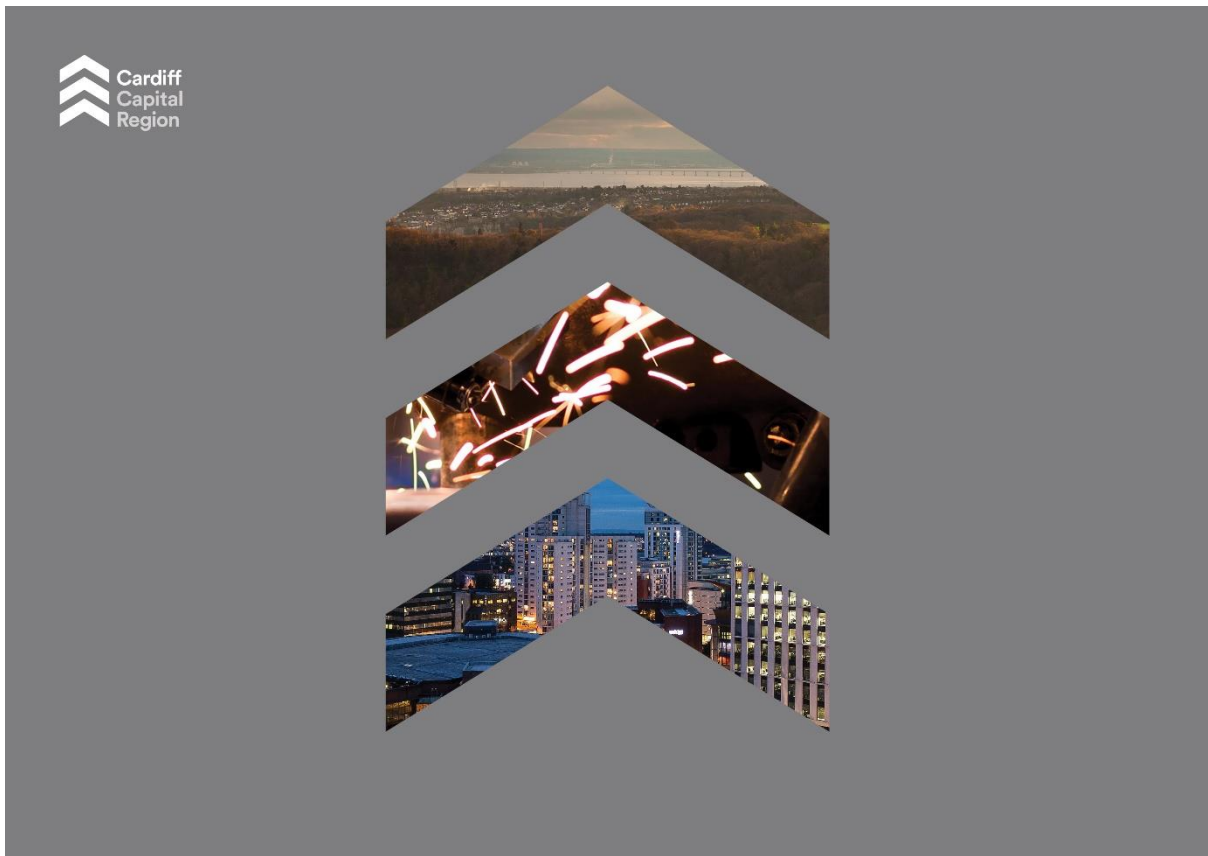
**Section 151 Officer, Cardiff Capital Region City Deal**

**10 June 2019**

Appendix 1 2018/19 Unaudited Statement of Accounts

Appendix 2 Wellbeing of Future Generations Assessment

# Cardiff Capital Region City Deal Joint Committee Unaudited Statement of Accounts 2018/19



## Contents Page

Chair's Statement	1
Narrative Report	2
Statement of Responsibilities for the Financial Statements	10
Certificate of the Chief Financial Officer	11
Audit Report	12
Accounting Policies Used When Formulating the Accounts	13
Comprehensive Income and Expenditure Statement	16
Movement in Reserves Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Core Financial Statements	20
Group Accounts	30
Annual Governance Statement	43

- Appendix 1(i): AGS Assurance Rating – Strong
- Appendix 1(ii): AGS Assurance Rating – Strong/Moderate
- Appendix 1(iii): AGS Assurance Rating – Moderate
- Appendix 1(iv): AGS Assurance Rating – Moderate/Limited
- Appendix 1(v): AGS 2018/19 Action Plan
- Appendix 1(vi): AGS Actions monitored via ABP Work Programme
- Appendix 1(vii): Glossary of Relevant Local Government Accountancy Terms

## **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 enhancements to our evidence base, a new Industrial Growth Strategy and an Investment Framework to deploy our investments in targeted and effective ways – we are poised to deliver a City Deal that creates wealth, prosperity and inclusion benefits region-wide.”*

Councillor Andrew Morgan

Chair, Cardiff Capital Region City Deal

## **Narrative Report**

### **Introduction**

The Cardiff Capital Region 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. With two cities (Cardiff and Newport) at its core, the region has seen significant regeneration and investment over recent decades. Cardiff, as the capital city, is now dynamic, fast growing and forecast to have a higher population growth rate over the next 20 years than any other city in the UK.

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.

The Cardiff Capital Region believes investments in these areas will deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment from local partners and the private sector by 2036.

### **Background**

In 2017 Council approval was received from each of the ten partnering authorities within the Cardiff Capital Region for the establishment of the Cardiff Capital Region City Deal Joint Committee. The Joint Working Agreement in relation to the delivery of the City Deal ('JWA') was signed by all ten Councils on 1<sup>st</sup> March 2017. The JWA sets out the Joint Committee's governance arrangements.

Each partnering authority has one elected member representative serving on the Joint Committee, which joint committee is also referred to as the Cardiff Capital Region 'Regional Cabinet'. The JWA also contains an Assurance Framework and Implementation Plan.

The Joint Committee is supported by the City Deal Office (CDO) headed-up by the Director of the City Deal. In addition, Cardiff Council was appointed as the Accountable Body (legal entity) and is responsible for discharging the Council's obligations in respect of the City Deal in accordance with the provisions of the JWA. The cost of the PMO and the Accountable Body are met from contributions made by partnering authorities through the annual approval of the Joint Committee Revenue Budget.

## **Wider Investment Fund (WIF)**

The City Deal provides funding to support schemes which will stimulate the economic growth of the region. The agreement with the UK and Welsh Governments total £1.2 billion, of which £734 million is allocated to the Metro and is directly managed by Welsh Government. The remaining £495 million relates to the 'Wider Investment Fund' and is made up of:

- £375 million HM Treasury grant profiled to be paid over 20 years, £50 million revenue grant will be paid during years 1-5 total, followed by £325 million of capital grant funding flowing through years 6-20;
- £120 million Council Contributions in the form of capital funding, being drawn down as required.

### Wider Investment Fund 'Top-Slice'

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

### Wider Investment Fund 'Balance of Funding'

The remaining Wider Investment Fund balance (circa £480 million) is to be used to fund investment proposals as set-out in the Joint Working Agreement Business Plan, as these are brought forward for consideration and approval in-line with the requirements of the Assurance Framework.

2017/18 saw the approval and implementation of Cardiff Capital Region's first investment. A loan of £38.5 million was approved in respect of the Compound Semi-Conductor project, which has the potential to generate 2,000 jobs and over £380 million of private sector investment.

### 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**

The City Deal Heads of Terms document outlines the Joint Committee's aims in respect of its Wider Investment Fund, namely; the creation of 25,000 new jobs and to leverage £4 billion of private sector investment.

Significant progress has been made in 2018/19, both in respect of developing and embedding strong foundations for process, governance and accountability and programme and project inception and delivery. Particularly important developments have been:

- The development of an evidence base and good data through the 'State of the Region' sectoral analysis, performed by Cardiff University. This is important in developing self-awareness and ensuring that Cardiff Capital Region has its own mechanisms in place to develop economic baselines and will demonstrate the points of comparison and progress which are vital to the Gateway Review
- This has been converted into a business-led approach to shaping and publishing an Industrial and Economic Growth Plan which clearly sets out the key priorities and sectors that will enable sustainable and resilient growth in line with the City Deal's core objectives and targets.
- In turn, this has supported the development of a crucial aspect of the Assurance Framework, the Investment and Intervention Framework, a clear, rigorous and robust approach to the in-depth assessment and appraisal of investment propositions. This new framework will enhance and clarify governance arrangements, including the establishment of a new Investment Panel, investment guidelines and manual and the inclusion of experts from both the public and private sectors.
- In addition to these key governance enhancements and developments, project delivery has been accelerated in line and in keeping with the new principles and ways of working established in the above frameworks, plans and projects. This has included:
  - continued effective delivery of the CSC Foundry Project;
  - an award of seed funding for Strength in Places Fund;
  - development and operationalisation of the CCR Graduate Scheme;
  - inception of Metro Plus and:
    - a successful first stage application to WEFO on the Public Services Testbed concept

This all represents the strengthening of foundations and ensuring that the Cardiff Capital Region City Deal is creating the right conditions for growth, development and inclusion.

**Summary of Financial Performance****2018/19 Joint Committee Expenditure and Funding**

Details of the Out-turn position against the 2018/19 approved budgets are shown below.

**2018/19 Joint Committee Revenue Budget & Out-turn Position**

<b>Joint Committee Revenue Budget</b>	<b>2018/19 Budget £</b>	<b>2018/19 Out-turn £</b>	<b>2018/19 Variance £</b>
<b>Expenditure:</b>			
City Deal Office	699,015	625,985	(73,030)
Accountable Body Support Services	350,985	300,517	(50,468)
<b>Total</b>	<b>1,050,000</b>	<b>926,502</b>	<b>(123,498)</b>
<b>Funded by:</b>			
Underspend brought forward	(41,846)	(41,846)	(0)
Partner Contributions	(1,008,154)	(884,656)	123,498
<b>Total</b>	<b>(1,050,000)</b>	<b>(926,502)</b>	<b>123,498</b>

**2018/19 Wider Investment Fund 'Top-Slice' Budget & Out-turn Position**

<b>Wider Investment Fund Top-Slice</b>	<b>2018/19 Budget £</b>	<b>2018/19 Out-turn £</b>	<b>2018/19 Variance £</b>
<b>Gross Expenditure:</b>			
Regional Bodies	274,386	164,202	(110,184)
Programme Development & Support	238,114	31,768	(206,346)
Projects	230,000	85,986	(144,014)
	742,500	281,951	(460,549)
Investment Income	0	(110,943)	(110,943)
<b>Net Expenditure</b>	<b>742,500</b>	<b>171,008</b>	<b>(571,492)</b>
<b>Funded by:</b>			
HMT Revenue Grant	(742,500)	(171,008)	571,492
<b>Total</b>	<b>(742,500)</b>	<b>(171,008)</b>	<b>571,492</b>

**2018/19 Wider Investment Fund 'Balance of Funding' Budget & Out-turn**

<b>Wider Investment Fund 'Balance of Funding'</b>	<b>2018/19 Budget £</b>	<b>2018/19 Out-turn £</b>	<b>2018/19 Variance £</b>
<b>Capital Expenditure:</b>			
CSC Foundry Investment	13,690,000	12,308,400	(1,381,600)
In Year Project Resources	4,015,000	0	(4,015,000)
<b>Sub Total</b>	<b>17,705,000</b>	<b>12,308,400</b>	<b>(5,396,600)</b>
<b>Revenue Expenditure:</b>			
CSC Foundry Project Delivery & Implementation	150,000	150,000	0
Graduate Pilot Scheme	31,450	7,034	(24,416)
In Year Project Resources	968,550	0	(968,550)
<b>Sub Total</b>	<b>1,150,000</b>	<b>157,034</b>	<b>(992,966)</b>
<b>Total</b>	<b>18,855,000</b>	<b>12,465,434</b>	<b>(6,389,566)</b>
<b>Funded By</b>			
HMT Revenue Grant	1,150,000	157,034	(992,966)
Council Contributions	17,705,000	12,308,400	(5,396,600)
<b>Total</b>	<b>18,855,000</b>	<b>12,465,434</b>	<b>(6,389,566)</b>

**Financial Position as at 31<sup>st</sup> March 2019**

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31<sup>st</sup> March 2019.

<b>Summary of Balance Sheet</b>	<b>31st March 2018 £'000</b>
<b>Long Term Assets :</b>	
Long Term Debtors, Revenue and Capital (CSC Foundry Project)	37,118,359
<b>Current Assets &amp; Liabilities:</b>	
Short Term Debtors, Cash & Cash Equivalents, less Short Term Creditors	27,532,102
<b>Long Term Liabilities</b>	(27,588,971)
<b>Net Assets</b>	<b>37,061,490</b>
<b>Financed by:</b> Usable Reserves (£211,659) and Unusable Reserves (£36,849,831)	<b>37,061,490</b>

## **Investments**

In 2017/18 an investment in the form of a loan amounting to £38.5 million was approved to support the set-up of Compound Semi-conductor Foundry Ltd, a Special Purpose Vehicle wholly owned by the ten councils. The details of the arrangement were set out in the reports to Regional Cabinet and are set out in the various legal documents.

The loan, together with the private sector investment will fund the acquisition (from Welsh Government) of the Foundry building, its refurbishment and fit-out. In addition, the Foundry building will house a number of 'clean rooms' equipped with state-of-the-art technology and specialist tools. The loan will also cover the initial start-up costs associated with the Special Purpose Vehicle such as registration and other financial and administrative costs.

The loan will be drawn down over three years, with £37.12 million being invested during the period covering Financial Years 2017/18 and 2018/19. This is largely funded via Council Contributions (capital costs), with revenue expenditure being met from HM Treasury Grant funding. The balance (£1.382 million) will be drawn down 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 commitments.

## **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, such as the Welsh Local Government Association. 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<sup>st</sup> March 2019, the Joint Committee held Usable Reserves of £211,659. This represents the net underspend against the Joint Committee Revenue budgets which is funded by contributions from the ten partnering authorities. These are carried forward as both Earmarked and General Reserves to supplement budget resources available in future years. (Note: subject to approval by Regional Cabinet at meeting scheduled for 10<sup>th</sup> June 2019)

## **Prior Period Adjustments**

There were no Prior Period Adjustments during the financial year 2018/19.

## **Corporate Governance**

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 2018/19 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 Annual Governance Statement (AGS) on pages 43 to 51 summarises the assessment of governance in place for the Joint Committee.

## **Introduction to the Financial Statements**

This document presents the Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee. These are prepared in accordance with the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom.

### **The Financial Statements**

The financial statements, accompanied by a Statement of Responsibilities and the Auditor's Report, are set out on pages 10 to 19 and comprise:

#### **Accounting Policies, Judgements and Assumptions (page 13)**

The accounting policies applied by the Joint Committee, critical judgements made in their application and areas of the accounts where significant estimates or assumptions have been made.

#### **Comprehensive Income and Expenditure Statement (page 16)**

This statement provides information on how the Joint Committee 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 (page 17)**

This statement shows the changes to the Joint Committee's Reserves over the course of the year and therefore, the movements in the financial position of the Joint Committee.

#### **Balance Sheet (page 18)**

This statement provides a 'snapshot' of the financial position at 31<sup>st</sup> March 2019, showing what the Joint Committee owns and owes.

#### **Cash Flow Statement (page 19)**

This statement shows the reason for changes in the Joint Committee's cash and cash equivalents during the reporting period.

#### **Notes to the Core Financial Statements (pages 20 - 29)**

These are the notes that accompany the main financial statements and provide an additional tier of information and context.

## **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. For Cardiff Capital Region Joint Committee, this officer 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

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**Cllr Andrew Morgan**

**Chair of Cardiff Capital Region Joint Committee**

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**Date**

**Responsibilities of the Section 151 Officer as Chief Financial 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 2017-18 (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 2019 and its income and expenditure for the year ended 31 March 2019.

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**Christopher Lee**

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**Date**

**Section 151 Officer, Cardiff Capital Region City Deal Joint Committee**



**Audit Report**

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## **Accounting Policies used when formulating the accounts**

In accordance with the Accounts and Audit (Wales) Regulations 2014, this Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31<sup>st</sup> March 2019 and its financial position at 31<sup>st</sup> March 2019. The accounts are prepared in accordance with proper accounting practices as contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code).

### **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, whilst ensuring the cash requirements of the projects approved as part of the Wider Investment Fund can be serviced at all times.

### **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.

### **5. Grants – Revenue**

Grants and other contributions relating to revenue expenditure are accounted for on an accruals basis and recognised when:

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

The accounting treatment will vary depending on whether it is deemed that conditions inherent in the agreement have been complied with.

When conditions have been satisfied, the grant or contribution is credited to the relevant service line, detailed as Grant Income.

Where there is no reasonable assurance that the conditions will be met, any cash received will not be recognised as a receipt of grant monies, but as a repayment due to the awarding body. The cash received is held on the Balance Sheet as a liability.

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

## **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. Provisions**

Provisions are charged as expenditure to the appropriate service line in 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.

## **8. Reserves**

The Joint Committee sets aside amounts as reserves for future policy purposes or to cover contingencies as these are identified. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge for the expenditure.

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

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

## 2018/19 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.

2017/2018 £		Notes	2018/2019 £
	<b>Cost of Services</b>		
456,740	Staff Costs	1	435,935
19,044	Premises	2	15,738
2,614	Transport	3	24,380
323,954	Supplies & Services	4	453,951
329,016	Support Services	5	315,482
<b>1,131,368</b>	<b>Operating Expenditure</b>		<b>1,245,486</b>
(772,251)	Contributions from Local Authorities	10	(1,038,154)
(156,350)	Grant Income		(178,042)
0	Drawdown from Reserves		(41,846)
<b>(928,601)</b>	<b>Operating Income</b>	6	<b>(1,258,042)</b>
<b>202,767</b>	<b>Net Cost of Services</b>		<b>(12,556)</b>
(16,864)	Interest & Investment Income	19	(110,943)
<b>(16,864)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(110,943)</b>
(24,541,472)	Recognised Capital Grants & Contributions	18	(12,308,359)
<b>(24,541,472)</b>	<b>Taxation and Non Specific Grant Income</b>		<b>(12,308,359)</b>
<b>(24,355,569)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(12,431,858)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(24,355,569)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(12,431,858)</b>

**2018/19 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.

	<b>Usable Reserves £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31<sup>st</sup> March 2018 C/Fwd</b>	<b>41,846</b>	<b>24,541,472</b>	<b>24,583,318</b>
Surplus / (Deficit) on the Income & Expenditure Account (See Note 7)	12,431,858	0	<b>12,431,858</b>
Adjustments between Accounting Basis and Funding Basis (See Note 8)	(12,308,358)	12,308,359	<b>0</b>
Transfers to/(from) Earmarked Reserves (See Note 9)	46,314	0	<b>46,314</b>
<b>Increase/(Decrease in Year)</b>	<b>169,813</b>	<b>12,308,359</b>	<b>12,478,172</b>
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>211,659</b>	<b>36,849,831</b>	<b>37,061,490</b>

**Balance Sheet as at 31<sup>st</sup> March 2019**

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

<b>31<sup>st</sup> March 2018 £</b>		<b>Notes</b>	<b>31<sup>st</sup> March 2019 £</b>
0	Land and Buildings		0
0	Assets Under Construction		0
0	Vehicle, Plant, Furniture & Equipment		0
118,528	Long Term Debtors - Revenue	14	450,000
24,541,472	Long Term Debtors - Capital	14	36,668,359
<b>24,660,000</b>	<b>Long Term Assets</b>		<b>37,118,359</b>
0	Inventories		0
3,019	Short Term Debtors	12	33,114
19,667,536	Cash & Cash Equivalents	13	29,720,199
<b>19,670,555</b>	<b>Current Assets</b>		<b>29,753,313</b>
(2,130,224)	Short Term Creditors	15	(2,221,211)
<b>(2,130,224)</b>	<b>Current Liabilities</b>		<b>(2,221,211)</b>
0	Long Term Borrowing		0
(17,617,013)	Long Term Creditors	15	(27,588,971)
<b>(17,617,013)</b>	<b>Long Term Liabilities</b>		<b>(27,588,971)</b>
<b>24,583,318</b>	<b>Net Assets</b>		<b>37,061,490</b>
41,846	Usable Reserves		211,659
24,541,472	Capital Adjustment Account		36,849,831
<b>24,583,318</b>	<b>Total Reserves</b>		<b>37,061,490</b>

**2018/19 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.

2017/2018 £		Notes	2018/2019 £
(24,355,569)	Net (Surplus) / Deficit on the provision of services		(12,431,858)
24,622,422	Adjust net surplus or deficit on the provision of services for non-cash movements	17	12,229,196
<b>266,853</b>	<b>Net cash flows from operating activities</b>		<b>(202,662)</b>
24,660,000	Investing activities	17	12,458,359
(44,210,000)	Financing activities	17	(22,308,359)
<b>(19,283,147)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(10,052,662)</b>
(384,389)	Cash and cash equivalents at the beginning of the reporting period		(19,667,537)
<b>(19,667,536)</b>	<b>Cash balance as at 31<sup>st</sup> March</b>		<b>(29,720,199)</b>



**Notes to the Core Financial Statements****1. Remuneration**

2017/2018 £	Remuneration	2018/2019 £
456,740	Remuneration	435,935
<b>456,740</b>	<b>Total</b>	<b>435,935</b>

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations, such as the Welsh Local Government Association.

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).

The Accounts and Audit (Wales) Regulations 2014 requires that the number of employees whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. In addition, the Code requires a further disclosure relating to senior employees.

The following tables include disclosures of officers who fall within the Officer Emoluments criteria and have been made on a voluntarily basis, for the reasons outlined above.

Remuneration Band £	Number of Employees	
	2017/18	2018/19
70,000 – 74,999	0	1
95,000 - 99,999	1	0

2017/18 Total Remuneration including Pension Contributions £	Senior Employee Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
119,889	Programme Director	33,000	7,293	40,293	Post vacated July 2019. Annualised salary £99,000
0	City Deal Director	74,885	16,550	91,435	Post commenced August 2019. Annualised salary £111,447

## 2. Premises Costs

The following table analyses Premises expenditure for the year.

2017/2018 £	Premises Costs	2018/2019 £
13,275	Rents	12,430
5,611	National Non Domestic Rates	3,288
159	Other Premises Related Expenditure	20
<b>19,044</b>	<b>Total</b>	<b>15,738</b>

## 3. Transport Costs

The following table analyses Transport expenditure for the year.

2017/2018 £	Transport Costs	2018/2019 £
1,442	Car Allowances	2,004
1,172	Travel Expenses	22,376
<b>2,614</b>	<b>Total</b>	<b>24,380</b>

## 4. Supplies and Services

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

2017/2018 £	Supplies & Services	2018/2019 £
21,698	ICT, Telephones, Printing & Software	21,417
22,395	Meeting Room Hire & Other Meeting Costs	8,389
83,872	Marketing, Branding & Communications	93,368
190,921	Programme Development & Support *	249,791
5,068	Other Supplies & Services Costs	80,986
<b>323,954</b>	<b>Total</b>	<b>453,951</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 Service Costs

The following table analyses Support Service expenditure for the year

2017/2018 £	Support Service Costs	2018/2019 £
28,524	HR People Services	62,290
120,735	Accountancy Support	134,137
2,050	Exchequer, Internal Audit & Insurance	3,070
75,038	Legal & Governance Support	75,213
9,834	ICT, Information & Governance	7,963
80,435	External Audit (Inc. Technical Advice)	32,809
12,400	External Advice & Support	0
<b>329,016</b>	<b>Total</b>	<b>315,482</b>

## 6. Income

The following table analyses Income accounted for during the year.

2017/2018 £	Income	2018/2019 £
(772,251)	Contributions from Local Authorities (See Note 10)	(1,038,154)
(156,350)	Grant Income	(178,042)
0	Drawdown from Reserves	(41,846)
<b>(928,601)</b>	<b>Total</b>	<b>(1,258,042)</b>

Contributions from Local Authorities relates to the funding received in respect of the Joint Committee Revenue Budget from the ten partnering authorities.

HM Treasury grant totalling £10 million was received during the year in respect of the third year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions.

The balance of the total £30 million HM Treasury grant received over the first three years is shown in short term (£1,742,500) and long term creditors (£27,588,971).

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.

## 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).

Expenditure and Funding Analysis	Net Expenditure Chargeable to General Fund Balances	Adjustments	Comprehensive Income & Expenditure 2018/19
	£	£	£
Staff Costs	435,935	0	435,935
Premises	15,738	0	15,738
Transport	24,380	0	24,380
Supplies & Services	453,951	0	453,951
Support Services	315,482	0	315,482
Contributions from Local Authorities	(868,341)	(169,813)	(1,038,154)
Grant Income	(178,042)	0	(178,042)
Drawdown from Reserves	(41,846)		(41,846)
<b>Net Cost of Services</b>	<b>157,257</b>	<b>(169,813)</b>	<b>(12,556)</b>
Interest & Investment Income	(110,943)	0	(110,943)
Recognised Capital Grants & Contributions	(12,308,359)	0	(12,308,359)
Other Income and Expenditure from the Funding Analysis	12,262,045	(12,262,045)	0
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(12,431,858)</b>	<b>(12,431,858)</b>
Opening Usable Reserves Balance 1 <sup>st</sup> April 2018	(41,846)		
Surplus on Usable Reserves Balance in Year	(169,813)		
<b>Closing Usable Reserves Balance 31<sup>st</sup> March 2019</b>	<b>(211,659)</b>		

**Notes to the Expenditure and Funding Analysis**

Expenditure and Funding Analysis	Adjustments for Capital Purposes	Other Adjustments	Total Adjustments
	£	£	£
Staff Costs	0	0	0
Premises	0	0	0
Transport	0	0	0
Supplies & Services	0	0	0
Central Departmental Support	0	0	0
Contributions from Local Authorities	0	(169,813)	(169,813)
Grant Income	0	0	0
<b>Net Cost of Services</b>	<b>0</b>	<b>(169,813)</b>	<b>(169,813)</b>
Interest & Investment Income	0	0	0
Recognised Capital Grants & Contributions	0	0	0
Other Income and Expenditure from the Funding Analysis	(12,262,045)	0	(12,262,045)
<b>(Surplus) or Deficit</b>	<b>(12,262,045)</b>	<b>(169,813)</b>	<b>(12,262,045)</b>

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

	Usable Reserves £	Unusable Reserves £	Total Reserves £
Capital Adjustment Account - Grants and 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. Movement on Usable Reserves**

	Usable Reserves £
<b>Balance at 31st March 2018 Carried Forward</b>	<b>41,846</b>
2017/18 Underspend	123,498
Reserve drawn down	(41,846)
Reserves carried forward	88,161
<b>Sub Total</b>	<b>46,315</b>
<b>Increase/(Decrease in Year)</b>	<b>169,813</b>
<b>Balance at 31st March 2019</b>	<b>211,659</b>

## 10. 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. The grant received in 2018/19 is detailed in note 6.

2017/2018 £	Related Party Transactions	Revenue	Capital	2018/2019 £
		£	£	
(1,153,962)	Blaenau Gwent CBC	(46,574)	(568,613)	(615,187)
(2,358,551)	Bridgend CBC	(95,160)	(1,161,789)	(1,256,948)
(2,990,148)	Caerphilly CBC	(120,657)	(1,473,077)	(1,593,734)
(5,927,029)	Cardiff Council	(239,192)	(2,920,254)	(3,159,446)
(984,193)	Merthyr Tydfil CBC	(39,730)	(485,052)	(524,781)
(1,534,347)	Monmouthshire County Council	(61,932)	(756,113)	(818,044)
(2,452,168)	Newport City Council	(98,962)	(1,208,206)	(1,307,167)
(3,940,166)	Rhondda Cynon Taf CBC	(188,996)	(1,941,147)	(2,130,142)
(1,524,055)	Torfaen CBC	(61,503)	(750,880)	(812,383)
(2,117,632)	Vale of Glamorgan Council	(85,449)	(1,043,232)	(1,128,681)
<b>(24,982,251)</b>	<b>Total</b>	<b>(1,038,154)</b>	<b>(12,308,359)</b>	<b>(13,346,513)</b>

## 11. External Audit Costs

2017/2018 £	External Audit Costs	2017/2018 £
10469	Joint Committee Financial Audit	17,843
55,000	2017/18 Review of Arrangements that supported the CSC Foundry Ltd Investment Decision	0
14,966	Joint Committee Performance Audit	14,966
<b>80,435</b>	<b>Total</b>	<b>32,809</b>

## 12. Debtors

31 <sup>st</sup> March 2018 £	Debtors	31 <sup>st</sup> March 2019 £
0	Central Government Bodies	0
0	Other Local Authorities	33,114
3,019	Other Entities and Individuals	0
<b>3,019</b>	<b>Sub Total</b>	<b>33,114</b>
0	Provision for Bad Debt	0
<b>3,019</b>	<b>Total</b>	<b>33,114</b>

## 13. 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. Therefore, the amount of £29,720,199 shown as cash in the Balance Sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee.

## 14. 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 13) above.

The loan funds 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 £12,458,359 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 commitments.

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, with this position being unchanged following the implementation of the requirements of IFRS 9 Financial Instruments.

31 <sup>st</sup> March 2018		Financial Instruments	31 <sup>st</sup> March 2019	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
19,667,536	19,667,536	Cash and Cash Equivalents	29,720,199	29,720,199
24,660,000	24,660,000	Loan to CSC Foundry Ltd	37,118,359	37,118,359
<b>44,327,536</b>	<b>44,327,536</b>	<b>Total</b>	<b>66,838,558</b>	<b>66,838,558</b>

Financial Instrument Gains/Losses

Interest amounting to £110,943 was earned on the Joint Committee's Cash balances held by the Accountable Body during the year. Cash balances were managed in-line with the approved treasury management strategy.

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 2018/19, it has been determined that no provisions are required and there is no requirement to recognise any losses.

The status 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. The latter is supported by work undertaken by the Accountable Body to inform the approval process. These range of measures provide the framework for the ongoing review of the loan value.

There is not deemed to be a risk of non-repayment, so no provision or impairment is considered to be required at this time in respect of the outstanding loan value.

**15. Creditors**

<b>31<sup>st</sup> March 2018 £</b>	<b>Creditors</b>	<b>Short Term £</b>	<b>Long Term £</b>	<b>31<sup>st</sup> March 2019 £</b>
19,509,513	Central Government Bodies	1,751,181	27,588,971	29,340,152
74,979	Other Local Authorities	221,715	0	221,715
0	Public Corporations and Trading Funds	196	0	196
162,745	Other Entities and Individuals	248,119	0	248,119
<b>19,747,237</b>	<b>Total</b>	<b>2,221,211</b>	<b>27,588,971</b>	<b>29,810,182</b>



**16. Usable Reserves**

2017/2018 £	Usable Reserves	2018/2019 £
227,749	<b>Balance as at 1 April</b>	41,846
	Movements during year:	
0	Year-end balance carried forward	211,659
(185,903)	Funding of Expenditure	(41,846)
<b>41,846</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>211,659</b>

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

2017/2018 £	Operating Activities	2018/2019 £
78,419	Increase / (Decrease) in Creditors	243,652
(3,019)	(Increase) / Decrease in Debtors	(30,096)
0	Contributions (to)/from Provisions	43,649
(24,541,472)	Capital grants / contributions recognised in I&E	(12,308,359)
(156,350)	Revenue grants / contributions recognised in I&E	(178,042)
<b>(24,622,422)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(12,229,196)</b>

2017/2018 £	Investing Activities	2018/2019 £
24,541,472	Capital Loan	12,308,359
118,528	Revenue Loan	150,000
<b>24,660,000</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>12,458,359</b>

2017/2018 £	Financing Activities	2018/2019 £
(20,000,000)	HMT Grant received	(10,000,000)
(24,210,000)	Capital contribution received	(12,308,359)
<b>(44,210,000)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(22,308,359)</b>

## 18. Capital Adjustment Account

The Capital Adjustment Account is used to reconcile the different rates at which assets are depreciated under proper accounting practice, details how capital expenditure is financed and deals with revaluation gains where applicable.

2017/2018 £	Capital Adjustment Account	2018/2019 £
0	<b>Balance as at 1<sup>st</sup> April</b>	<b>24,541,472</b>
	Capital financing applied in the year:	
24,541,472	Grants and contributions	12,308,359
<b>24,541,472</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>36,849,831</b>

## 19. Interest

Interest amounting to £110,943 was earned on the Joint Committee's Cash balances held by the Accountable Body during the year. Cash balances were managed in-line with the approved treasury management strategy.

The arrangements consist of short-term investments through approved counterparties and are aimed at securing market returns, whilst ensuring the cash requirements of the projects approved as part of the Wider Investment Fund can be serviced at all times.

## **Group Accounts**

### **Introduction**

The group accounts that follow comply with the requirement of the 2018/19 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 on pages 13 to 15.

**Group Comprehensive Income and Expenditure Statement as at 31<sup>st</sup> March 2019**

2017/2018 £		Notes	2018/2019 £
	<b>Cost of Services</b>		
501,879	Staff Costs	20	481,708
19,044	Premises	21	15,738
2,614	Transport	22	24,380
373,053	Supplies & Services	23	480,540
354,016	Support Services	24	337,232
0	Provisions		0
<b>1,250,606</b>	<b>Operating Expenditure</b>		<b>1,339,598</b>
(772,251)	Contributions from Local Authorities	26	(1,038,154)
(156,350)	Grant Income	26	(178,042)
(1,976,165)	Fees and Charges	26	(2,992,947)
	Drawdown from Reserves	26	(41,846)
<b>(2,904,766)</b>	<b>Operating Income</b>		<b>(4,250,989)</b>
<b>(1,654,160)</b>	<b>Net Cost of Services</b>		<b>(2,911,391)</b>
(17,574)	Interest & Investment Income	36	(112,891)
<b>(17,574)</b>	<b>Financing &amp; Investment Income &amp; Expenditure</b>		<b>(112,891)</b>
(24,541,472)	Recognised Capital Grants & Contributions	35	(12,308,359)
353,000	Corporation Tax	25	551,149
<b>(24,188,472)</b>	<b>Taxation and Non Specific Grant Income</b>		<b>(11,757,210)</b>
<b>(25,860,206)</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>(14,781,492)</b>
0	Other Comprehensive Income & Expenditure		0
<b>(25,860,206)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(14,781,492)</b>

**Group Movement in Reserves Statement 2018/19**

	<b>Usable Reserves £</b>	<b>Unusable Reserves £</b>	<b>Total Reserves £</b>
<b>Balance at 31<sup>st</sup> March 2018 Carried Forward</b>	<b>1,546,843</b>	<b>24,541,482</b>	<b>26,087,965</b>
Surplus / (Deficit) on the Income and Expenditure Account	14,781,492	0	<b>14,781,492</b>
Called up Share Capital	0	0	<b>0</b>
Adjustments between Accounting Basis and Funding Basis	(12,308,359)	12,308,359	<b>0</b>
Transfers to/(from) Earmarked Reserves	46,314	0	<b>46,314</b>
<b>Increase/(Decrease in Year)</b>	<b>2,519,447</b>	<b>12,308,359</b>	<b>14,827,806</b>
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>4,065,930</b>	<b>36,849,841</b>	<b>40,915,771</b>

**Group Balance Sheet as at 31<sup>st</sup> March 2019**

<b>31<sup>st</sup> March 2018 £</b>		<b>Notes</b>	<b>31<sup>st</sup> March 2019 £</b>
0	Land and Buildings		0
20,388,315	Assets Under Construction		35,224,397
0	Vehicle, Plant, Furniture & Equipment		0
1,976,165	Long Term Debtors - Revenue	29	2,992,947
0	Long Term Debtors - Capital		0
<b>22,364,480</b>	<b>Long Term Assets</b>		<b>35,224,397</b>
0	Inventories		0
1,564,868	Short Term Debtors	29	5,392,559
25,205,099	Cash & Cash Equivalents	30	33,349,522
<b>26,769,967</b>	<b>Current Assets</b>		<b>38,742,081</b>
(2,739,901)	Short Term Creditors	32	(2,040,716)
<b>(2,739,901)</b>	<b>Current Liabilities</b>		<b>(2,040,716)</b>
0	Long Term Borrowing		0
(19,953,581)	Long Term Creditors	32	(30,044,143)
(353,000)	Provision for Liabilities	25	(965,848)
<b>(20,306,581)</b>	<b>Long Term Liabilities</b>		<b>(31,009,991)</b>
<b>26,087,965</b>	<b>Net Assets</b>		
41,846	Usable Reserves		211,659
10	Called up Share Capital		10
1,504,637	Profit and Loss Account		3,854,271
24,541,472	Capital Adjustment Account		36,849,831
0	Revaluation Reserve		0
0	Accumulated Absences		0
0	Unusable Reserves		0
<b>26,087,965</b>	<b>Total Reserves</b>		<b>40,915,771</b>

**Group Cash Flow Statement 2018/19**

<b>2017/2018 £</b>		<b>Notes</b>	<b>2018/2019 £</b>
(25,860,206)	Net (Surplus) / Deficit on the provision of services		(14,781,492)
24,861,191	Adjust net surplus or deficit on the provision of services for non-cash movements	34	14,109,347
<b>(999,015)</b>	<b>Net cash flows from operating activities</b>		<b>(672,145)</b>
20,388,315	Investing activities	34	14,836,082
(44,210,010)	Financing activities	34	(22,308,359)
<b>(24,820,710)</b>	<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>(8,144,422)</b>
(384,389)	Cash and cash equivalents at the beginning of the reporting period		(25,205,100)
<b>(25,205,099)</b>	<b>Cash balance as at 31<sup>st</sup> March</b>		<b>(33,349,522)</b>

**Notes to the Core Group Financial Statements****20. Remuneration**

2017/2018 £	Remuneration	Joint Committee £	CSC Foundry Ltd £	2017/2018 £
501,879	Remuneration	435,935	45,773	481,708
<b>501,879</b>	<b>Total</b>	<b>435,935</b>	<b>45,773</b>	<b>481,708</b>

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations, such as the Welsh Local Government Association.

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).

The Accounts and Audit (Wales) Regulations 2014 requires that the number of employees whose remuneration is over £60,000 per annum be disclosed within bands of £5,000. In addition, the Code requires a further disclosure relating to senior employees.

The following tables include disclosures of officers who fall within the Officer Emoluments criteria and have been made on a voluntarily basis, for the reasons outlined above.

Remuneration Band £	Number of Employees	
	2017/18	2018/19
70,000 – 74,999	0	1
95,000 - 99,999	1	0

2017/18 Total Remuneration including Pension Contributions £	Senior Employee Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
119,889	Programme Director	33,000	7,293	40,293	Post vacated July 2019. Annualised salary £99,000
0	City Deal Director	74,885	16,550	91,435	Post commenced August 2019. Annualised salary £111,447



## 21. Premises Costs

The following table analyses Premises expenditure for the year.

2017/2018 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
13,274	Rents	12,430	0	12,430
5,611	National Non Domestic Rates	3,288	0	3,288
159	Other Premises Related Expenditure	20	0	20
<b>19,044</b>	<b>Total</b>	<b>15,738</b>	<b>0</b>	<b>15,738</b>

## 22. Transport Costs

The following table analyses Transport expenditure for the year.

2017/2018 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
1,442	Car Allowances	2,004	0	2,004
1,172	Travel Expenses	22,376	0	22,376
<b>2,614</b>	<b>Total</b>	<b>24,380</b>	<b>0</b>	<b>24,380</b>

## 23. Supplies and Services

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

2017/2018 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
21,804	ICT, Telephones, Printing & Software	21,417	0	21,417
22,395	Meeting Room Hire & Other Meeting Costs	8,389	0	8,389
83,872	Marketing, Branding & Communications	93,368	0	93,368
238,225	* Programme Development & Support	249,791	0	249,791
6,757	Other Supplies & Services Costs	80,987	26,589	107,576
<b>373,053</b>	<b>Total</b>	<b>453,952</b>	<b>26,589</b>	<b>480,540</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.

## 24. Support Service Costs

The following table analyses Support Service expenditure for the year.

2017/2018 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
28,524	HR People Services	62,290	0	62,290
142,735	Accountancy Support	134,137	15,000	149,137
2,050	Exchequer, Internal Audit & Insurance	3,070	0	3,070
75,038	Legal & Governance Support	75,213	0	75,213
9,834	ICT, Information & Governance	7,963	0	7,963
83,435	External Audit (Inc. Technical Advice)	32,809	6,750	39,559
12,400	External Advice & Support	0	0	0
<b>354,016</b>	<b>Total</b>	<b>315,483</b>	<b>21,750</b>	<b>337,232</b>

## 25. Provisions

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.

2017/2018 £	Provisions	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
353,000	Deferred Tax – Accelerated Capital Allowances	0	965,848	965,848
<b>353,000</b>	<b>Total</b>	<b>0</b>	<b>965,848</b>	<b>965,848</b>

**26. Income**

The following table analyses Income accounted for during the year.

2017/2018 £	Income	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
(772,251)	Contributions from Local Authorities	(1,038,154)	0	(1,038,154)
(156,350)	Grant Income	(178,042)	0	(178,042)
(1,975,165)	Fees and Charges	0	(2,992,947)	(2,992,947)
0	Drawdown from Reserves	(41,846)	0	(41,846)
<b>(2,904,766)</b>	<b>Total</b>	<b>(1,258,042)</b>	<b>(2,992,947)</b>	<b>(4,250,989)</b>

**27. Related Parties**

2017/2018 £	Related Party Transactions	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
(1,153,961)	Blaenau Gwent CBC	(615,187)	0	(615,187)
(2,358,551)	Bridgend CBC	(1,256,948)	0	(1,256,948)
(2,990,148)	Caerphilly CBC	(1,593,734)	0	(1,593,734)
(5,927,029)	Cardiff Council	(3,159,444)	0	(3,159,444)
(984,193)	Merthyr Tydfil CBC	(524,781)	0	(524,781)
(1,534,348)	Monmouthshire County Council	(818,044)	0	(818,044)
(2,452,168)	Newport City Council	(1,307,167)	0	(1,307,167)
(3,940,165)	Rhondda Cynon Taf CBC	(2,130,142)	0	(2,130,142)
(1,524,055)	Torfaen CBC	(812,383)	0	(812,383)
(2,117,633)	Vale of Glamorgan Council	(1,128,681)	0	(1,128,681)
<b>(24,982,251)</b>	<b>Total</b>	<b>(13,346,511)</b>	<b>0</b>	<b>(13,346,511)</b>

**28. External Audit Costs**

2017/2018 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	2018/2019 £
10,469	Joint Committee Financial Audit	17,843	0	17,843
14,966	Joint Committee Performance Audit	14,966	0	14,966
55,000	2017/18 Review of Arrangements that supported the CSC Foundry Ltd Investment Decision	0	0	0
3,000	CSC Foundry Ltd Audit of Accounts	0	6,750	6,750
<b>83,435</b>	<b>Total</b>	<b>32,809</b>	<b>6,750</b>	<b>39,559</b>

## 29. Debtors

31 <sup>st</sup> March 2018 £	Debtors	Joint Committee £	CSC Foundry Ltd £	Total 31 <sup>st</sup> March 2019 £
0	Central Government Bodies	0	0	0
0	Other Local Authorities	33,114	0	33,114
3,541,033	Other Entities and Individuals	0	5,359,445	5,359,445
<b>0</b>		<b>33,114</b>	<b>5,359,445</b>	<b>5,359,445</b>
0	Provision for Bad Debt	0	0	0
<b>3,541,033</b>	<b>Total</b>	<b>33,114</b>	<b>5,359,445</b>	<b>5,392,559</b>

Debtors – Long and Short Term	Long Term £	Short Term £	Total 31 <sup>st</sup> March 2019 £
Central Government Bodies	0	0	0
Other Local Authorities	0	33,114	33,114
Other Entities and Individuals	2,992,947	2,366,498	5,359,445
<b>Total</b>	<b>2,992,947</b>	<b>2,399,612</b>	<b>5,392,559</b>

## 30. 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 £33,349,522 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 <sup>st</sup> March 2018 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	Total 31 <sup>st</sup> March 2019 £
5,537,363	Bank	0	3,629,323	3,629,323
19,667,536	Cardiff Council Inter-Co Cash	29,720,199	0	29,720,199
<b>25,205,099</b>	<b>Total</b>	<b>29,720,199</b>	<b>3,629,323</b>	<b>33,349,522</b>

## 31. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd. holds Cash and Cash Equivalents amounting to £3,629,323. 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 <sup>st</sup> March 2018		Financial Instruments	31 <sup>st</sup> March 2019	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
25,205,099	25,205,099	Cash and Cash Equivalents	33,349,522	33,349,522
0	0	Loan to CSC Foundry Ltd	0	0
<b>25,205,099</b>	<b>25,205,099</b>	<b>Total</b>	<b>33,349,522</b>	<b>33,349,522</b>

### Financial Instrument Gains/Losses

Net interest of £112,891 has been earned on balances held as stated above, 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.

## 32. Creditors

31 <sup>st</sup> March 2018 £	Creditors	Joint Committee £	CSC Foundry Ltd £	Total 31 <sup>st</sup> March 2019 £
19,509,513	Central Government Bodies	29,340,152	0	29,340,152
71,960	Other Local Authorities	221,715	0	221,715
0	Public Corporations and Trading Funds	196	0	196
3,112,009	Other Entities and Individuals	248,119	2,274,677	2,522,796
<b>22,693,482</b>	<b>Total</b>	<b>29,810,182</b>	<b>2,274,677</b>	<b>32,084,859</b>

Creditors – Long and Short Term	Short Term £	Long Term £	Total 31 <sup>st</sup> March 2019 £
Central Government Bodies	1,751,181	27,588,971	29,340,152
Other Local Authorities	221,715	0	221,715
Public Corporations and Trading Funds	196	0	196
Other Entities and Individuals	67,624	2,455,172	2,522,796
<b>Total</b>	<b>2,040,716</b>	<b>30,044,143</b>	<b>32,084,859</b>

**33. Usable Reserves**

2017/2018 £	Usable Reserves	2018/2019 £
227,749	<b>Balance as at 1 April</b>	1,546,483
	Movements during year:	
0	Year-end balance carried forward	211,659
(185,903)	Funding of Expenditure	(41,846)
1,504,637	Surplus on Provision of Services	2,349,634
<b>1,546,483</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>4,065,930</b>

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

2017/2018 £	Operating Activities	2018/2019 £
3,380,683	Increase / (Decrease) in Creditors	181,913
(3,544,052)	(Increase) / Decrease in Debtors	(1,848,508)
0	Contributions (to)/from Provisions	43,649
(24,541,472)	Capital grants / contributions recognised in I&E	(12,308,359)
(156,350)	Revenue grants / contributions recognised in I&E	(178,042)
<b>(24,861,191)</b>	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(14,109,347)</b>

2017/2018 £	Investing Activities	2018/2019 £
0	Capital Loan	0
0	Revenue Loan	0
20,388,315	Purchases of property, plant and equipment	14,836,082
<b>20,388,315</b>	<b>Adjustments to net surplus or deficit on the provision of services for investing activities</b>	<b>14,836,082</b>

2017/2018 £	Financing Activities	2018/2019 £
(20,000,000)	HMT Grant received	(10,000,000)
(24,210,000)	Capital contribution received	(12,308,359)
<b>(44,210,010)</b>	<b>Adjustments to net surplus or deficit on the provision of services for financing activities</b>	<b>(22,308,359)</b>

### 35. Capital Adjustment Account

The Capital Adjustment Account is used to reconcile the different rates at which assets are depreciated under proper accounting practice, details how capital expenditure is financed and deals with revaluation gains where applicable.

2017/2018 £	Capital Adjustment Account	2018/2019 £
0	Balance as at 1 <sup>st</sup> April	24,541,472
	Capital financing applied in the year:	
24,541,472	Grants and contributions	12,308,359
24,541,472	Balance as at 31 <sup>st</sup> March	36,849,831

### 36. Interest

Interest is earned from investment activities relating to the balance of funding held during the year by the Accountable Body on behalf of the Joint Committee. CSC Foundry Ltd. both earns and incurs interest. During 2017/18 this amounted to £112,891 (Joint Committee £110,943 and CSC Foundry Ltd, £1,948).

## 2018/19 Annual Governance Statement

### 1. Scope of Responsibility

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. An Investment Fund of £495 million is funded from a HM Treasury Grant of £375 million (provided over a 20-year period) and Local Government capital contributions amounting to £120 million.

The CCRCD is overseen by a Joint Committee, which was established on the 1st March 2017 and comprises the ten Leaders from the following councils: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and Vale of Glamorgan.

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.

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.

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

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

As set-out above, 2017-18 represented CCRCD's first full year of operation and therefore, some of the governance arrangements referred to within the inaugural Annual Governance Statement (AGS) were developed and introduced at various points during that year.

The AGS concluded that, whilst arrangements that were in place as at 31<sup>st</sup> March 2018 generally provided strong assurance that the principles of CIPFA's Delivering Good Governance Framework are being met, it was acknowledged that not all of these arrangements have been in place throughout the year.



It was also recognised that as future investment decisions are made and as the operating arrangements of CCRCD embed, the effectiveness of these arrangements will need to be closely monitored and reviewed. The City Deal Director made the following statement to provide the appropriate context to the work completed as part of the inaugural AGS:

*“Our City Deal is embryonic and still very much in the early phases of development. It must therefore be borne in mind that the statements and targets described in this report reflect notional progress and different points in time where new practices, developments and standards have been adopted, in line with our emergence and ‘bedding in’. This growing maturity and ongoing development is difficult to depict in target setting – and even more difficult to reflect in target hitting. Where we have stated that something has been achieved in full or to an optimum standard, it reflects a considered view that for that stage of progress – we have completed the task. However the full context is that task will need to evolve and adapt as we advance and as such a moment in time.*

*This is especially important in recognising that our City Deal is now moving to the next phase of delivery and that will be important in providing a baseline from which to compare and relate progress year on year. In essence we are in ‘start up’ territory and as we move forward, this serves as an important reminder that much of what we are doing is new and different and our jurisdictions are limited to the stages we are at and the tasks relevant to them. It is only overtime and as things routinize and settle that history will allow for comparisons and more informed judgements to be made.”*

#### Key Developments during 2018-19

The CCRCD has arrangements in place, which are designed to deliver strong governance and an effective system of internal control. These comprise a Joint Working Agreement (JWA) which sets out the overall governance arrangements, an Assurance Framework which sets out how the Investment fund will be allocated and managed, and an Implementation Plan. The Joint Committee and all partner councils approved the five year JWA Business Plan in March 2018 to provide a clear strategic vision and focus over the medium term.

The approval of the Annual Business Plan (ABP) translates the 5yr JWA Business Plan into a tangible Work Programme for each financial year. A new format has been adopted in 2018/19 for quarterly performance reporting against the ABP, which provides the mechanism for monitoring progress against the agreed Work Programme throughout the year.

The approval of the Regional Industrial & Economic Plan during the year represents a major step forward, allowing the City Deal vision and its intended outcomes to be communicated to citizens and services users in the Region. 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 in 2018/19.

The approval and launch of the Investment & Intervention Framework (IIF) and accompanying Prospectus will build on the work done to-date, in terms of planning, evaluating and delivering future projects. This will assist with designing outcomes with service users and the wider business community in mind. A key aspect of this work will be the need to undertake further work around addressing 'Economic Inclusion' in the region and assessing how to evaluate this against purely commercial targets to ensure that it meets Joint Committee members' political aspirations for their communities.

### **3. The Governance Framework**

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 CCRC 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.

### **4. 2018-19 AGS Assessment Process**

It was important that the starting point for the 2018-19 AGS assessment recognised and built on the work completed as part last year's AGS. In this regard, the Quarter 4 Performance Report outlines the status of the Action Plan agreed in 2017-18, including the actions arising from the 'Status Review' exercise completed at the half-way point in 2018-19.

Another central component to the AGS assessment is the inclusion and recognition of 'Other Cardiff Capital Region City Deal Governance Related Work', as detailed 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.

- Chair of the Chief Executive Group;
  - City Deal Director;
  - Joint Committee Section 151 Officer;
  - Joint Committee Monitoring Officer.
2. Each officer was provided with details of 2017-18 AGS and the position against the Action Plan as at Qtr 4. Officers documented the extent of assurance that could be provided against the 20 statements outlined in CIPFA's 'Delivering Good Governance Framework', recognising that the Joint Committee was still in a relatively early stage of its development. Furthermore, officers considered the key developments (outlined above), recognising that some of these were in a state of transition.
3. The responses aimed to identify the level of assurance that could be provided, using an updated RAG system, which has been expanded to allow 5 categories of ratings to be applied, as opposed to the 3 used in the previous year. The ratings can be summarised 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 to 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.
4. The individual officer assurance statements were consolidated and presented to the City Deal Chief Executives Group (CEXs) for consideration, comment and agreement. 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.
5. 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.

6. Prior to its inclusion in the unaudited Statement of Accounts, the timetable allowed the opportunity for the draft Annual Governance Statement process and outputs to be discussed with the Joint Committee (Regional Cabinet), with all appropriate comments reflected within the final unaudited statement.

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

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**

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.

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, 2018/19 represents the second year internal audit work, with the following audit being undertaken:

#### **Report 1. CCRCDC Internal Audit Report 2018/19**

Commenced: February 2019

Report Issued: March 2019

Audit Objectives:

1. Provide assurance that there is adequate reporting of project's performance arrangements in place as part of the governance structure;
2. Verify financial management provisions for the evaluation and approval of funds released to projects;
3. Review internal controls and processes surrounding income collection and debt management process.

An audit opinion of 'Effective' was issued and no recommendations were identified.

### **External Audit**

Wales Audit Office as the Accountable Body's appointed auditor is responsible for providing external audit services to the CCRCDC Joint Committee. An Annual Audit Plan is prepared and agreed with the Joint Committee, with 2018/19 also representing the second year of external audit work. In addition to financial audit work, the following performance audits were also undertaken:

### Report 1. 'Review of Arrangements that supported the CCRCD's First Investment Decision'

Commenced: February 2018  
Report Issued: December 2018

The Joint Committee formally considered the report at its meeting of the 18<sup>th</sup> February 2019 and in the spirit of openness and transparency, the full WAO report has been placed, un-redacted within the public domain.

The AGS assessment process (Assurance Statements 2, 3, 7, 8 & 16), seeks to provide an initial response to the '8 lessons arising', which are outlined in the report. The 2019/20 Work Programme captures the requirement to formally address the findings of the report and will be the mechanism used to ensure that any residual matters are covered off in full.

### Report 2. 'Review of Governance Arrangements CCRCD'

Commenced: August 2018  
Report Issued: April 2019 (draft)

This report was the result of a review undertaken to determine whether the City Deal's governance and accountability arrangements support robust, transparent and effective decision making. It found that these are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency.

The AGS assessment process also seeks to recognise the findings of the second WAO report and outline measures for improvement going forward. This second report is still 'draft' and in the process of being agreed and finalised.

## **6. Assurance Summary**

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.

Building on the comments included in the inaugural AGS, the City Deal Director has provided the following statement in respect of the work completed during 2018/19:

*"Significant progress has been made in 2018/19, both in respect of developing and embedding strong foundations for process, governance and accountability and programme and project inception and delivery. Much of this has already been referenced in the AGS, but I would particularly draw attention to the following important developments:*

- *The development of an evidence base and good data through the 'State of the Region' sectoral analysis, performed by Cardiff University. This work*

*continues with a deeper insight into place and economic inclusion issues and will be supported by securing PhD KES studentships in data science. This is important in developing self-awareness and ensuring that CCR has its own mechanisms in place to develop economic baselines and demonstrates points of comparison and progress – so key to the Gateway Review*

- *This has converted into a business-led approach to shaping and publishing an Industrial and Economic Growth Plan which sets out clearly, the key priorities and sectors that will enable sustainable and resilient growth in line with core objectives and targets.*
- *In turn, this has supported the development of a key aspect of the Assurance Framework – the Investment and Intervention Framework – a clear, rigorous and robust approach to the in-depth assessment and appraisal of investment propositions. This new framework will enhance and clarify governance arrangements, including the establishment of a new Investment Panel, investment guidelines and manual and the inclusion of experts from both the public and private sectors.*
- *New principles have been developed, supported and embedded into this framework in order to ensure the City Deal evolves and adapts to the changes in the wider policy, economic and environmental landscape. These include ensuring our investment fund remains ‘evergreen’, can lever co-investment, be more focussed on complex problem solving (challenge-led) and place-sensitive. These principles have informed criteria for investment assessment and feed directly into the high level targets and goals set by UK Government in respect of leverage, GVA uplift and jobs creation.*
- *This work has been captured by SQW – the UK Government’s consultants on the Gateway Review. It has informed all baseline reports and economic forecasts. In December 2018 CCR was the first region in Cohort 2 approved City Regions/ Deals to have an agreed local evaluation framework.*
- *In addition to these key governance enhancements and developments, project delivery has been accelerated in line and in keeping with the new principles and ways of working established in the above frameworks, plans and projects. This has included continued effective delivery of the CSC Foundry Project; an award of seed funding for Strength in Places Fund; development and operationalisation of the CCR Graduate Scheme; inception of Metro Plus and a successful first stage application to WEFO on the Public Services Testbed concept.*

*This all represents the strengthening of foundations and ensuring we are creating the right conditions for growth, development and inclusion. I fully expect to see these further embedded as progress continues to be made and to ensuring we take care to translate strong process, to even better outcomes.”*

## 7. Summary of Findings

As a result of the assessment process undertaken, it has been concluded that Strong to Strong/Moderate assurance can be provided against 16 of the 20 good practice assurance statements. 3 assurance statements were categorised as providing Moderate assurance, whilst Assurance Statement 4 has been categorised as Moderate/Limited assurance.

There were no 'significant governance issues identified' in respect of the 20 good practice assurance statements.

The details of each of the 20 good practice assurance statements are summarised in Table 1 below, with the full consolidated responses set-out within Appendices 1(i) to 1(iv).

Table 1. - Summary of 2018/19 Assurance Ratings

Rating	Total	Assurance Statement No.	Full Details
<b>Strong</b>	<b>11</b>	<b>1, 5, 6, 10, 11, 12, 15, 16, 17, 18 &amp; 19</b>	<b>Appendix 1(i)</b>
<b>Strong/Moderate</b>	<b>5</b>	<b>3, 7, 8, 9 &amp; 20</b>	<b>Appendix 1(ii)</b>
<b>Moderate</b>	<b>3</b>	<b>2, 13 &amp; 14</b>	<b>Appendix 1(iii)</b>
<b>Moderate/Limited</b>	<b>1</b>	<b>4</b>	<b>Appendix 1(iv)</b>
<b>Limited</b>	<b>0</b>	<b>n/a</b>	<b>n/a</b>

## 8. Conclusions & Next Steps

- a) The assessment process 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 continue to remain in place going forward.
- b) The AGS assessment process identified actions in respect of the remaining 9 good practice statements in order to further strengthen the level of assurance that can be provided going forward.

The actions have been captured as part of two separate (but related processes going forward.

The AGS Action Plan (Appendix 1(v), captures 3 of the 9 actions, with a responsible officer, review period and mechanism for review being identified in respect of each action.

In respect of the remaining 6 actions, it is noted that these have already been captured as part of the 2019/20 Annual Business Plan (ABP) Work Programme. Therefore, to avoid duplication, progress against these actions will be monitored through the existing quarterly performance reporting arrangements. For completeness, these 6 actions are detailed at Appendix 1(vi).

- c) Finally, 'Other Governance Related Work' has been undertaken during the year and reports have been issued. Where reports have been finalised, the Joint Committee has formally considered and responded to the findings contained within those reports, and any actions arising have been documented.

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

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**Cllr Andrew Morgan**

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**Date**

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**Kellie Beirne**

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**Date**



**Appendix 1(i): AGS Assurance Rating - Strong**

STRONG ASSURANCE		
Assurance Statement	Consolidated Response	Suggested Action
<p>1 <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><i>Specific reference within the JWA to Codes of Conduct. Induction sessions were organised for the Joint Committee (Leaders) on the Joint Working Agreement given its significance. 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 codes of conduct. The Accountable Body would always seek to assist in finding a resolution, and would be willing to mediate where this would assist. The Action arising from the 2017/18 AGS on this matter was completed by the Accountable Body in 2018/19 (Qtr 1).</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. The need to formally document the arrangements in a timely manner is paramount. The Action arising from the 2017/18 AGS on this matter 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.</i></p>	<p><b>Subject to ongoing review</b></p>

Page 128

<p>Page 129</p>	<p><b>5 We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.</b></p>	<p><i>5 yr 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. New format adopted in 2018/19 for Quarterly Performance Reporting against the Annual Work Programme which provides the mechanism for monitoring progress against the agreed Work Programme throughout the year.</i></p> <p><i>The approved Regional Industrial &amp; Economic Plan is one 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 (Sectoral Analysis commissioned at the end of 2018).</i></p> <p><i>The approval and launch of the Investment &amp; Intervention Framework (IIF) and accompanying Prospectus will build on the work done to-date, in terms of planning future projects. This will assist with designing outcomes with service users and the wider business community in mind. A key aspect of this work will be the need to understand how 'Economic Inclusion' will be weighted against purely commercial targets to ensure that it meets Regional Cabinet members' political aspirations for their communities.</i></p>	<p><b>Subject to ongoing review</b></p>
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<p>6</p>	<p><b>We have translated the vision into courses of action for our function, its partnerships and collaborations.</b></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 2018/19 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 at the end of 2018).</i></p> <p><i>The approval and launch of the Investment &amp; Intervention Framework (IIF) and accompanying Prospectus will build on the work done to-date, in terms of planning future projects. The IIF is programmed for approval in Qtr 1 and is to be launched in Qtr 2, therefore, the Green/Amber rating reflects that clear actions have been identified, but are in the process of being implemented. This will be executed with the operationalisation of the IIF and the new governance arrangements that will emerge as a result.</i></p>	<p><b>Subject to ongoing review</b></p>
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 131</p>	<p><b>10 Our financial management arrangements conform to all relevant legislative and best practice requirements.</b></p>	<p><i>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.</i></p> <p><i>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 reports to Regional Cabinet and relevant Sub-Committees. A range of SLAs are in place which outline the financial management support and services that will be provided throughout the year.</i></p> <p><i>Lead officers provided comment that in their view 'financial management arrangements in respect of CCRCD are strong'.</i></p> <p><i>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. Issues identified in respect of the timely consolidation of CSC Foundry Ltd's accounts within the Joint Committee's Statement of Accounts for 2017/18 have been addressed by:</i></p> <ol style="list-style-type: none"> <li><i>1. Convening a timely 3 way discussion between Accountable Body, Monmouthshire CC and Wales Audit Office to agree the 2018/19 Closing Timetable;</i></li> <li><i>2. Monmouthshire CC agreement to much earlier dates for submitting CSC Foundry's Unaudited and Audited accounts and putting in place the necessary arrangements to allow those dates to be achieved;</i></li> <li><i>3. Joint Committee Chair requesting regular updates on actual performance against the agreed Closing Timetable, which provides a timely escalation process in the event there is slippage against the agreed dates.</i></li> </ol>	<p><b>Subject to ongoing review</b></p>
	<p><b>11 We have effective arrangements in place to discharge the monitoring officer function.</b></p>	<p><i>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.</i></p>	<p><b>Subject to ongoing review</b></p>

12	<p><b>We have effective arrangements in place to discharge the head of paid service function.</b></p>	<p><i>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.</i></p>	<p><b>Subject to ongoing review</b></p>
15	<p><b>We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.</b></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, the objectives of which were to:</i></p> <ol style="list-style-type: none"> <li><i>1. provide assurance that there is adequate reporting of project's performance arrangements in place as part of the governance structure;</i></li> <li><i>2. verify financial management provisions for the evaluation and approval of funds released to projects;</i></li> <li><i>3. review internal controls and processes surrounding income collection and debt management process.</i></li> </ol> <p><i>An audit opinion of 'Effective' was issued and no recommendations were identified.</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.</i></p> <p><i>The Accountable Body is introducing mandatory e-learning for Cardiff staff and members on 'effective counter fraud and anti-corruption arrangements'. As City Deal is required to follow the Accountable Body's policies and procedures, the City Deal Director has undertaken to extend this the e-learning to City Deal.</i></p> <p><i>The accounts of CSC Foundry Ltd are externally audited to provide independent assurance and review.</i></p>	<p><b>City Deal Office to arrange for the completion of Cardiff Council's e-learning on 'effective counter fraud and anti-corruption arrangements'</b></p> <p><b>(Action 1 – AGS Action Pan)</b></p>

16	<p><b>We have an effective scrutiny function in place.</b></p>	<p><i>Proposals for Regional Joint Scrutiny were accepted by Regional Cabinet in November 2017 with Bridgend CBC undertaking the role of Lead Authority.</i></p> <p><i>Joint Scrutiny arrangements were implemented in 2018/19, with 3 meetings taking place during the year. A work programme has been developed and the City Deal Office worked with the Lead Authority to reach a common understanding in respect of 'Roles and Responsibilities' and to manage expectations on all sides. Joint Scrutiny members have undergone training and the Committee's understanding of City Deal projects and arrangements is improving with each meeting. The Joint Cabinet Chair, Vice Chair and Director have attended meetings to answer queries and questions.</i></p>	<p><b>Subject to ongoing review</b></p>
17	<p><b>Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.</b></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 second Internal Audit was completed in March 2019, with an 'Effective' rating being achieved. The Audit Report did not identify the need for any recommendations at that time.</i></p> <p><i>The Internal Audit section conforms to Public Sector Internal Audit Standards and relevant best practice. The Accountable Body's Audit Committee meeting of the 27th March 2018 noted the successful completion and endorsement of its 5yr Peer Review by RCT Council</i></p>	<p><b>Subject to ongoing review</b></p>

<p>18</p>	<p><b>We have arrangements in place for the delivery of the core functions of an audit committee.</b></p>	<p><i>There is no statutory requirement for a Joint Committee to have its own audit committee. Regional Cabinet is the body charged with governance and therefore the 'core functions' of an audit committee are being delivered through a combination of roles and responsibilities. For example, ensuring 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;</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 in place and operating.</i></li> </ol>	<p><b>Subject to ongoing review</b></p>
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<p>Page 135</p>	<p><b>19 We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations.</b></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 2017/18 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 2017/18 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 2017/18 external audit have either been fully implemented or are in the process of being implemented.</i></p> <p><i>In addition to their financial audit work, WAO published their report on the 'Review of Arrangements that supported the CCR City Deal's First Investment Decision' in December 2018. The report outlines '8 lessons arising' from this first investment.</i></p> <p><i>The 2019/20 Work Programme (included within the Annual Business Plan) under section 2 (Finance, Governance and Assurance), deliverable 16 states:</i></p> <p><i>"Identify and act upon any outstanding 'lessons' in the WAO review on Compound Semi-Conductors"</i></p> <p><i>The target date is Qtr 2 and this AGS seeks to provide an initial response to those outstanding lessons under Assurance Statements 2, 3, 7, 8 &amp; 16. In addition, Regional Cabinet formally considered the report at its meeting of the 18<sup>th</sup> February 2019. In the spirit of Openness and Transparency, the full WAO report has been published on the City Deal website and therefore is in the public domain.</i></p> <p><i>This AGS seeks to incorporate the findings of WAO's second report – 'Review of Governance Arrangements CCRC'D', which is in the process of being agreed and finalised.</i></p> <p><i>An action has been agreed in relation to Assurance Statement 3 which covers the working relationships with WAO.</i></p>	<p><b>Subject to ongoing review</b></p>
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**Appendix 1(ii): AGS Assurance Rating – Strong/Moderate**

STRONG/MODERATE ASSURANCE		
Assurance Statement	Consolidated Response	Suggested Action
<p><b>3</b></p> <p><b>We are committed to openness and acting in the public interest.</b></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>Actions arising from the 2017/18 AGS have been progressed during the year, for example the CCRCD website has been updated and refreshed to provide up to date and relevant information specifically aimed at the public and other key stakeholders.</i></p> <p><i>The action in respect of the ‘Register of Members Interests’ has also been progressed by:</i></p> <p><i>(1) declaration of interests is a standard item on every agenda and declared interests are recorded;</i>  <i>(2) the Register of Members’ Interests is managed through the ‘home’ Council for each of the Leaders and as such we are reliant upon the Register being maintained by individual LAs. The Local Government Act 2000 provides at s81 (1) The monitoring officer of each relevant authority must establish and maintain a register of interests of the members and co-opted members of the authority.</i></p> <p><i>These arrangements extend to the Regional Transport Authority (RTA) as a sub-committee. The view of Cardiff Internal Audit is that they are content with arrangements put in place in covering off their</i></p>	<p><b>Work with WAO to deliver a refresher session in respect of WAO’s role and remit within the wider regional and economic investment context</b></p> <p><b>(Action 2 – AGS Action Plan)</b></p>

<p>Page 137</p>	<p><i>previous recommendation. The Q3 Performance Report provided a comprehensive update on these arrangements.</i></p> <p><i>The pending completion and upcoming launch of the Investment &amp; Intervention Framework and in light of new projects and proposals coming forward, the City Deal Office (CDO) will be clarifying arrangements about declarations and conflict of interest for elected members and officers. The advisory and consultative bodies (Regional Economic Growth Partnership and the Regional Business Council) are being written to, to seek compliance with the Nolan principles (as expanded in the modal code of conduct) and propose that we maintain an open and published Register of Interests. This is clearly predicated on a voluntary arrangement</i></p> <p><i>The ‘Upcoming Events’ are now fully updated on the website and the intention is to develop a Forward Plan for publication (see Assurance Statement 2).</i></p> <p><i>As outlined above, actions from the 2017/18 AGS are substantially complete, but it is acknowledged that further consideration is needed in respect of:</i></p> <ul style="list-style-type: none"> <li><i>(1) Rotation of meeting locations to assist with accessibility across the region and</i></li> <li><i>(2) Live webcasting of Regional Cabinet meetings.</i></li> </ul> <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> <p><i>Joint Scrutiny is now in place and operating with an agreed work programme for 2019/20. This role and function is discharged by Bridgend CBC and in future the CDO will ensure replication of all reports and information on the City Deal website.</i></p> <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 includes relevant actions in respect of the 8 Lessons Arising from that report, whilst this AGS seeks to incorporate the findings of WAO’s second report – ‘Review of Governance Arrangements CCRCDC’, which is in the process of being agreed and finalised.</i></p>	
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		<p><i>City Deal will continue to action proposals for improvements. We are committed to openness and acting in the public interest.</i></p> <p><i>The CDO will work with WAO to deliver 'refresher sessions' for members in respect of WAO's role and remit in the wider regional and economic investment context. Dates of scheduled briefings have been circulated for WAO to consider.</i></p>	
<p>7</p> <p>Page 138</p>	<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><i>Completion of the AGS proforma by those responsible for and supporting governance matters, coupled with the process of consulting with the wider CEX group 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 new Investment and Intervention Framework (IIF) will ensure that there is a clear read-across from the priorities set out in the Industrial Growth Plan and the projects that get selected to enter the IIF. The IIF will firstly perform a filtering or sift process and if deemed 'passable', proposals will be notified to Regional Cabinet as they 'enter' the formal investment 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 will be clear line of sight and reporting into an Investment Panel who can test, challenge and scrutinise progress. Final recommendations on investment proposals will all go to Regional Cabinet for decision making. This report and framework (which has been recognised and highlighted as significant by SQW in our baseline reports and local evaluation framework) is intended to be considered by Regional Cabinet at its meeting of the 10<sup>th</sup> June.</i></p> <p><i>Work is being progressed 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. The first draft of the sectoral analysis report was received in January 2019.</i></p>	<p><b>Subject to ongoing review</b></p> <p><b>To be monitored against Actions 5 &amp; 10 of the 2019/20 ABP Work Programme</b></p>

Page 139		<p><i>First 'State of the Region' report was published in early 2019/20 and brings together the sectoral analysis work undertaken during the second half of 2018/19 to inform the economic baseline against which future performance can be measured and assessed. REGP to formally consider the report during Qtr 1 of 2019/20. It will be important to ensure continuity of this workstream and provide regular update reports going forward. Bid submitted to KESS for PHD student support to assist with continuing this work over the medium term.</i></p> <p><i>The JWA contains provisions for further delegation of Joint Committee functions to a sub-committee or named officer. Consideration as to whether further delegations are required will be considered as part of the annual Work Programme and will be subject to Regional Cabinet's approval. Senior officers representing the Accountable Body attend key meetings, briefings, workshops etc. in preparation for formal cabinet decision making reports.</i></p> <p><i>Wales Audit Office report received during 2018/19 in respect of 'Review of Arrangements that Supported the CCRCDC First Investment Decision'. The 8 lessons identified are noted and the 2019/20 Work Programme seeks to address any outstanding matters. In this regard, the approval and implementation of the IIF is aimed at making a stepped change in improving further the City Deal decision making framework and associated matters in relation to this Statement.</i></p> <p><i>The WAO report on the CSC Foundry Investment decision has been shared with Internal Audit so they can consider as part of their Audit Plan going forward. The 8 lessons identified in the report are covered as part of this AGS under the appropriate Statements.</i></p> <p><i>Finally, the Introduction of the Joint Scrutiny function during 18/19 will introduce a further mechanism of decision making review and challenge (see Statement 16).</i></p> <p><i>Approve IIF and launch and activate and review all relevant delegations. This will include a clear role and input for the REGP, Investment Panel and Programme Board. It also provides the key decision-making gateways for Regional Cabinet.</i></p>	
<b>8</b>	<p><b>We measure the performance of services and related projects and ensure that they are delivered</b></p>	<p><i>City Deal is still in its infancy with only one project fully approved and in delivery stage at this time. As set-out in Statement 7 above, the IIF requires all projects to go through formal business case development process and the financial assessment done as part of that process will consider matters such as deliverability, value for money and compliance with funding terms and conditions.</i></p>	<p style="text-align: center;"><b>Subject to ongoing review</b></p> <p style="text-align: center;"><b>To be monitored against Action 12 of</b></p>

	<p><b>in accordance with defined outcomes and that they represent the best use of resources and value for money.</b></p>	<p><i>For example it is understood that Business Case Development will assist by clearly articulating each proposal's 'benefits' and the Management Case will then 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 draft IIF has been recognised and highlighted as significant by SQW in CCRCD's baseline reports and local evaluation framework.</i></p> <p><i>As stated in Statement 7 above, CCRCD are clear on what needs to be done and have plans in place to deliver against those requirements. Green/Amber rating reflects current transition status.</i></p>	<p><b>the 2019/20 ABP Work Programme</b></p>
<p><b>9</b> Page 140</p>	<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><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 range of SLAs which clearly set-out the level of support that will be provided. A governance protocol is also in place as approved by Regional Cabinet.</i></p> <p><i>The roles and memberships of Theme Leads, Programme Board and the CEX groups are changing to reflect the new City Deal direction, so the need for a clear communication protocol is paramount. This is to ensure that those no longer attending meetings are kept informed of discussions and decisions at Leader and CEX level. In addition, as per Statement 4, further work is needed to establish effective communications in respect of the partner Authority and wider partnership arrangements. An internal communication plan has now been agreed and implementation is in progress.</i></p> <p><i>Other 'Governance Related Work', primarily the work of the Internal and External Audit functions will seek to assess the effectiveness of the current arrangements in place and outline any opportunities for improvement going forward.</i></p>	<p><b>Subject to ongoing review</b></p> <p><b>To be monitored against Action 30 of the 2019/20 ABP Work Programme (internally-facing communications)</b></p>
<p><b>20</b></p>	<p><b>We incorporate good governance arrangements in our partnerships and other joint working arrangements.</b></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>Working arrangements (including good governance) with partnerships and other joint working have been strengthened during 2018/19 as the City Deal begins to mature.</i></p>	<p><b>Subject to ongoing review</b></p> <p><b>To be monitored against Actions 22 &amp; 23 of the 2019/20 ABP Work Programme</b></p>

<p>Page 141</p>	<p><i>In particular, partnership working (and mutual understanding of each other's objectives) with the Regional Economic Growth Partnership (REGP), Wellbeing of Future Generations Commissioner and the Valleys Task Force have improved during 2018/19. Partnership arrangements 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).</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:</i></p> <ol style="list-style-type: none"> <li><i>1. A key channel of communication employed by the Cardiff Capital Region is its dedicated website. This has been recently relaunched to improve accessibility and navigation to ensure that the required information can be found quickly. New Marketing &amp; Communications post (once in place) will undertake an audit of the new website to assess the impact of the changes made to to-date and recommend any further areas for improvement.</i></li> <li><i>2. Work ongoing to develop further the working relationships and understanding with the Skills Partnership Board and the Regional Business Council.</i></li> </ol> <p><i>Cross learning between REGP, RBC and RSP through co-optee arrangements is now in place and operating.</i></p>	
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**Appendix 1(iii): AGS Assurance Rating - Moderate**

MODERATE ASSURANCE		
Assurance Statement	Consolidated Response	Suggested Action
2 <b>We ensure:</b> <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><i>A 'governance protocol' has been approved by the Joint Committee and is in place 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.</i></p> <p><i>The Joint Committee follows the policies and procedures e.g. Financial Procedures Rules, Contract Standing Orders etc. of the Accountable Body which in turn are compliant with all relevant laws and regulations. Regular budget monitoring meetings take place throughout the year and are formally reported to the Joint Committee at appropriate intervals.</i></p> <p><i>Legal and financial implications written by appropriately qualified staff are included in all reports for decision to the Joint Committee. On occasions the 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 regarding timescales and compliance with agreed governance protocol and it is important that responsibility and deadline for implementing (and complying with) the Forward Plan is identified and prioritised. However, legal and financial advice is available at all Joint Committee meetings and can be sought or given as required.</i></p> <p><i>Cabinet briefing and meeting dates for 2019/20 are agreed and in place, however, there is a need to remind report authors of the approved 'governance protocol' in relation to the decision making framework. In addition, further work is required on developing the Regional Cabinet 'Forward Plan' and communicating this to relevant officers and stakeholders to ensure that draft reports are developed and circulated for advice and comment in a timely manner, allowing sufficient time for officer consideration and input.</i></p> <p><i>In addition, 2018/19 saw the completion of the second City Deal Internal Audit, the objectives of which were to:</i></p> <ol style="list-style-type: none"> <li><i>a) Provide assurance that there is adequate reporting of projects' performance arrangements in place as part of the governance structure;</i></li> <li><i>b) Verify financial management provisions for the evaluation and approval of funds released to projects;</i></li> <li><i>c) Review internal controls and processes surrounding income collection and debt management process.</i></li> </ol>	<p><b>Subject to ongoing review</b></p> <p><b>To be monitored against Action 9 of the 2019/20 ABP Work Programme</b></p>

		<p><i>An audit opinion of 'Effective' was issued and no recommendations were identified.</i></p> <p><i>Approval and implementation of the Investment &amp; Intervention Framework (IIF) and supporting work will provide additional assurance against this Statement and therefore confidence that expenditure complies with relevant laws, regulations, internal policies &amp; procedures and that expenditure is lawful.</i></p> <p><i>See Statement 8 for further details. The following documents will be published once approved: (1) draft Investment &amp; Intervention Framework and Toolkit, (2) draft Sift Questionnaire, (3) draft Overarching Funding Agreement and (4) CCR Industrial &amp; Economic Plan.</i></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><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 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, experienced 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>The 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 implemented.</i></p>	<p><b>Subject to ongoing review</b></p> <p><b>To be monitored against Action 39 of the 2019/20 ABP Work Programme</b></p>
14	<p><b>We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance for</b></p>	<p><i>A 'Risk Register' has been in place since the latter part of 2018/19 and work is now needed to develop the wider Risk Management Strategy, including an assessment of the risk environment, appetite, monitoring and escalation processes. The City Deal Director is in the process of implementing the City Deal Office restructure which has been approved by Cabinet. Once in place, this will provide additional capacity and allow the next stage of the Risk Management Strategy to be developed during 2019/2020.</i></p> <p><i>A comprehensive review of the Risk Register is underway, which will incorporate key developments planned for 2019/20. In preparation for the above, the Director is engendering a risk/performance culture to ensure risks are managed effectively and reported accordingly. This will be achieved through regular performance</i></p>	<p><b>Develop wider Risk Management Strategy to build on Risk work completed to-date</b></p> <p><b>(Action 3 – AGS Action Plan)</b></p>



	<b>demonstrating clear accountability.</b>	<i>/risk management reviews taking into account the Investment &amp; Intervention Framework and wider strategic risks that the City Deal programme of delivery may be exposed to. Quarterly Performance Reports provide Regional Cabinet with regular updates on progress against outstanding actions.</i>	
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**Appendix 1(iv): AGS Assurance Rating – Moderate/Limited**

<b>MODERATE/LIMITED ASSURANCE</b>		
<b>Assurance Statement</b>	<b>Consolidated Response</b>	<b>Suggested Action</b>
<p><b>4 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>Clear channels of communication have been established with the ten Councils through the establishment of the S151 Officer Group and Technical Sub-group. Key issues are debated and decisions made are appropriately communicated. Decisions requiring escalation are managed accordingly. Arrangements in place to provide financial advice and support to Programme Board, CEXs and the Joint Committee (Briefings and Meetings). Arrangements in place to consult with Welsh Government and Wales Audit Office as required. Arrangements in place to support the implementation of approved projects e.g. CSC Foundry Ltd.</i></p> <p><i>Initial meeting with all Monitoring Officers held to discuss original JWA and subsequent contact has been managed via email.</i></p> <p><i>CCR has established its communication reach through 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>• Relunched 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 MIPIM event with the Regional Business Council and a range of companies that operate within the region.</i></li> </ul> <p><i>Launch of the Challenge Fund will represent a further communication channel with all sections of the community and other stakeholders.</i></p> <p><i>However, consideration needed as to the effectiveness of communications within the 10 partnering Authorities to-date and in-turn how well LAs are communicating 'City Deal' to their local communities and other stakeholders (including fire, health, 3rd sector etc.), ensuring accountability and encouraging open consultation. A Strategic Communications Plan is needed to address the current gaps and strengthen arrangements. This will assist in providing the required level of assurance against this Statement.</i></p>	<p style="color: blue;"><b>Subject to ongoing review</b></p> <p style="color: blue;"><b>To be monitored against Action 30 of the 2019/20 ABP Work Programme (externally-facing communication)</b></p>

		<p><i>Website developed and recently relaunched to improve accessibility and navigation and to assist with information being located quickly. New Marketing &amp; Communications post (once in place) will undertake an audit of the new website to assess the impact of the changes made to to-date.</i></p> <p><i>Advisory groups / bodies have now been set-up and are consulted on relevant matters. Further work needed to develop the working relationships and understanding with the Skills Partnership Board and 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>	
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**Appendix 1(v): AGS 2018/19 Action Plan**

The table below outlines the actions have been captured as part of a formal 2018/19 Action Plan, with a responsible officer and review period being identified in respect of each action. The quarterly performance reports to Regional Cabinet will be used as the mechanism for updates and review.

Table 1. AGS 2018/19 Action Plan

Action No	Assurance Statement	Suggested Action	Responsible Officer/s	Review Period	Mechanism for Review
1	15 – We ensure effective counter-fraud and anti-corruption arrangements are developed and maintained.	City Deal Office to arrange for the completion of Cardiff Council's e-learning on 'effective counter fraud and anti-corruption arrangements' when rolled out during the year.	City Deal Director	Quarterly (to be completed by Qtr 4)	Progress against action monitored and reported on a quarterly basis.
2	3 - We are committed to openness and acting in the public interest.	Work with WAO to deliver refresher sessions in respect of WAO's role and remit within the wider regional and economic investment context.	City Deal Director	Quarterly (to be completed by Qtr 2)	Progress against action monitored and reported on a quarterly basis.
3	14 - We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance.	Develop wider Risk Management Strategy to build on Risk work completed to-date.	City Deal Director	Quarterly (to be completed by Qtr 3)	Progress against action monitored and reported on a quarterly basis.

**Appendix 1(vi): AGS Actions Monitored via ABP Work Programme**

Table 2 outlines the remaining actions identified as part of the 2018/19 AGS assessment process. However, it has been identified that these actions have already been captured as part of the 2019/20 Annual Business Plan (ABP) Work Programme. Therefore, to avoid duplication, progress against these actions will be captured and reported on as part of the wider monitoring arrangements put in place for the 2019/20 ABP Work Programme.

Table 2. Actions covered by the ABP 2019/20 Work Programme

<b>Reference to Assurance Statement No.</b>	<b>Suggested Action (taken from ABP 2019/20 Work Programme)</b>	<b>Responsible Officer</b>	<b>Review Period</b>	<b>Mechanism for Review</b>
7 - We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.	Action 5 - Develop and sign-off a Co-Investment Framework between City Deal, Innovate UK and Welsh Govt	City Deal Director	Quarterly (to be completed by Qtr 2/3)	Progress against action monitored and reported on a quarterly basis.
	Action 10 - Develop scheme of delegation	Accountable Body	Quarterly (to be completed by Qtr 3)	
8 - We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	Action 12 - Complete Wave 1 of Local Evaluation Framework process and locality review	City Deal Director	Quarterly (to be completed by Qtr 4)	Progress against action monitored and reported on a quarterly basis.
9 - We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.	Action 30 - Develop and deliver the City Deal Communications Plan (internally – facing)	City Deal Director	Quarterly (to be completed by Qtr 2)	Progress against action monitored and reported on a quarterly basis.



to their strategic roles, supported by appropriate training.				
4 - We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	Action 30 - Develop and deliver the City Deal Communications Plan (externally – facing)	City Deal Director	Quarterly (to be completed by Qtr 2)	Progress against action monitored and reported on a quarterly basis.

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## **Appendix 1(vii): 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 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 Council must maintain as a matter of prudence.

### **Treasury Management**

The process by which the Council controls its cash flow and its borrowing and lending activities.

## 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 for 2018/19
<b>Proposal: Joint Committee to approve the unaudited Accounts</b>	<b>Date Future Generations Evaluation form completed: 10 June 2019</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.

Page 154

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.	
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	Not directly applicable.	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Not directly applicable.	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable.	
<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	Not directly applicable.	
<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 tools for improving people’s lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <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. 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?**

Page 158

- 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 for the previous Financial Year and provide a copy to it’s 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.**

<b>The impacts of this proposal will be evaluated on:</b>	September 2019, when the Final, Audited Accounts will be considered.
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**10 June 2019**

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**PROPOSALS FOR A STRATEGIC DEVELOPMENT PLAN (SDP) FOR  
THE CARDIFF CAPITAL REGION**

**REPORT OF CLLR DAVID POOLE & CLLR NEIL MOORE**

**AGENDA ITEM: 9**

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**Reasons for this Report**

1. The Planning (Wales) Act 2015 sets out the process for establishing and preparing a Strategic Development Plan (SDP). Welsh Government have invited all Local Planning Authorities<sup>1</sup> to submit proposals for SDPs, stating that SDPs are necessary to provide a robust framework for the delivery of the land use implications of existing City Deal proposals and to allow larger than local issues such as housing, employment and infrastructure which cut across LPA boundaries to be considered in an integrated and comprehensive way.
2. In 2018 and on the basis that the way forward would be subject to decision by each authority, work commenced by the ten authorities comprising the Cardiff Capital Region ('CCR') to look at the potential for a Strategic Development Plan (SDP) for the 10 Local Authorities in the CCR. The preparation of the SDP is not a matter delegated to the Cardiff Capital Region Cabinet in the approved Joint Working Agreement in relation to the delivery of the Cardiff Capital City Deal. A commitment to undertake an SDP must be made by each constituent Council prior to a proposal being submitted to the Minister.
3. A draft report (Appendix 1) has been prepared to be reported to each constituent Council to consider and, if in agreement, to provide approval to proceed with a Strategic Development Plan (SDP) for the Cardiff Capital Region. The draft report recognising that consideration and decision on the proposals for the SDP is clearly a matter for each authority.
4. Given the synergies with the work and objectives of the Cardiff Capital Region City Deal ('CCRC'D'), this Cabinet report seeks endorsement of the draft report

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<sup>1</sup> Letter from Lesley Griffiths (then Cabinet Secretary for Energy, Planning and Rural Affairs) to all Leaders and Chief Executives dated 13.12.17 (see Appendix 1(B)).



at Appendix 1 from the Regional Cabinet before it is presented for approval by each Local Authority in the region in the following months.

## **Background**

5. Several informal briefing sessions have taken place and workshops were held to discuss key issues around the SDP. These were non decision making informal briefing sessions and workshops designed to enable discussion, identify areas of consensus and to facilitate the production of a report on the SDP that could be considered by each constituent authority. It is intended that the report produced will be the subject of formal consideration, debate and decision by each authority. The issues raised are set out in the main report, the purpose of which is to provide all material considerations to each Council to allow them to make an informed decision on whether to proceed with the SDP.
6. A proposal to proceed with an SDP for the Cardiff Capital Region can only be put forward to Welsh Government, by an identified Responsible Authority, once all Councils have formally given approval. Following this Welsh Government can start preparing the necessary regulations setting out how the SDP should be prepared. Until now, they have not done so because no SDP proposals have been formally submitted. It is expected that the authorities comprising Cardiff Capital Region will be the first to do so.
7. The report attached at Appendix 1 provides more detail in respect of the following matters:
  - Responsible Authority
  - Strategic Planning Area Boundary
  - Governance
  - Membership of the Strategic Planning Panel (SPP)
  - Engagement with Constituent Councils
  - Voting
  - Interim Governance Prior to Establishment of SPP
  - Scope, Content and Plan Period of the SDP
  - Officer and Financial Resources
  - Provisional Timeline for Preparation of SDP
8. There are some issues that may require discussion at Cabinet and amendment to the report template at Appendix 1 if appropriate, as set out below.
9. Firstly, the proportional split of cost for preparing the SDP amongst the constituent Councils needs to be considered. As drafted the report suggests the cost is split proportionately across the constituent Councils based on population in the same manner as the City Deal (see Recommendation 7 of Appendix 1 report). However, Members may wish to recommend an alternative way of apportioning costs and some options are set out in Appendix 2 to this report. Whilst the final decision to proceed lies with Councils, it is important that a clear and consistent recommendation is made to each.

10. Similarly, there are alternative ways in which the member representation on the Strategic Planning Panel could work in practice. The Panel will consist of LPA members and other (non-elected) members at a ratio of 2:1 respectively. The proportional representation proposed for the panel equates to 23 LA members, thus requiring 11 non-elected members and a total panel of 34. However, as an alternative it may be appropriate that the weighting does not equate to actual Members, but rather 1 Member from each constituent Council is nominated to represent their Council and their vote is weighted accordingly, for example: 1 Member's vote from Cardiff has the weight of 5 votes. This would result in a panel of 10 LPA members, 5 non-elected members and a total panel of 15.
11. This level of detail will need to be set out by Welsh Government in the Regulations establishing the Panel or in the Panel's constitution, but it is considered necessary to decide at this stage which approach is preferred to enable each Council to propose Member representatives for the Interim Strategic Planning Panel. The report, as drafted at Appendix 1, suggests the preference would be that 1 Member from each constituent Council is nominated to represent their Council and their vote is weighted accordingly.

### **Reasons for Recommendations**

12. The reasons for the recommendations are:
  - To endorse the draft report at Appendix 1 for use as the basis for a report to each Council comprising the Cardiff Capital Region, seeking approval to proceed with a Strategic Development Plan (SDP) for the Cardiff Capital Region, providing clarity of intent and to allow work to commence.

### **Financial Implications**

13. The overall cost of the SDP based on a 5 year delivery programme is estimated to be £3.14m which will be shared on a proportional basis by the constituent Councils. Full details are set out in the report at Appendix 1 (and Cost Analysis at Appendix F to that report).
14. There are no direct Financial Implications for the Cardiff Capital Region City Deal Regional Cabinet as a result of this report which seeks Regional Cabinet's endorsement of its contents.
15. It is understood that any costs of preparing the SDP or providing support to the Responsible Authority will need to be approved by each of the individual Authorities and funded by resources outside of those managed by the Regional Cabinet.

### **Legal Implications**

16. The preparation of the SDP is not a matter delegated to the Cardiff Capital Region Cabinet in the approved Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal. The decision on whether to proceed with the SDP is a matter for each Council, as is the content of any

supporting report. As such the Accountable Body is not providing legal advice to the ten authorities on this matter and each authority will need to satisfy itself as to the legal position in its respective report.

17. The Planning (Wales) Act 2015 sets out the process for establishing and preparing a Strategic Development Plan (SDP) and is supplemented by the Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016. The preparation of the SDP, if the decision is taken to proceed, should be undertaken in accordance with this and all other relevant legislation.
18. In developing the proposals and in considering its endorsement regard should be had, amongst other matters, to:
  1. the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
  2. 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
  3. 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.

18. 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**

19. Regional Cabinet is asked to:

1. Note the content of this report and the draft report at Appendix 1 be endorsed for use as the basis for a report to each Council comprising the Cardiff Capital Region, seeking approval to proceed with a Strategic Development Plan (SDP) for the Cardiff Capital Region.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

Appendix 1 Draft Report template for each Council seeking approval to proceed with SDP

Appendix 2 Options Paper on cost apportionment for SDP

Appendix 3 Wellbeing of Future Generations Assessment

## Report Title: Proposals for a Strategic Development Plan (SDP) for the Cardiff Capital Region

### Recommendations

1. That the [NAME] Council endorse the content of the report and agree that the Responsible Authority be authorised to submit the Proposal for a Strategic Development Plan (SDP) for the Cardiff Capital Region to the Minister on behalf of the 10 Local Planning Authorities in the region.
2. That the [NAME] Council endorse the Vale of Glamorgan Council as the Responsible Authority for the Cardiff Capital Region Strategic Development Plan (SDP).
3. That the [NAME] Council endorse the strategic planning area should comprise the 10 local planning authority areas within the Cardiff Capital Region as shown on the map at **Appendix A**.
4. That the [NAME] Council authorise relevant officers to engage with the Welsh Government in drafting the Strategic Development Plan Regulations to deliver the following governance arrangements for the SDP and Strategic Planning Panel (SPP):
  - i. That the Strategic Planning Panel (SPP) will comprise a proportional representation of constituent Councils based on population and geographical area as follows:

Local Authority	No. of Voting Members on the Strategic Planning Panel
Blaenau Gwent	1
Bridgend	2
Caerphilly	3
Cardiff	5
Merthyr Tydfil	1
Monmouthshire	3
Newport	2
Rhondda Cynon Taff	3
Torfaen	1
Vale of Glamorgan	2
<b>Total Voting Members</b>	<b>23</b>
Nominated non-voting panel members	1/3 of the Panel

- ii. That constituent Councils will be engaged through a prior consultation process as set out in Figure 1 and the SPP shall have full regard to the comments of constituent Councils.
- iii. That decisions made on the SDP by the SPP shall require a 70% quorum of voting Members on the Panel and decisions shall require a 70% majority vote of a quorate meeting.

5. That the [NAME] Council endorse the setting up of an Interim Strategic Planning Panel prior to the formal establishment of the SPP and the nominated Member(s) below represent the [NAME] Council on the Interim Strategic Planning Panel with delegated authority to take initial decisions on the preparation of the SDP. The [NAME] Council nominate:

- INSERT NAME AND POSITION OF NOMINATED SPP MEMBERS e.g. Cllr A Non, Cabinet Member for Planning, XXX Council

That in the event that Member is no longer able to sit on Interim Strategic Planning Panel, give delegated authority to the Leader of the Council to nominate a new Member to represent to Council on the Interim Strategic Planning Panel.

6. That a Regional SDP officer team is established to progress the preparation of the SDP to be appointed by representatives of Interim Strategic Planning Panel, with appropriate human resource support from the Responsible Authority.

7. That the cost of preparing the SDP is shared across the 10 Authorities on a proportional cost based on population (akin to City Deal arrangements) and an initial contribution of £50,000 is paid to cover the start-up costs likely to be incurred in this financial year 2019/20, divided as follows:

Local Authority	% cost based on population	£
Blaenau Gwent	4.6	2,300
Bridgend	9.4	4,700
Caerphilly	12.0	6,000
Cardiff	23.7	11,850
Merthyr Tydfil	3.9	1,950
Monmouthshire	6.1	3,050
Newport	9.8	4,900
Rhondda Cynon Taff	15.9	7,950
Torfaen	6.1	3,050
Vale of Glamorgan	8.5	4,250
<b>Total</b>	<b>100%</b>	<b>50,000</b>

## Reasons for Recommendations

1. To authorise the preparation of a Strategic Development Plan (SDP) for the Cardiff Capital Region, providing clarity of intent and to allow work to commence.
2. To authorise the Vale of Glamorgan Council as the Theme Lead under the existing City Deal arrangements as the Responsible Authority to administer the SDP. The Regulations require that a Responsible Authority be identified to coordinate administrative and HR matters.
3. To identify the strategic planning area as the 10 local planning authority areas within the Cardiff Capital Region, having regard to the environmental, economic, social and administrative functions of the Cardiff Capital Region. The Regulations require that, when notifying the Welsh Government of the intention to proceed with a SDP, the strategic planning area is identified.
4. To ensure the Strategic Development Plan Regulations deliver appropriate governance arrangements for the SDP and Strategic Planning Panel (SPP).
5. To set up an Interim Strategic Planning Panel prior to the formal establishment of the SPP with the nominated Member(s) representing the Council on the Interim Strategic Planning Panel with delegated authority to take initial decisions on the preparation of the SDP including the appointment of the SDP Team.
6. To establish a Regional SDP team to progress the preparation of the SDP to ensure adequate time and expertise is secured to ensure the successful delivery of a Strategic Development Plan (SDP) for the Cardiff Capital Region.
7. To ensure that the cost of preparing the SDP is shared across the 10 Authorities on a proportional cost based on population and to cover the start-up costs likely to be incurred in this financial year 2019/20.

### 1. Background

The Planning (Wales) Act 2015 sets out the process for establishing and preparing a Strategic Development Plan (SDP). Welsh Government have invited all Local Planning Authorities to submit proposals for SDPs<sup>1</sup>, stating that SDPs are necessary to provide a robust framework for the delivery of the land use implications of existing City Deal proposals and to allow larger than local issues such as housing, employment and infrastructure which cut across LPA boundaries to be considered in an integrated and comprehensive way.

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<sup>1</sup> Letter from Lesley Griffiths (then Cabinet Secretary for Energy, Planning and Rural Affairs) to all Leaders and Chief Executives dated 13.12.17 (see **Appendix B**).

- 1.1 In 2018 and on the basis that the way forward would be subject to decision by each authority, work commenced by the ten authorities comprising the Cardiff Capital Region ('CCR') to look at the potential for a Strategic Development Plan (SDP) for the 10 Local Authorities in the region.
- 1.2 Since then, work has been ongoing to establish some key areas of agreement to enable the project to proceed. At this stage the guidance and regulations for the SDP have not been made and the region is therefore in a position to influence how the process can be managed and a successful SDP delivered. Welsh Government officials have met with Lead Members and officers and are keen to work with the Region to progress the SDP.
- 1.3 The Cardiff Capital Region Cabinet have held workshops attended by the Leaders, Chief Executives, Lead Cabinet Members for Planning and Chief Planning Officers of the 10 Cardiff Capital Region Authorities to discuss the key issues of:
  - Strategic Planning Area Boundary
  - Governance
  - Scope, Content and Plan Period
- 1.4 At these workshops and at subsequent discussions, a preferred way forward has been identified in respect of these issues. These considerations are set out below and have informed the recommendations in this report.

## **2. Key Issues for Consideration**

### **Benefits of a Cardiff Capital Region Strategic Development Plan**

- 2.1 There is a need for joined-up strategic planning for the Cardiff Capital Region, providing an enabling tool for the region's economic growth, transport/connectivity and other ambitions. The best way of achieving this is via a statutory Strategic Development Plan for the Cardiff Capital Region in order to:
  - Provide a regional spatial framework for the future development and use of land in the Cardiff Capital Region;
  - Achieve truly transformational change in the region;
  - Provide the mechanism for consensus to be reached on significant strategic and cross boundary land use issues;
  - Provide certainty, transparency and democratic accountability for decision making on land-use planning matters at a strategic/regional level;
  - Guide strategic public and private investment decisions, including those made under the City Deal initiative and beyond; and
  - Enable true collaboration between LPAs working together on a Development Plan framework for the region, with associated benefits such as shared resources, resilience and savings.



- 2.2** The City Deal Agreement gave a commitment to prepare a Strategic Development Plan for the region and to work collaboratively on strategic transport and strategic planning issues. This reflects the recommendation from the Growth Commission's report.
- 2.3** A statutory SDP provides certainty to developers, investors and our communities that key strategic decisions around housing, transport, employment and infrastructure provision are being taken at an appropriate regional level, whilst still allowing key decisions on planning proposals to be taken locally through Local Development Plan allocations and policies and thereafter in development management decisions.
- 2.4** A proposal to proceed with an SDP for the Cardiff Capital Region can only be put forward to Welsh Government, by an identified Responsible Authority, once all Councils have formally given approval. Following this Welsh Government can start preparing the necessary regulations setting out how the SDP should be prepared. Until now, they have not done so because no SDP proposals have been formally submitted. It is expected that the Cardiff Capital Region will be the first to do so. Therefore, the CCR have the ability to influence these regulations and establish a process that works best for this region. WG officials have confirmed that they are willing to assist us to achieve this.

### **Responsible Authority**

- 2.5** The Act sets out some initial stages of preparing an SDP, including identifying an area to be designated as a strategic planning area and consulting on this proposal, submitting the proposal and a report describing the rationale, consultation and responses received to the Welsh Government. To do this, the region needs to identify a 'Responsible Authority' to act as the main point of contact for the SDP during the setting up stages.
- 2.6** It must be stressed that the role of the responsible authority is purely administrative, acting in support of the work of the 10 local authorities and as the sole point of contact between the Welsh Government and the 10 local authorities. The background work, including all technical work and consultation, e.g. identifying the strategic planning boundary, would be done on a collective basis by officers from all 10 Local Authorities. The role of the Responsible Authority would be to formally submit the proposal on behalf of the whole region to Welsh Government.
- 2.7** The decision on who is identified as the Responsible Authority needs to be agreed by all 10 councils. A paper setting out the relevant issues on this matter is attached at **Appendix D**. The Vale of Glamorgan Council has been acting as the Interim Responsible Authority for the SDP, being the main point of contact and coordinator on the SDP project in the short term, in view of their Leader being the Theme Lead for planning under the City Deal arrangements. It is considered

necessary, at this stage, to identify the nominated Responsible Authority for endorsement and it is proposed that the Vale of Glamorgan Council undertake this role following on from its temporary role as the Interim Responsible Authority.

### **Strategic Planning Area Boundary**

- 2.8** The SDP needs to be clear about what land area it covers as a land use plan, and this is known as the Strategic Planning Area. The submission to Welsh Government must include justification for the strategic planning area. Economic factors such as commuting flow patterns will need to be considered, along with data on daytime and night-time populations for example, plus other physical or social factors. However, the most significant factors in drawing a boundary are likely to be the vision, desired outcomes, and political consideration of what is already in place in terms of administrative boundaries and the important work already achieved with regard to the Cardiff Capital Region City Deal.
- 2.9** The Cardiff Capital Region covers 10 unitary authorities, but 11 local planning authorities. Areas of the Brecon Beacons National Park, which is its own local planning authority, overlap with areas of Monmouthshire and the Valleys. At the CCR SDP workshops held in July 2018, discussions mainly considered whether the Brecon Beacons National Park area should be within the area, partially within it, or wholly outside it. Considering the advantages and disadvantages of each option, consensus was reached that the strategic planning area should consist of the 10 local planning authority areas within the Cardiff Capital Region as shown on the map at **Appendix A** which excludes those parts of the Brecon Beacons National Park that overlap with areas of Monmouthshire and the Valleys. The Brecon Beacons National Park Authority has indicated that it agrees with this approach and does not wish to be part of the Strategic Planning Area or covered by the SDP.

### **Governance and Strategic Planning Panel**

- 2.10** The SDP governance model outlined in the Act represents a transfer of strategic planning powers from Local Authorities to a Strategic Planning Panel (SPP). Once the Responsible Authority has submitted a proposal and the Strategic Planning Area has been formally designated by the Welsh Government, a Strategic Planning Panel will then be formed and charged with the responsibility for preparing a SDP for the strategic planning area. The panel will consist of at least one elected member from each authority, plus other non-local authority nominated members. The elected members will contribute two thirds of the makeup of the panel, with the other nominated members accounting for the remaining third. Only the local authority elected members will have voting rights. It is important to emphasise that the strategic planning panel will be the

decision making body with regard to all aspects of the SDP, and not the responsible authority or the individual constituent Councils. Individual Councils will be statutory consultees on all stages of the SDP and representations will be duly considered (see Figure 1), however, as noted, the Panel will be the decision making body.

- 2.11** It should be noted that further detail on the working arrangements of the SPP will be set out through future regulations after the Responsible Authority has reported back to the Minister. Some of these issues are of fundamental significance in terms of governance and go right to the heart of how the SDP will be managed and decisions are taken. Examples include uncertainties concerning voting rights, how many Members would sit on the Panel and how the gender composition requirements of 40-60% female representation of Elected Members could be met. Furthermore, given that the regulations mean that the SPP cannot be established immediately, there is a need to consider the most appropriate interim governance arrangements as the initial stages of the SDP is progressed.
- 2.12** The issue of governance has therefore been given significant consideration at Workshops and subsequent Cardiff Capital Region Cabinet discussions. The focus of these discussions has been around the appropriate representation of voting Members on the Panel from each constituent Council, how each Council can be effectively engaged in the decision making process and what voting arrangements would enable decisions to be made fairly. As a result of these discussions, a preferred governance structure is outlined below.

Membership of the Strategic Planning Panel (SPP)

- 2.13** Membership of the SPP will be weighted having regard not only to the size of the population of the constituent authorities, but also weighted to have regard to the geographical area of the authority, given that the SDP will be a land use plan. This has been set out as follows with a total number equivalent to 23 voting Members of the Panel:

<b>Local Authority</b>	<b>No. of Voting Members on the Strategic Planning Panel</b>
Blaenau Gwent	1
Bridgend	2
Caerphilly	3
Cardiff	5
Merthyr Tydfil	1
Monmouthshire	3

Newport	2
Rhondda Cynon Taff	3
Torfaen	1
Vale of Glamorgan	2
<b>Total Voting Members</b>	<b>23</b>
Nominated non-voting panel members	1/3 of the Panel

- 2.14** The Act requires the voting members of the Panel to comply with the Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016 which require the local planning authority representatives to have a gender balance with no more than 60% of the Panel comprising one gender, except where the make-up of constituent local planning authorities makes the composition requirements unachievable. WG officials have advised they will take a pragmatic stance on this and that the LPA members of the panel should comprise the most appropriate members in terms of their role within the constituent Councils, alongside relevant knowledge and experience.
- 2.15** The Panel will consist of LPA members as set out above, and other (non-elected) members. The panel requests and appoints non-elected nominated members (e.g. representatives from Business / Industry, Environmentalists, Transport specialists etc.) but they do not have voting rights on the Panel. Local Authority members will make up 2/3rds of the Panel, therefore with 23 LA members there would be 11 non-elected members and a total panel of 34.
- 2.16** Alternatively, it may be appropriate that the weighting does not actually translate into actual Members, but rather 1 Member from each constituent Council is nominated to represent their Council and their vote is weighted accordingly, for example: 1 Member's vote from Cardiff has the weight of 5 votes. This level of detail will need to be set out by Welsh Government in the Regulations establishing the Panel or in the Panel's constitution, but it is considered the preference would be that 1 Member from each constituent Council is nominated to represent their Council and their vote is weighted accordingly. .

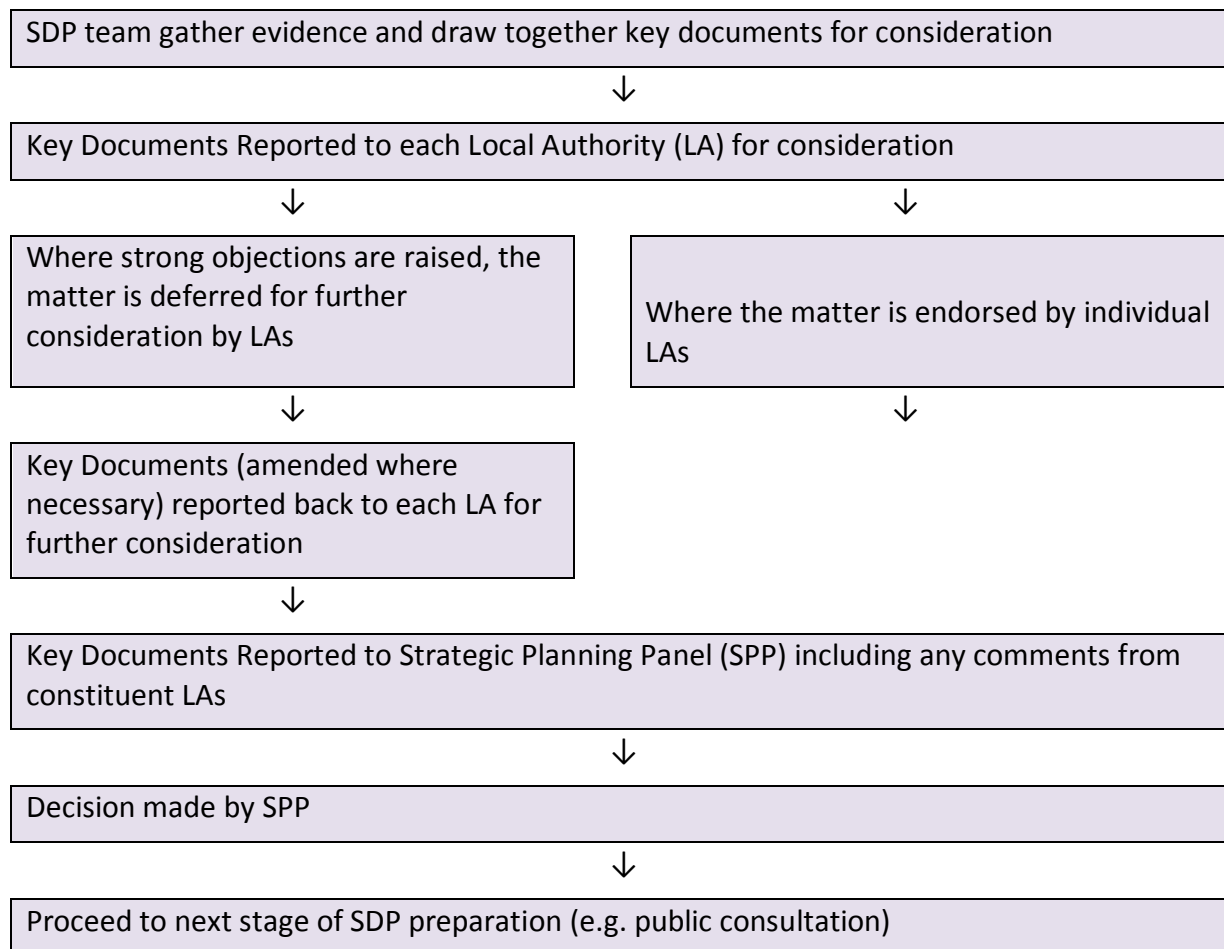
#### Engagement with Constituent Councils

- 2.17** To ensure that the constituent Councils are effectively engaged in the process, there will be formal stages of consultation in addition to continuous informal involvement throughout the preparation of the SDP. Potential options for 'a prior consent approach' or 'a consultation approach' to involve each Council in the process prior to the SPP making a formal decision have been considered and Counsel Opinion was sought about the legalities of the various approaches and

whether there were alternatives not yet considered. Counsel did not consider that a unanimous vote of all LPA Members on the SPP was a realistic prospect. Nevertheless, Members on the Panel need to have an effective mechanism to gauge and reflect the views of their Councils. The aim being to provide that the SDP is prepared and progressed on the basis of working to achieve unanimous support for its proposals in advance of decisions being made by the SPP.

- 2.18** Assuming the process mirrors that of Local Development Plan preparation, it is considered that the key stages of reporting / decision making (noting stages ii and iii can be combined) will be:
- i. Delivery Agreement
  - ii. Vision
  - iii. Preferred Strategy
  - iv. Deposit SDP
  - v. Focused Changes to SDP (if relevant)
  - vi. Submission of SDP to Welsh Government
  - vii. Inspector's Report and Adoption
- 2.19** At present, when preparing Local Development Plans, Members are engaged in a variety of ways, for example: Community Engagement workshops; Visioning workshops; formal and informal Member briefing sessions with Full Council, the Cabinet or Executive, Political Groups or individual ward Members; formal reporting at key stages of development plan preparation; and during open public consultation at key stages of development plan preparation.
- 2.20** It is anticipated that the same engagement will take place in the preparation of a Strategic Development Plan. In addition Welsh Government officials envisaged that the SPP could be supported by a number of sub-committees focussing on key theme areas like Housing, Employment, and Transport and other LA Members could be on these Committees.
- 2.21** Figure 1 shows how a 'Prior Consultation' approach should work at each of the key stages in plan preparation. In addition to the formal reporting stages above, Members of constituent Councils will be involved in the process throughout.

**Figure 1: Suggested Prior Consultation Reporting Process**



### Voting

- 2.22** Part 2(14) of the Planning Act states the SPP must make standing orders regulating its procedure and these must specify a quorum for meeting of the panel, which must include at least half of the Local Planning Authority Members. Consideration has been given to the decision making framework for the Strategic Planning Panel.
- 2.23** It is recommended that decisions made on the SDP by the SPP shall require a 70% quorum of voting Members on the Panel and decisions shall require a 70% majority vote of a quorate meeting.

### Interim Governance Prior to Establishment of SPP

- 2.24** Finally, in respect of governance, it must be recognised that there will be a delay of several months before the WG lays regulations and formally establishes the Strategic Planning Panel. Therefore, it is recommended that an interim SPP is set up to steer the process between now and then and to enable preparatory work

to be undertaken in the intervening period. It is recommended that each Council nominate Member(s) to represent them on an Interim Strategic Planning Panel with delegated authority to take initial decisions on the preparation of the SDP. The Interim Panel would have responsibility for oversight of the initial tasks to proceed with the SDP. These will include: preparation and formal submission of SDP Proposal to the Minister including justification for the Strategic Planning Area (60E of the Planning Act), liaison with Welsh Government on SDP draft regulations and guidance, recruitment of the SDP Team, and procurement of goods and services as required. It is likely that the Interim Panel will need to meet every 1-2 months during this initial period prior to the formal establishment of the Strategic Planning Panel.

**2.25** Having regard to the role of the Interim Strategic Planning Panel in making these initial decisions, the following Member(s) are nominated to represent [NAME] Council:

- INSERT NAME AND POSITION OF NOMINATED SPP MEMBERS e.g. Cllr A Non, Cabinet Member for Planning, XXX Council

### **Scope, Content and Plan Period of the SDP**

**2.26** In the absence of regulations or guidance on SDPs, officers have sought advice from Welsh Government officials about the likely scope, content and plan period of the SDP. Officers consider a 20 year plan period (e.g. 2020-2040) is most appropriate but further discussion can address this matter alongside plan content. The scope and content of the SDP is also open to debate and further consideration taking into account the scope and content of other development plans in the hierarchy i.e. the National Development Framework (NDF) and Local Development Plans (LDPs). Only those matters that have a regional significance should be included in the SDP and the scope needs to ensure that the preparation of the SDP is both manageable and effective. The emerging NDF would run to 2040.

**2.27** This issue was given some consideration at the CCR SDP workshop in July 2018. At this stage, it would be premature to be explicit about the scope and content of the Plan and this will be informed to a large extent by the evidence and the guidance to follow. However, at this stage, it is expected that the plan will include the following:

- Objectives
- A Vision for the Cardiff Capital Region
- A Spatial Strategy that acknowledges the diversity of the region and its opportunities
- Strategic policies and proposals

**2.28** It is expected there will be core issues / topics that must be covered by the SDP, including:

- Housing need & supply – whole region, by LPA or Housing Market Areas
- Employment need & supply
- Strategic sites and new settlements
- Strategic Infrastructure e.g. Transport
- Green Infrastructure e.g. Green Belt
- Strategic Policies / Development Management Policies

**2.29** There may be other matters that could be covered if there was a willingness and / or need to do so, to maximise the benefits of preparing an SDP for the region. These could include: Decarbonisation and climate change mitigation, Minerals, Waste, Gypsy and Traveller need and provision, Renewable Energy, Retail, Tourism, Air Quality, Health Agenda and so on.

**2.30** Whilst there remains some uncertainty on these matters, the governance framework recommended above will ensure that the scope and content of the Plan is evidence based and relevant to the constituent Councils of the Strategic Planning Area who will be engaged throughout the process of plan preparation.

### **Officer and Financial Resources**

**2.31** The SDP will require a new way of working by Local Planning Authorities across the region. At present, planning policy in the region is generally undertaken at individual Local Planning Authority level, with a limited degree of collaboration and joint procurement of services at a regional or sub-regional level (undertaken on an informal footing). However, the region already benefits from a strong degree of communication in this field through the South East Wales Strategic Planning Group (SEWSPG).

**2.32** The delivery of the SDP will require focus and commitment and significant staff time. There are several ways in which this could be achieved, which need to be considered further. Potential options include:

- a. Informal collaboration with a Lead Authority
- b. Procure consultancy services to undertake the SDP on behalf of the region
- c. One or more LPAs prepare the SDP on behalf of the region
- d. Regional SDP team established with appropriate personnel appointed which could include seconded officers from across the region



- e. Formal reorganisation of regional strategic planning to cover all planning policy functions including Local Development Plans and associated work

**2.33** The consideration of the various options is set out in the 'Staff Resources' paper at **Appendix E**. Chief Planning Officers have given this matter some consideration and recommend that option 'd' is the preferred way forward in terms of cost efficiency and ensuring that the project is given sufficient focus and resource to ensure it is delivered in a timely manner.

**2.34** Depending on which option is pursued for resourcing the project, and what the plan period, scope and content of the SDP is will influence the cost of preparing the SDP. It is expected that the overall cost of preparing an SDP, followed by a 'light touch' Local Development Plan (LDP) will be less than the cost of preparing 10 individual LDPs.

**2.35** The costs of introducing an SDP will include the following:

- Staff costs (including an on-costs);
- Governance costs which include the cost of the panel (including members and stakeholders) and their running costs;
- A proportion of the time spent by specialist staff who input to the development plan system (e.g. GIS, ecologist, landscape architect, highways engineer, legal, leisure, education, social services, press/communications, development management, housing, property/estates and archaeology / heritage);
- Specific consultation bodies (Welsh Government, Natural Resources Wales and Dwr Cymru Welsh Water);
- Gathering an evidence base (This takes into account; sustainability appraisal/strategic environmental assessment, including an assessment of impacts on the use of the Welsh language; habitats regulation assessment; strategic housing market assessment and gypsy and travellers assessment; employment sites and market appraisal; retail assessment; renewable energy assessment; landscape appraisal; recreation and open space assessment; strategic flood consequences assessment; minerals and waste study and transport modelling);
- Examination costs (taking into account the cost of the Planning Inspectorate, programme officer, expert evidence and accommodation costs);
- Printing costs, translation costs and cost of adverts; and
- IT consultation database, maintenance and ICT support.

**2.36** Analysis of the cost of preparing an SDP with a designated team is attached at **Appendix F**. This report concludes that the estimated SDP cost for the Cardiff Capital Region will be £3.14m over 5 years. By way of background, the preparation of individual Local Development Plans across the region cost between £1.4m and £2.2m depending on the complexity of local circumstances.

It is expected that the cost of preparing future LDP Lites will be significantly reduced as some of the key contentious issues that require significant Plan Examination time and expenditure will have been agreed at the SDP stage where the costs will be shared and significantly reduced by doing so once rather than 10 times.

**2.37** The overall cost of the SDP based on a 5 year delivery programme is estimated to be £3,141,101 as follows:

- Initial project set up costs £50,000
- SDP Team Staff costs £1,812,036
- Strategic Planning Panel £26,400 plus existing budget for LPA Members
- Additional costs associated with SPP £34,290
- Additional staff within local authority – existing budget
- Evidence base £795,000
- Examination £283,180
- Printing costs £55,000
- Translation costs £55,195
- Cost of adverts - None
- IT Support - £30,000

**2.38** It is recommended that the cost of preparing the SDP is shared across the 10 Authorities on a proportional contribution based on population (akin to City Deal arrangements) which reflects each Council’s ability to pay. Based on the proportional split of funding recommended in the main report the cost would be shared between the constituent Councils as follows:

**Table 2: SDP Costs per Local Authority**

Local Authority	% cost based on population	Total cost (£)	Annual cost (£)
Blaenau Gwent	4.6	144,440	28,888
Bridgend	9.4	295,160	59,032
Caerphilly	12.0	376,800	75,360
Cardiff	23.7	744,180	148,836
Merthyr Tydfil	3.9	122,460	24,492
Monmouthshire	6.1	191,540	38,308
Newport	9.8	307,720	61,544
Rhondda Cynon Taff	15.9	499,260	99,852
Torfaen	6.1	191,540	38,308
Vale of Glamorgan	8.5	266,900	53,380
<b>Total</b>	<b>100%</b>	<b>3,140,000</b>	<b>628,000</b>

**2.39** Each constituent Council will need to agree to an initial contribution to cover the start-up costs likely to be incurred in this financial year 2019/20, to be managed by the Vale of Glamorgan Council as Responsible Authority. An initial contribution of £50,000 is recommended to cover the start-up costs likely to be incurred in this financial year 2019/20, divided as follows:

Local Authority	% cost based on population	£
Blaenau Gwent	4.6	2,300
Bridgend	9.4	4,700
Caerphilly	12.0	6,000
Cardiff	23.7	11,850
Merthyr Tydfil	3.9	1,950
Monmouthshire	6.1	3,050
Newport	9.8	4,900
Rhondda Cynon Taff	15.9	7,950
Torfaen	6.1	3,050
Vale of Glamorgan	8.5	4,250
<b>Total</b>	<b>100%</b>	<b>50,000</b>

**2.40** Welsh Government officials have also indicated they may be able to provide some financial support for the SDP and this is being actively pursued at the time of writing.

**2.41** In addition, Local Authorities will need to consider the cost of their own LDP work that will vary between Authorities depending on the stage they are at.

### **Provisional Timeline for Preparation of SDP**

**2.42** To proceed all 10 Councils must first agree to embark on preparing a Strategic Development Plan for the Cardiff Capital Region. Assuming this is agreed in Autumn 2019, a provisional timeline for the preparation of the SDP is set out at **Appendix C**, which includes starting work on the evidence base as soon as possible, publishing a Preferred Strategy in 2022, a Deposit Plan in 2023 and Examination then Adoption in 2024/25.

## **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

**3.1** The Cardiff Capital Region Strategic Development Plan will be a key project demonstrating the 5 ways of working in action:

- Integration – the preparation of the SDP will be bring together all land use planning issues relevant at a strategic level across the Cardiff Capital Region, involving our partners, residents, visitors, employers and service providers in the formulation of the Plan.
- Collaboration- the SDP will be a key collaboration project for the region enabling the 10 Local Planning Authorities to work together to form a Plan for the region.

- Involvement – preparation of the SDP will provide numerous opportunities to engage with our stakeholders, residents and customers, including the business community and ensuring that we are listening to a wide range of views to inform the plan and decision making process.
- Prevention – the SDP provides an opportunity to understand the root causes of issues and preventing them by being proactive in our thinking and understanding the need to tackle problems at source for example by undertaking needs assessments to inform our priorities.
- Long-term – the SDP will be all about planning for the future and taking a strategic approach to ensure the Cardiff Capital Region is sustainable and that we understand the future need and demand for sustainable development in the region and how that is best met.

**3.2** The SDP will provide a strategic land use document for the whole Cardiff Capital Region, setting out how and where sustainable development will be delivered. It is a cross-cutting plan that considers issues around housing, employment, transport, infrastructure, community facilities, education facilities, leisure and tourism, heritage and environmental assets. Therefore it will set a framework to deliver against all of the Council’s well-being objectives as follows:

Well-being Outcome 1: An Inclusive and Safe Vale

Objective 1: Reducing poverty and social exclusion.

Objective 2: Providing decent homes and safe communities.

Well-being Outcome 2: An Environmentally Responsible and Prosperous Vale

Objective 3: Promoting regeneration, economic growth and employment.

Objective 4: Promoting sustainable development and protecting our environment.

Well-being Outcome 3: An Aspirational and Culturally Vibrant Vale

Objective 5: Raising overall standards of achievement.

Objective 6: Valuing culture and diversity.

Well-being Outcome 4: An Active and Healthy Vale

Objective 7: Encouraging and promoting active and healthy lifestyles.

Objective 8: Safeguarding those who are vulnerable and promoting independent living.

## **4. Resources and Legal Considerations**

### **Financial**

**4.1** The overall cost of the SDP based on a 5 year delivery programme is estimated to be £3.14m which will be shared on a proportional basis by the constituent

Councils. Full details are set out in the report paragraphs 2.31-2.40 and at **Appendix F**.

### **Employment**

- 4.2** The SDP project requires the establishment of an SDP Team to deliver it (as set out in paragraphs 2.31-2.33). In addition individual Local Planning Authorities may provide staff resources on secondment or project specific work, as required throughout the 5 year programme albeit this would be on a voluntary basis, the costs of which would be covered by the SDP budget as set out in the report at **Appendices E and F**.

### **Legal (Including Equalities)**

- 4.3** The Planning (Wales) Act 2015 sets out the process for establishing and preparing a Strategic Development Plan (SDP) and is supplemented by the Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016. The preparation of the SDP will be undertaken in accordance with this and all other relevant legislation.

## **5. Background Papers**

- 5.1** Planning (Wales) Act 2015
- 5.2** The Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016

**Appendix A** – Proposed Strategic Planning Area Boundary Map

**Appendix B** - Letter from Lesley Griffiths (then Cabinet Secretary for Energy, Planning and Rural Affairs) to all Leaders and Chief Executives dated 13.12.17

**Appendix C** – SDP Timeline

**Appendix D** - Responsible Authority - Options Paper

**Appendix E** - Staff Resources

**Appendix F** - Cost Analysis (June 2019)

Appendix A: Strategic Planning Area – Recommended Boundary shown edged red



Lesley Griffiths AC/AM  
Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs



Llywodraeth Cymru  
Welsh Government

Ein cyf : Our ref : QA1282787

Leader and Chief Executive of the Council

13 December 2017

Dear Colleague,

### **Invitation to Local Planning Authorities to prepare a Strategic Development Plan (SDP)**

The Planning (Wales) Act 2015 included the legislation necessary to produce Strategic Development Plans (SDPs). SDPs allow larger than local issues such as housing, employment and infrastructure which cut across a number of Local Planning Authorities (LPAs) boundaries to be considered in an integrated and comprehensive way.

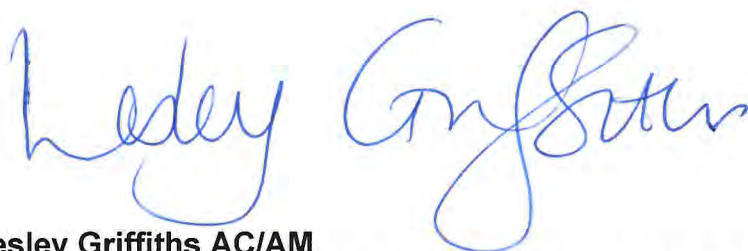
The role of the planning system in delivering excellent outcomes for Wales at national, regional and local levels has never been more prominent. Our new National Strategy: Prosperity for All acknowledges the key role the planning system must play by recognising planning decisions as a critical lever to deliver the central goal of prosperity for all. It notes planning decisions affect every area of a person's life. They determine where homes are built, where services are provided, the quality of the local environment, the promotion of sustainable economic growth and access to open space. The right planning system is critical in delivering the objectives of the strategy – this includes ensuring better LDPs and SDPs are produced in the future.

SDPs have the potential to reduce complexity and repetition currently contained in LDPs and make more effective use of resources. The ability to pool resources, reduce preparation costs, undertake more joint technical work, utilise existing skills and expertise and rationalise issues crossing administrative boundaries should not be lost. SDPs are also necessary to provide a robust framework for the delivery of the land use implications of existing and emerging City Deal and Growth Deal proposals.

My vision for the development plan system is to achieve the most expedient way of maintaining LDP coverage through the production of Joint LDPs, while encouraging and facilitating a strategic approach through SDPs to deal with issues of regional importance. This is not about setting up parallel or competing plans, rather a streamlined suite of plans that complement and integrate as one.

To date, no proposals have been forthcoming. I consider preparing SDPs on a consistent basis for each of the three regions of South East, Mid and West and North Wales will ensure the most efficient use of resources, maintain an effective decision making framework and deliver high quality planning outcomes. **I am therefore inviting proposals for SDPs, based on the 3 regional footprints, to come forward.**

Yours sincerely,



**Lesley Griffiths AC/AM**

Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs





Ein cyf : Our ref: QA1282787

Arweinydd a Phrif Weithredwr y Cyngor

B Rhagfyr 2017

Annwyl Gyfaill,

### **Gwahoddiad i Awdurdodau Cynllunio Lleol baratoi Cynllun Datblygu Strategol**

Roedd Deddf Cynllunio (Cymru) 2015 yn cynnwys y ddeddfwriaeth angenrheidiol i greu Cynlluniau Datblygu Strategol. Mae'r Cynlluniau yn caniatáu i faterion mwy na materion lleol megis tai, cyflogaeth a seilwaith sy'n cynnwys nifer o ffiniau Awdurdodau Cynllunio Lleol i gael eu hystyried mewn dull integredig a chynhwysfawr.

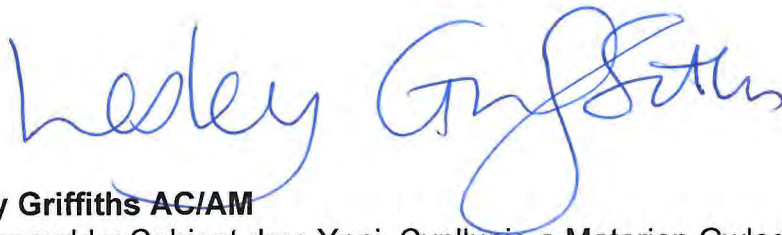
Nid yw swyddogaeth y system gynllunio wrth ddarparu canlyniadau rhagorol i Gymru ar lefelau cenedlaethol, rhanbarthol a lleol erioed wedi bod mor amlwg. Ein Strategaeth Genedlaethol newydd: Mae Ffyniant i Bawb yn cydnabod y swyddogaeth allweddol sydd gan y system gynllunio i gydnabod penderfyniadau cynllunio fel dull hollbwysig o ddarparu'r nod canolog o ffyniant i bawb. Mae'n nodi bod penderfyniadau cynllunio yn cael effaith ar bob agwedd ar fywyd person. Maent yn penderfynu ble y caiff tai ei hadeiladu, ble y darperir gwasanaethau, ansawdd yr amgylchedd lleol, hyrwyddo twf economaidd cynaliadwy a mynediad i fannau agored. Mae'r system gynllunio iawn yn hollbwysig wrth ddarparu amcanion y strategaeth - mae hyn yn cynnwys sicrhau bod Cynlluniau Datblygu Lleol a Chynlluniau Datblygu Strategol yn cael eu datblygu ar gyfer y dyfodol.

Mae gan Gynlluniau Datblygu Strategol y posibilrwydd o leihau y cymhlethdod a'r ail-adrodd sydd o fewn Cynlluniau Datblygu Lleol i wneud defnydd mwy effeithiol o adnoddau. Ni ddylid colli'r gallu i gronni adnoddau, lleihau costau paratoi, cynnal mwy o waith technegol ar y cyd, defnyddio sgiliau ac arbenigedd presennol a rhesymoli materion sy'n mynd ar draws ffiniau gweinyddol. Mae Cynlluniau Datblygu Strategol yn angenrheidiol hefyd er mwyn cynnig fframwaith cadarn ar gyfer darparu goblygiadau defnydd tir cynigion presennol a newydd Bargeinion Dinesig a'r Bargeinion Twf.

Fy ngweledigaeth ar gyfer y system cynllunio datblygiadau yw sicrhau'r dull mwyaf hwylus o gynnal Cynlluniau Datblygu Lleol drwy gynhyrchu Cynlluniau Datblygu ar y Cyd, tra'n annog a hwyluso dulliau strategol drwy'r Cynlluniau Datblygu Strategol i ddelio gyda materion sydd o bwys rhanbarthol. Nid yw hyn yn golygu sefydlu cynlluniau ar y cyd neu gynlluniau sy'n cystadlu, yn hytrach, cyfres syml o gynlluniau sy'n ategu ac yn integreiddio fel un.

Mae pedwar prosiect wedi'u cymeradwyo hyd yma. Rwy'n teimlo y bydd paratoi Cynlluniau Datblygu Strategol yn gyson ar gyfer pob un o'r tri rhanbarth, y De-ddwyrain, y Canolbarth a' Gogledd a'r Gorllewin a Gogledd Cymru yn sicrhau y defnydd mwyaf effeithiol o adnoddau, gan gynnal fframwaith effeithiol ar gyfer gwneud penderfyniadau a sicrhau canlyniadau cynllunio o safon uchel. **Rwyf felly'n gwahodd cynigion ar gyfer Cynlluniau Datblygu Lleol, yn seiliedig ar y 3 model rhanbarthol.**

Yn gywir,

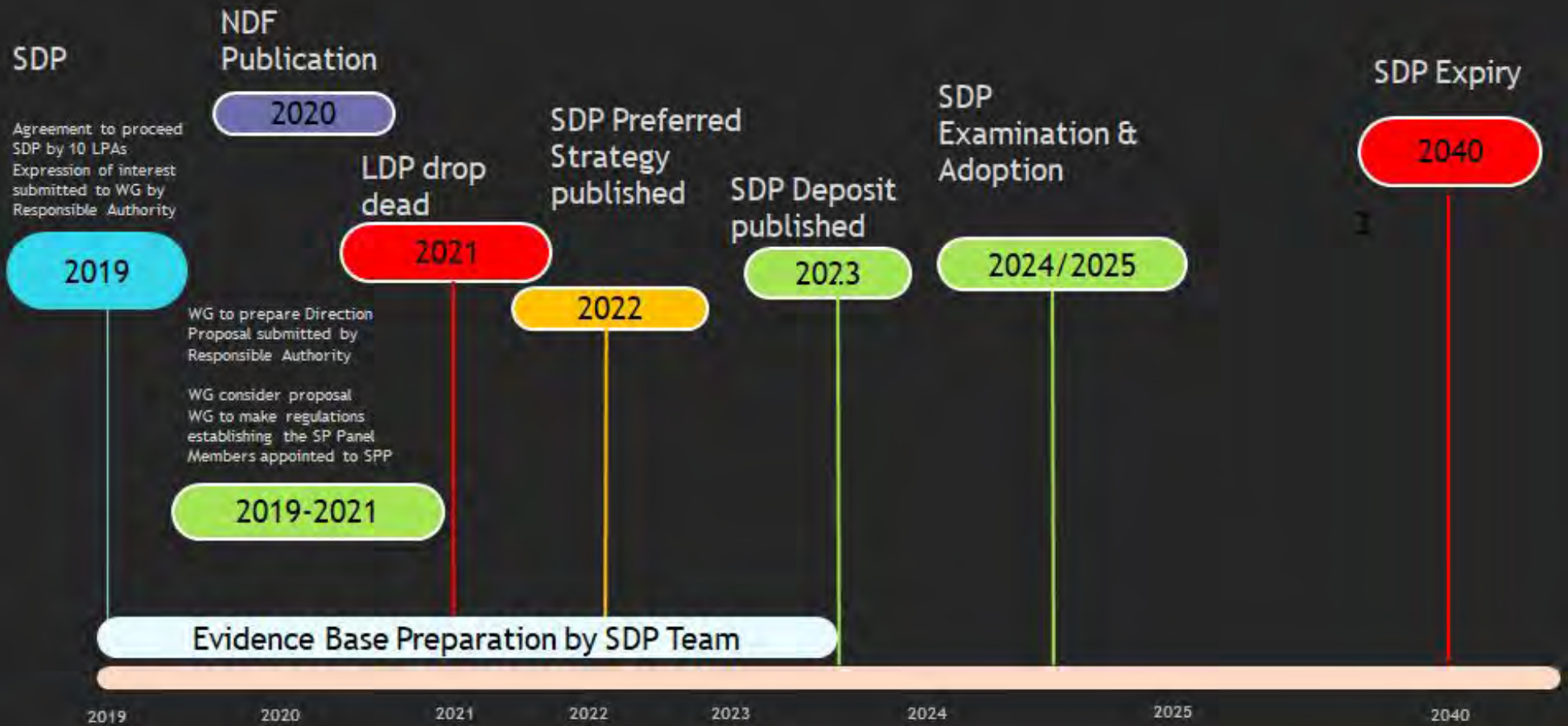


**Lesley Griffiths AC/AM**

Ysgrifennydd y Cabinet dros Ynni, Cynllunio a Materion Gwledig  
Cabinet Secretary for Energy, Planning and Rural Affairs

# SDP Roadmap

Page 186



## **Cardiff Capital Region Strategic Development Plan: Responsible Authority - Options Paper**

### **Introduction**

This paper has been prepared to consider who should be nominated as the Responsible Authority for the purpose of the Cardiff City Region Strategic Development Plan (SDP). It considers the issue of a 'responsible authority' for the purpose of section 60E, Part 3, of the Planning (Wales) Act 2015 (the Act). It sets out various options for consideration to inform a recommendation to each Council as part of a wider report seeking authorisation to proceed with an SDP for the region.

The responsible authority's role is primarily a coordinator of information and a formal channel for communication between the collective group of local authorities and the Welsh Government. It is envisaged that the majority of background work, such as the technical work to devise a strategic planning boundary, including consultation, would be done on a collective basis by officers from all 10 Local Authorities. The Responsible Authority would then formally submit the proposal on behalf of the whole region to Welsh Government.

The paper has been prepared in consultation with chief planning officers from the Cardiff Capital Region and forms part of a group of papers to be presented to Members on the SDP proposals.

### **Who decides who is the Responsible Authority?**

The decision on who is identified as the Responsible Authority will need to be agreed by each constituent Council.

### **What is the Responsible Authority?**

The Responsible Authority is a nominated Local Authority within the Strategic Planning Area that acts as the main point of contact for the SDP project. The responsible authority's role is primarily a coordinator of information and a formal channel between the collective group of local authorities and the Welsh Government. The Responsible Authority is essentially a purely administrative role and does not infer any degree of authority for decision making in respect of SDP matters that will be the remit of the Strategic Planning Panel.

Welsh Government officials have advised that the purpose of the Responsibility Authority is that of being the 'host' for the processes necessary to enable the Strategic Planning Panel to function, it is not about plan preparation.

Part 3 of the Planning (Wales) Act 2015 (see Annex i) sets out the 'responsible authority' means the Local Authority given a direction by the Welsh Ministers to submit a proposal for an area to be designated as a strategic planning area under section 60D of the Act. Before issuing such a direction, the Welsh Government will first have been notified by the

'responsible authority' of the proposal to prepare a SDP for the region (see template letter at Annex ii) and therefore one of the first tasks in starting the SDP preparation will be to identify a responsible authority to act as the main point of contact and coordinator for the initial stages.

### **What will the Responsible Authority do?**

The Act sets out the various tasks, following the Direction by the Welsh Ministers, that need to be undertaken by the responsible authority (acting in conjunction with the other authorities) within 6 months of the direction or such time specified in the direction. These tasks are listed below:

- Prepare a proposal for an area to be designated as a strategic planning area which must include: a map showing the boundaries of the strategic planning area, a statement of the reasons for proposing that area, and any other information specified by the Welsh Ministers in the direction.
- Consult all other local planning authorities within all or part of the area covered in the proposed strategic planning area, and any other persons specified in the direction.
- Prepare a report about the consultation.
- Submit to the Welsh Ministers the proposal and the report about the consultation carried out.

Once the above has been undertaken, the Minister will make regulations to establish the strategic planning area and establish a strategic planning panel for that area. The Responsible Authority will continue to act as the point of contact and administrator for that process. That Council's legal / finance procedures will be used where applicable during the SDP process.

### **Identification of Responsible Authority**

The decision on who is identified as the Responsible Authority will need to be agreed by each Council. To inform this decision, Chief Planning Officers from across the region have considered the options available based on a willingness and capability to take on the Responsible Authority Role.

Of the 10 Local Planning Authorities in the Cardiff Capital Region, 7 authorities have Local Development Plans (LDPs) that expire in 2021 and as such the majority are working on LDP reviews and replacement LDPs. In this respect, their ability to focus resources within their Strategic Planning Teams towards the SDP is more limited and it would appear logical at this stage that the Responsible Authority is one of those Planning Authorities not working on a new LDP. Furthermore, other Local Authorities in the region who are not actively undertaking LDP work have directed resources away from their Strategic Planning teams and towards Development Management where work pressures are constantly high and this

may pose resource issues for some authorities and their ability to volunteer to be the Responsible Authority.

Consideration has also been given to the joint working arrangements of the Cardiff Capital Region City Deal. The Leader and Managing Director of the Vale of Glamorgan Council are the 'Planning' Representatives on Cardiff Capital Region City Deal. The Vale of Glamorgan is the 'host authority' for the Shared Regulatory Services sub-regional service and therefore has some previous experience of hosting regional working. Having adopted the Vale of Glamorgan LDP in 2017 the Council does have available resource within the Strategic Planning team to undertake the administrative work required by the Responsible Authority during the early stages of the SDP preparation.

The Vale of Glamorgan Council has been acting as the Interim Responsible Authority for the SDP, being the main point of contact and coordinator on the SDP project in the short term. For the same reasons, it is recommended that the Vale of Glamorgan Council are identified as the 'Responsible Authority' for the SDP going forward.

## Annex i

### Part 3 of the Planning (Wales) Act 2015

#### **60D Power to designate strategic planning area and establish strategic planning panel**

- (1) The Welsh Ministers may by regulations—
- (a) designate an area in Wales as a strategic planning area for the purposes of this Part, and
  - (b) establish a strategic planning panel for that area.
- (2) A strategic planning area must comprise—
- (a) all of the area of one local planning authority, and
  - (b) all or part of the area of at least one other local planning authority.
- (3) The Welsh Ministers must not make regulations under this section unless—
- (a) they have given a direction under section 60E(1) to a local planning authority all or part of whose area is included in the strategic planning area to be designated by the regulations,
  - (b) either—
    - (i) a proposal for an area to be designated has been submitted in accordance with section 60E(6), or
    - (ii) the period for complying with section 60E(6) has ended without a proposal being submitted, and
  - (c) they have carried out any consultation required by section 60F(1).
- (4) Paragraphs (a) and (b) of subsection (3) do not apply in relation to regulations that revoke or amend previous regulations under this section.
- (5) Schedule 2A contains provisions about strategic planning panels.

#### **60E Preparation and submission of proposal for strategic planning area**

- (1) The Welsh Ministers may direct one or more local planning authorities to submit a proposal for an area to be designated as a strategic planning area under section 60D.
- (2) If the Welsh Ministers give a direction under subsection (1), they must state their reasons for doing so.
- (3) In this section, the “responsible authority” means—
- (a) where a direction under subsection (1) is given to a single local planning authority, that authority;
  - (b) where a direction under subsection (1) is given to two or more local planning authorities, those authorities acting jointly.
- (4) The responsible authority must prepare a proposal for an area to be designated as a strategic planning area.
- (5) Before submitting the proposal to the Welsh Ministers, the responsible authority must consult—

- (a) each local planning authority, other than one to which the direction under subsection (1) was given, for an area all or part of which is included in the proposed strategic planning area, and
  - (b) any other persons specified in, or of a description specified in, the direction.
- (6) The responsible authority must submit to the Welsh Ministers—
- (a) the proposal, and
  - (b) a report about the consultation carried out under subsection (5).
- (7) A proposal submitted under subsection (6)(a) must include—
- (a) a map showing the boundaries of the area which the responsible authority propose should be designated as a strategic planning area,
  - (b) a statement of the reasons for proposing that area, and
  - (c) any other information specified by the Welsh Ministers in the direction given under subsection (1).
- (8) The responsible authority must comply with subsection (6)—
- (a) before the end of any period specified in the direction;
  - (b) if no period is specified in the direction, before the end of six months beginning with the day on which the direction is given.
- (9) The Welsh Ministers may agree to extend the period for complying with subsection (6) in a particular case.
- (10) The responsible authority must comply with any requirements set out in the direction as to—
- (a) how the consultation required by subsection (5) must be carried out;
  - (b) the form and content of the report about the consultation;
  - (c) how the proposal and the report must be submitted under subsection (6).
- (11) Subsection (12) applies if the Welsh Ministers, having given a direction under subsection (1), decide not to designate a strategic planning area.
- (12) The Welsh Ministers must give notice of their decision and the reasons for it—
- (a) to the responsible authority, and
  - (b) if a proposal has been submitted under subsection (6), to each authority within subsection (5)(a).



**Annex ii – Template Letter to Minister**

**\*\*\*\*\*DRAFT (Requires Full Council Approval)\*\*\*\*\***

Julie James AM  
Minister for Housing and Local Government  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

Dear Julie James AM,

**Re: Strategic Development Plan for Cardiff Capital Region**

I write to you on behalf of the Cardiff Capital Region as the Responsible Authority for the purpose of Section 60E, Part 3 of the Planning (Wales) Act 2015 (the Act).

I am pleased to advise you that the 10 Councils in South East Wales have formally resolved to prepare a Strategic Development Plan (SDP) for the Cardiff Capital Region, covering the following Local Planning Authority areas:

- Blaenau Gwent
- Bridgend
- Caerphilly
- Cardiff
- Merthyr Tydfil
- Monmouthshire
- Newport
- Rhondda Cynon Taf
- Torfaen
- Vale of Glamorgan

In response to this letter I would be grateful if you could use your powers under the Act to issue a Direction to submit a proposal for the area to be designated as a strategic planning area under section 60D of the Act. Once the Direction is received we will prepare and consult on the proposal for the strategic planning area to enable you to thereafter prepare regulations to designate the area as a strategic planning area and establish a strategic planning panel for the area.

I look forward to hearing from you and working together to prepare a Strategic Development Plan for the Cardiff Capital Region.

Yours sincerely,

**On behalf of the Responsible Authority**

## **Cardiff Capital Region Strategic Development Plan Paper: Staff Resources**

This report has been prepared to consider how the Cardiff City Region could respond to the regional working agenda in respect of strategic planning services to facilitate the preparation of a Strategic Development Plan (SDP). It sets out various options about how the project could be resourced with staff and recommends a preferred option.

The report has been prepared in consultation with chief planning officers from the Cardiff Capital Region and has been agreed by them.

### **Background**

At present, planning policy in the region is generally undertaken at individual Local Planning Authority level, with a limited degree of collaboration and joint procurement of services at a regional or sub-regional level (undertaken on an informal footing). However, the region benefits from a strong degree of communication in this field through the South East Wales Strategic Planning Group (SEWSPG).

Whilst Local Government Reform has been dismissed in the short term, Welsh Government have made it clear they want to see more collaborative working between Local Authorities and Planning Policy has previously been identified as an area which should be mandated to operate on a regional or sub-regional basis. Welsh Government has the regulatory power to require LPAs to undertake an SDP, Joint LDP or LDP if appropriate.

The previous Minister had invited the preparation of Joint LDPs in the region, which has been rejected by Local Authorities in the region to date for numerous reasons. The preparation of an SDP provides the opportunity for the region to come together at a strategic level to plan for sustainable development in the Cardiff Capital Region. Following this, local authorities may choose to prepare joint LDP 'lite' documents that accord with the SDP strategy.

### **Matters and Issues**

In the Cardiff Capital Region there are 10 Local Planning Authorities with varying status in terms of their development plan status. The following provides a list of Local Development Plan (LDP) Status across region in order of plan expiration / review:

**Blaenau Gwent** - adopted on 22nd November 2012, Expires 2021; Undertaking plan review.

**Bridgend** - adopted 18th September 2013, Expires 2021; Undertaking plan review.

**Caerphilly** - adopted 23rd November 2010, Expires 2021.

**Merthyr Tydfil** - adopted 25th May 2011, Expires 2021; Undertaking plan review.

**Monmouthshire** - adopted 27th February 2014, Expires 2021; Undertaking plan review.

**Rhondda Cynon Taf** - adopted 2nd March 2011, Expires 2021.

**Torfaen** - adopted 3rd December 2013, Expires 2021; Undertaking plan review.

**Cardiff** – adopted 28th January 2016, Expires 2026.

**Newport** – adopted 27th January 2015, Expires 2026.

**Vale of Glamorgan** – adopted 28<sup>th</sup> June 2017, Expires 2026.

The availability of staff resources within each Local Planning Authority will depend on the capacity of the team and the level of work being undertaken on other projects outside the SDP such as LDP review, preparation of SPGs, policy support to corporate projects and development management. The table below provides a summary of available resource in planning policy teams in the region at May 2019.

	Core Policy Team	Other	Current Work programme and ability to resource SDP
<b>Blaenau Gwent</b>	1 x Team Manager 1 x Team Leader 1 x Planning Assistant  Total - 3 FTE	Service Manager has Policy, DM and Building Control within remit.  Central admin support.  Minerals provided by Carmarthenshire	Policy team currently working on LDP Review.
<b>Bridgend</b>	1 x Team Manager 1 x Team Leader 2 x Senior Officer (one currently vacant) 2 x Planning assistant (1 FT, 2 PT)  Total – 6 FTE	Strategic Transportation function now within wider planning function	Policy team currently working on LDP Review.  Currently undergoing re-structure following merger with Strategic Transportation Function  Depending on workloads could contribute ad hoc to regional work.
<b>Caerphilly</b>	2 x Team Leaders 2 x Principal Officers 3 x Senior Officers  Total - 7 FTE		
<b>Cardiff</b>	3.5 x Policy Planners  Plus 3 FTE Officers within Team currently providing	7 Place-making Team Planners covering Design, Master-planning, Projects,	

APPENDIX E – Staff Resources for SDP

	Core Policy Team	Other	Current Work programme and ability to resource SDP
	flexible support as Non-Strategic DM Case Officers  Total – 6.5 FTE	Infrastructure, viability, CIL, S106, Heritage & Conservation.  Head of Planning, Operational Manager of Strategic DM & Place-making & Operational Manager for Non-Strategic DM.	
<b>Merthyr Tydfil</b>	1x Team leader  2.5 x Policy officers  Total – 3.5 FTE	No admin support.  Minerals service provided by Carmarthen.	Policy team currently working on 1 <sup>st</sup> Replacement LDP. Examination June / July 2019. Adoption anticipated Jan 2020.  There will be some capacity to assist with SDP work post adoption.
<b>Monmouthshire</b>	1 x Planning Policy Manager 1 x Principal Officer 1.8 x Senior Officer  1 x Research Officer  Total – 4.8 FTE	Head of Planning Service (including Development Management, Housing function and BC)	Policy team currently working on LDP Review, alongside current LDP monitoring for AMR and 4x SPG in progress for current LDP.  No surplus capacity to assist with SDP, but if colleagues wish to apply for SDP roles and are successful, they would be supported and their posts would be backfilled.
<b>Newport</b>	1 x Planning Policy Manager 1.8 x Senior Policy Officer  Total – 2.8 FTE	Planning Systems Officer (pooled resource with DM/BC/Policy)	Newport LDP adopted 2015. Currently working on SPG, plan monitoring and planning consultancy work for DM and internal Council projects.  Have some capacity to

APPENDIX E – Staff Resources for SDP

	Core Policy Team	Other	Current Work programme and ability to resource SDP
			assist with specific projects and evidence base.
<b>Rhondda Cynon Taf</b>	<p>1 X Planning Manager (vacant)            1 X Team Leader            2 X Senior Planners            1 X Planner            1 X Planning Assistant (vacant)</p> <p>Total – 6 FTE</p>		This team would primarily be required to prepare any future LDP for Rhondda Cynon Taf. Could offer interaction and sharing of information with the Regional SDP team.
<b>Torfaen</b>	<p>2 x Principal Policy Officers (Joint Team Leaders)            2 x Senior Policy Planners</p> <p>Total – 4 FTE</p>	<p>DM support provided by Central Admin Unit (not dedicated)</p> <p>Forward Planning and Building Regulations teams report directly to Head of Planning and Development who reports directly to Chief Officer Neighbourhoods, Planning &amp; Public Protection</p>	Policy team currently working on LDP Review.
<b>Vale of Glamorgan</b>	<p>1 x team leader            3 x senior planner (1 on secondment at Merthyr)            1 x Assistant planner</p> <p>Total – 5 FTE</p>	<p>1 x Head of Service (Planning &amp; Regeneration),            1 x Operational Manager (Planning &amp; Building Control)</p> <p>Admin support from DM Support Services team as required</p> <p>Minerals provided by Carmarthenshire</p>	<p>VOG LDP adopted 2017. Currently working on SPG, plan monitoring and planning consultancy work for internal Council projects (Housing, Estates etc.)</p> <p>Have capacity available to undertake SDP Responsible Authority role in 2019/20 and 2020/21 before SDP Team set up.</p> <p>Have capacity to assist with specific projects and evidence base work to assist SDP Team.</p>

### Options for Delivering SDP

The delivery of the SDP requires focus and commitment and significant staff time. There are several ways in which this could be achieved, which are considered further below.

#### Option 1 – Informal collaboration with a Lead Authority

Keep existing structures across 10 Local Planning Authorities in the region, identify a ‘Lead Authority’ and divide the workload across existing staff, delegating tasks on an informal collaborative basis reporting to lead authority.

Pros	Cons
<ul style="list-style-type: none"> <li>• Could start immediately</li> <li>• No need for structural re-organisation</li> <li>• Allows flexibility to respond to peaks / troughs in workload</li> </ul>	<ul style="list-style-type: none"> <li>• Other work distracting from SDP preparation</li> <li>• Reliance on other LPAs to find resource to help out</li> <li>• Participants likely to retain own ‘LA’ bias</li> <li>• Lack of autonomy of ‘Lead Authority’</li> <li>• Would still require Lead Officer role to be appointed</li> </ul>

#### Option 2 – Procure Consultancy Services

Keep existing structures across 10 Local Planning Authorities in the region, procure consultants to undertake all SDP preparation reporting back to LPAs. Would most likely need a ‘Lead Authority’ to act as commissioning authority and contact.

Pros	Cons
<ul style="list-style-type: none"> <li>• Impartiality</li> <li>• No need for structural re-organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Cost – likely to be more expensive to but in services</li> <li>• Lack local knowledge / experience</li> <li>• Reliance on LPA officers to check work and steer consultant input</li> <li>• Lack of ‘buy-in’ on a long-term basis</li> <li>• Delays in set-up / procurement which would still require LPA support</li> <li>• Less experience with Member liaison and issues of trust</li> </ul>

#### Option 3 – One or more LPAs prepare the SDP on behalf of the Region

One or more existing LPA undertake the preparation of the SDP on behalf of the region, using existing resources and recruiting new staff as necessary which could include secondment from other authorities. The body would be responsible for preparation and delivery of the SDP, and potentially SDP review and SDP monitoring. Would require remuneration from other LPAs not participating directly.

Pros	Cons
<ul style="list-style-type: none"> <li>• No need for structural re-organisation</li> <li>• Cost</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of resources within existing LPAs to do this</li> <li>• Other work distracting from SDP prep</li> <li>• Participants likely to retain own 'LA' bias</li> <li>• Lack of autonomy of the Authority</li> <li>• Would still require Lead Officer role to be appointed and other staff</li> </ul>

#### Option 4 – Regional SDP team established

Set up a regional SDP team to prepare the SDP who would be responsible for preparation and delivery of the SDP, and potentially SDP review and SDP monitoring.

Pros	Cons
<ul style="list-style-type: none"> <li>• Allows true regional approach to SDP – not local parochialism</li> <li>• Provides focus on SDP in isolation from other work</li> <li>• Would draw together the best people for the job</li> <li>• Provides a framework for collaboration at a regional level on land use planning matters</li> <li>• Could be used on a commercial basis to provide expertise / services for strategic planning outside the region</li> </ul>	<ul style="list-style-type: none"> <li>• Needs set up cost / time</li> <li>• Liaison / involvement from LPA officers will still be required and resourced</li> </ul>

#### Option 5 – Regional Strategic Planning Re-structure / Merger

A formal restructure incorporating the strategic planning policy function of all 10 Local Planning Authorities in the region into one Regional Strategic Planning Policy Service. This service would be responsible for the delivery of all matters relating to Development Plan preparation, adoption and monitoring across the whole region. It would be a single

organisation with shared terms & conditions and a joint responsibility for delivering this service across the whole region. The body would be responsible for preparation and delivery of the SDP, Joint or single LDP lites, SDP/LDP review, evidence gathering, and Plan monitoring.

Pros	Cons
<ul style="list-style-type: none"> <li>• Allows true regional approach to SDP – not local parochialism</li> </ul>	<ul style="list-style-type: none"> <li>• Needs set up cost / time</li> <li>• Operationally impractical given current LDP reviews underway</li> <li>• Employee terms and conditions and trade union impacts</li> <li>• Would still require separation of workload / functions to divide out SDP and LDP work</li> </ul>

### Preferred Option

Having regard to the benefits and disadvantages of the ways of working set out above, the preferred option is considered to be Option 4 – Regional SDP team established.

In addition to the core team, there is likely to be specific projects that could be undertaken either by consultants or by officers with relevant expertise within the region who could be seconded or tasked to deliver a specific project (e.g. population projections). Secondment from existing local authority teams could result in LPA’s having difficulty in progressing their own LDPs to meet Delivery Agreement timeframes. Any secondments will need to be programmed to ensure that the ability of the affected authorities to deliver their plans, in accordance with their delivery agreements, is not prejudiced.



## **Cardiff Capital Region Strategic Development Plan – Cost Analysis (June 2019)**

### **Introduction**

1. This paper has been prepared to support the report seeking authorisation to proceed with the Strategic Development Plan (SDP) for the Cardiff Capital Region. It sets out the likely cost of preparing the SDP on this scale using best available evidence at this time. Evidence includes the Welsh Government’s Regulatory Impact Assessment Methodology for the Planning (Wales) Bill alongside actual costs for Local Development Plan preparation in the region over recent years and planned spend on current LDP preparation. The WG’s cost estimate for the SDP was circa £3.5m however this was a total cost and included costs such as LPA Members, LPA consultees and press notices which are not included below as explained in the report where appropriate. This report concludes that the estimated cost of preparing the SDP for the Cardiff Capital Region will be circa £3.14m over 5 years.
2. The cost associated with preparing the SDP will need to be met by the constituent Local Authorities, albeit Welsh Government have indicated a willingness to support this collaboration project with some financial contribution which has yet to be agreed.
3. The Strategic Planning (Composition of Panels and Qualifying Expenditure) (Wales) Regulations 2016 set out the expenditure of a panel that is “qualifying expenditure” to be met by the constituent local planning authorities and includes: staff costs; remuneration of nominated and co-opted members of the panel; costs associated with the hire / occupation of premises; consultancy and technical fees; equipment costs and other costs associated with enabling a panel to undertake its functions under Part 6 of the 2004 Act.

### **Initial project set up costs**

4. To date a significant amount of officer time has been dedicated to this process on a collaborative basis with input from officers across the region. If all Councils agree to proceed with the SDP, this will increase further in the short term before the SDP Team and Panel are established. Therefore, it is considered necessary to establish an initial budget to cover officer time involved in this project which varies between constituent authorities but is of benefit to the region as a whole and thus should be covered by the region.
5. Initial tasks will include:
  - Preparation and formal submission of SDP Proposal to the Minister including justification for the Strategic Planning Area (60E of the Planning Act)
  - Liaison with WG on SDP draft regulations and guidance
  - Support to constituent LPAs on SDP matters such as attendance at Member and Officer briefings
  - Recruitment of SDP Team
  - Procuring appropriate office and meeting accommodation for SDP Team and Strategic Planning Panel (SPP) as appropriate

## APPENDIX F – SDP Cost Analysis

6. There are potential costs associated with these tasks such as staff time (with on costs), travel expenses, legal advice and other technical support as required.
7. It is considered that £50,000 will be adequate to cover staff costs for this initial work, whilst any underspend can be carried forward to the main project. It is proposed in the main report that each constituent LA contribute their share towards this cost to the Responsible Authority following agreement by all Councils to proceed with the SDP. The Responsible Authority will administer the fund in the first instance and enable other Local Planning Authorities (LPAs) to charge their costs to the SDP project as appropriate.
8. The proportional split of funding recommended in the main report is shown in the list below, and attributes this initial project set up cost as follows:

Local Authority	% cost based on population	£
Blaenau Gwent	4.6	2,300
Bridgend	9.4	4,700
Caerphilly	12.0	6,000
Cardiff	23.7	11,850
Merthyr Tydfil	3.9	1,950
Monmouthshire	6.1	3,050
Newport	9.8	4,900
Rhondda Cynon Taff	15.9	7,950
Torfaen	6.1	3,050
Vale of Glamorgan	8.5	4,250
Total	100%	50,000

### SDP Team Staff costs

9. The delivery of the SDP will require focus and commitment and significant staff time. It is therefore considered that the best method for delivery would be to establish a dedicated regional SDP team to undertake the project (see Resources paper at Appendix E to main report for justification of this approach).
10. It is essential that the lead officer for the SDP Team is a person with a detailed knowledge of planning policy with proven experience of delivering a complex major project like the SDP. They will need to have a range of skills and personal attributes to enable them to deliver the project on time and within budget. The job will involve collaboration with 10 Local Authorities, including building relationships and trust with Members and Chief Officers across the region and supporting the Strategic Planning Panel. The position and salary therefore needs to be competitive to attract the very best person for the job and to reflect the seniority and responsibility that the role has for delivering strategic planning in the region. It is therefore recommended that the job is a Head of Service level equivalent to the Head of Service roles within the City Deal Office Leadership Team and the proposed salary below reflects this.

11. Similarly, the Policy Officers appointed to the SDP team need to be experienced officers with detailed knowledge of planning policy and proven experience of working on a complex major project like the SDP. To deliver the SDP, the team will have to understand and resolve a wide range of land-use planning issues that will vary significantly across the Cardiff Capital Region. Their work will inform plan-making in the region for the future and it must therefore be of the highest quality. In order to attract the very best people for the job, it is considered appropriate that the salaries reflect the more complex nature of the work at a strategic / regional level and are higher than the nearest equivalent role within Local Planning Authorities. The proposed salaries below reflect this.
12. It should be emphasised that these are indicative salaries at this stage for the purpose of estimating a cost for the preparation of the SDP. They would need to be scrutinized through a job evaluation process in due course once job description and person specifications have been devised.
13. Given the scope and nature of the project it is considered the following team structure would be appropriate:
  - Head of SDP Team – up to £69,318
  - Policy Officers x 4 – up to £41,675
  - Technical support x 1 up to £32,878
14. The WG regulatory assessment assumed 60% on-costs which are 4% higher than those of a LPA due to estimated higher accommodation costs and were taken from a Welsh Government funded body. These are considered to be robust assumptions for this report<sup>1</sup>.
15. Initially, it is thought that only the Lead Officer plus 2 in support would be required to start the project and set out the work programme for the delivery of the SDP, with the team growing to full strength once the plan preparation is underway. Therefore, the staff costs for the 5 year delivery programme are set out in Table 1 assuming mid-point salary range and 60% on-costs.

**Table 1: SDP Team Staff Costs (including on-costs)**

	Year 1	Year 2	Year 3	Year 4	Year 5
Head of SDP £100,958 (£63,099 + £37,859)	£100,958	£100,958	£100,958	£100,958	£100,958
Policy Officer £64,390 (£40,244 + £24,146)	£64,390	£64,390	£64,390	£64,390	£64,390
Policy Officer £64,390 (£40,244 + £24,146)	£64,390	£64,390	£64,390	£64,390	£64,390
Policy Officer £64,390 (£40,244 + £24,146)	£0	£32,195 (6 months)	£64,390	£64,390	£64,390
Policy Officer £64,390 (£40,244 + £24,146)	£0	£32,195 (6 months)	£64,390	£64,390	£64,390
Technical £50,011 (£31,257 + £18,754)	-	£50,011	£50,011	£50,011	£50,011

<sup>1</sup> Note that Vale of Glamorgan Policy Team on-costs are currently approximately 40%.

Annual Total	£229,738	£344,139	£408,529	£408,529	£408,529
Overall Total	£1,799,464				

16. Total staff costs including on costs for the 5 year SDP Preparation are therefore estimated at £1,799,464. This is slightly higher than the estimate used by WG of £1,739,350, who assumed lower salaries but a larger team of 7 with a hierarchy of Principal, Senior and Planning Officers. The Planning Policy Lead Officers in the region have considered this matter in light of their own management experience in delivering LDPs and consider the proposed team structure above to be more appropriate for the SDP project.
17. In their analysis WG estimated ‘start up costs’ for an SDP team of £12,572 for desks, storage, IT, phones, and printing equipment, which appears reasonable. Therefore, a total staff cost of £1,812,036 is considered a reasonable estimate for the 5 year project.
18. Once the SDP is adopted, it is considered that the SDP Team will continue to have a significant role to play in spatial planning in the region, including: monitoring and review of the SDP, involvement and support for LDPs / LDP Lite, regional evidence base review and close working arrangements with the Regional Transport Authority. Furthermore, given their skills and experience they will be able to offer services (commercially) to other regions in Wales and beyond embarking on regional spatial planning. Therefore, it is recommended that the SDP Team is established on a permanent basis with a predicted annual cost of approximately £408,529 although this has not been included in the cost appraisal for the initial preparation and adoption of the SDP.
19. In addition to the core team, there is likely to be specific projects that could be undertaken either by consultants or by officers with relevant expertise within the region who could be seconded or tasked to deliver a specific project (e.g. population projections). These costs are included in the ‘Evidence Base’ section. Secondment from existing local authority teams could result in LPA’s having difficulty in progressing their own LDPs to meet Delivery Agreement timeframes. Any secondments will need to be programmed to ensure that the ability of the affected authorities to deliver their plans, in accordance with their delivery agreements, is not prejudiced.

**Strategic Planning Panel**

20. The Panel will comprise of two thirds locally elected members and one third from social, economic and environmental partners. It is estimated that the Panel will comprise of up to 23 local elected members (see paragraphs 2.13-2.16 of main report) and up to 11 nominated members for the South East Wales area.
21. It is estimated that the Strategic Planning Panel will be required to meet on a quarterly basis for half a day. Therefore it is estimated that 20 meetings, which is equal to 10 full days over the five year plan period will be required.
22. When preparing the SDP, it is anticipated that all Members of the strategic planning panel will sit on sub committees. It is anticipated that 4 sub committees would be formed to consider the

main strategic issues of population, housing, transport and infrastructure. It is assumed that 9 members of the strategic planning panel will sit on each sub group (consisting of two thirds members and one third stakeholders). Each sub committee would meet for a full day, four times a year, over a three year period, therefore 12 days per sub group. This equates to 12 days x 4 subgroups = 48 days for 9 members.

23. In addition, it is expected that the SDP Lead Officer will meet individually (or jointly as appropriate) with Members of constituent authorities during the preparation of the SDP to discuss Strategic issues and their impact within the Local Authority area.
24. The Regulations prescribe that the costs of remuneration of a constituent local planning authority member of a panel is not “qualifying expenditure”. This will require time and commitment from Councillors but it is expected that this involvement is covered by existing budgets and no additional budget will be expected to cover these costs.
25. The Regulations do include remuneration for nominated and co-opted members of the panel as qualifying expenditure to be met by the constituent local planning authorities. It is expected there will be up to 11 such Members of the panel, attending an estimated 20 meetings of the Panel and a further 12 days for sub-committee meetings. Based on a total 32 days throughout the process Remuneration is expected to be £26,400 in total for the 10 nominated Members of the Panel<sup>2</sup>.

#### **Additional costs associated with the Panel**

26. The undertaking of the SPP’s role and function is likely to incur additional costs in relation to expenses, room hire etc. WG estimated that this would cost the SPP £34,290 over the five year plan preparation period which appears reasonable.

#### **Additional staff within local authority**

27. WG’s regulatory impact assessment assumed the time spent by LPAs on the SDP and light touch LDP would be the same as for inputting on the LDP in the basis there would be no increase in their work load, but a redistribution of their time between the SDP and light touch LDP. It was estimated they would spend two thirds of their time inputting to the SDP and one third on the light touch LDP.
28. However, in practice this will not be the case for the first SDP, which will be prepared at a time when at least 5 LPAs in the region are working on LDPs, hence the need to establish a separate team responsible for delivering the SDP (as set out above). With this in mind, there will only be limited involvement of those constituent LPA officers which does not amount to an increase in cost to individual LPAs. There will inevitably be cost-savings arising from shared evidence base and the SDP evidence base being useful to LDPs in preparation but it is difficult to quantify this at this stage given the varying stages of LDP preparation across the region.

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<sup>2</sup> Remuneration is equivalent to that paid to appointed persons at National Park Authorities of £3625 per annum equating to a daily rate of £75 / day.

29. In addition, there will be some involvement from other consultees within Local Authorities such as Highways, Ecology, Landscapes, Education, Housing, Parks, Drainage, Environmental Health etc. However, given the strategic level of the document, their input will be less detailed than at LDP stage (where site allocations will be made) and should be covered within existing budgets. Therefore, no additional cost has been attributed here.

### **Evidence base**

30. WG estimated that on average the cost of gathering the LDP evidence base for a single authority would be between £195,000 and £265,000. This varies from area to area depending on the prevalent land use issues and depending on capacity and capability within LPA teams and the use of consultants to undertake projects. The approximate cost of evidence base work within the region for previous LDPs is shown below:

- Blaenau Gwent - £127,000
- Bridgend - £250,000
- Caerphilly - £200,000
- Cardiff - £418,000
- Merthyr Tydfil - £106,000
- Monmouthshire - £489,000
- Newport - £210,000
- Rhondda Cynon Taff - £300,000
- Torfaen - £200,000
- Vale of Glamorgan – £168,000

31. The above indicates an average cost in the region of £247,000. The scope of the studies required for the SDP will be similar to those prepared for an LDP however the SDP will consider broad principles and scale of provision, whilst the detail, such as site identification will be reflected in LDPs. These studies include:

- Sustainability Appraisal and Strategic Environmental Assessment
- Habitats Regulations Assessment
- Equalities Impact Assessment
- Health Impact Assessment
- Local Housing Market Assessment
- Population and Household Projections
- Gypsy and Traveler Accommodation Assessment
- Affordable housing viability
- Employment sites and market appraisal
- Retail assessment
- Renewable Energy
- Landscape
- Recreation/ open space / green infrastructure
- Flooding – Strategic Food Consequences Assessment
- Minerals

## APPENDIX F – SDP Cost Analysis

- Waste
- Transport

32. For an area such as South East Wales WG estimated that the evidence base could cost approximately three times the cost of preparing an individual LDP's evidence base i.e. £795,000 based on WG's upper estimate, which is considered to be a reasonable assumption.

### Examination

33. WG's estimated cost of a SDP examination for South East Wales was £283,180 taking into account the cost of two Inspectors and programme officer, accommodation costs and expert evidence. This is considered reasonable having regard to examination costs experienced for individual LDPs<sup>3</sup>.

### Printing costs

34. WG estimated that the printing costs for a SDP are approximately £55,000. In practice, it is questionable whether it will be necessary or appropriate to print the SDP and associated consultation documents in paper form as most authorities only have electronic versions of their LDP available now. However, the cost has been included in the overall assumptions to ensure the overall cost assumptions are realistic and robust.

### Translation costs

35. WG estimated translation costs to be £1,660 based on £83 per 1000 words for a 20,000 word document. These costs are still relevant today (VOG costs £80 per 1000 words). WG estimated that the SDP would be approximately 50% of the size of an average LDP (40,000 words at that time) and noted as a comparison, in Scotland, the adopted TAY Plan (10,300 words) SES Plan (17,000 words). However, more recent analysis of LDPs suggests the average length is closer to 80,000 and therefore, a more accurate cost assumption based on it being half the length of an LDP is £3,320.

36. WG did not include any cost estimate for translation of all the supporting information, letters and documents associated with preparing an SDP, however, this is a cost that will be incurred. Whilst it is difficult to judge at this stage without knowing the word count of the examination and supporting documents, based on similar LDP documents, a reasonable assumption would be 625,000 words costing £51,875.

### Cost of adverts

37. WG assumed in 2015 that adverts would be required by regulations at the following SDP stages; Delivery Agreement; Preferred Strategy; Strategic Sites; Deposit; Submission; Examination and Adoption. It was assumed that one advert could cover two local planning authorities, therefore giving a 50% saving and cost of £44,100.

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<sup>3</sup> Examination costs for LDPs: Cardiff £300,000; Vale of Glamorgan £155,000; Blaenau Gwent £75,000; Bridgend £80,000; Caerphilly £147,000.

38. Since then the LDP amendment regulations<sup>4</sup> have removed the requirement to advertise in the local press in recognition of the fact that there are more effective ways of engaging local communities. Therefore, officers will expect WG to omit these requirements in the SDP Regulations. Therefore, this cost has been excluded from this analysis.

### IT Support

39. The responsible authority will be able to provide normal ICT support to the team at nominal cost which is not included. However, there will be specific costs associated with the SDP, including an SDP database to manage the process such as the various stages of consultation. WG estimated the cost of an IT consultation database to be the same as for an individual local planning authority (estimated to be £15,000 to £20,000). An additional £10,000 is assumed for software licenses and support.

### Conclusion

40. The overall cost of the SDP based on a 5 year delivery programme is estimated to be £3,141,101 (rounded to £3.14m) as follows:

- Initial project set up costs £50,000
- SDP Team Staff costs £1,812,036
- Strategic Planning Panel £26,400 plus existing budget for LPA Members
- Additional costs associated with SPP £34,290
- Additional staff within local authority – existing budget
- Evidence base £795,000
- Examination £283,180
- Printing costs £55,000
- Translation costs £55,195
- Cost of adverts - None
- IT Support - £30,000

41. Based on the proportional split of funding recommended in the main report the cost would be shared between the constituent Councils as follows:

**Table 2: SDP Costs per Local Authority**

Local Authority	% cost based on population	Total cost (£)	Annual cost (£)
Blaenau Gwent	4.6	144,440	28,888
Bridgend	9.4	295,160	59,032
Caerphilly	12.0	376,800	75,360
Cardiff	23.7	744,180	148,836
Merthyr Tydfil	3.9	122,460	24,492
Monmouthshire	6.1	191,540	38,308
Newport	9.8	307,720	61,544

<sup>4</sup> The Town and Country Planning (Local Development Plan) (Wales) (Amendment) Regulations 2015



## APPENDIX F – SDP Cost Analysis

Rhondda Cynon Taff	15.9	499,260	99,852
Torfaen	6.1	191,540	38,308
Vale of Glamorgan	8.5	266,900	53,380
<b>Total</b>	<b>100%</b>	<b>3,140,000</b>	<b>628,000</b>

42. In addition, Local Authorities will need to consider the cost of their own LDP work that will vary between Authorities depending on the stage they are at, as indicated below:

- Blaenau Gwent - adopted on 22nd November 2012, Expires 2021; Undertaking plan review.
- Bridgend - adopted 18th September 2013, Expires 2021; Undertaking plan review.
- Caerphilly - adopted 23rd November 2010, Expires 2021.
- Merthyr Tydfil - adopted 25th May 2011, Expires 2021; Undertaking plan review.
- Monmouthshire - adopted 27th February 2014, Expires 2021; Undertaking plan review.
- Rhondda Cynon Taf - adopted 2nd March 2011, Expires 2021.
- Torfaen - adopted 3rd December 2013, Expires 2021; Undertaking plan review.
- Cardiff – adopted 28th January 2016, Expires 2026.
- Newport – adopted 27th January 2015, Expires 2026.
- Vale of Glamorgan – adopted 28th June 2017, Expires 2026.

Appendix 2 - Options Paper on cost apportionment for SDP

Based on the cost SDP assumptions set out in Appendix F of main report, the following options show how the cost could be apportioned between the constituent Local Authorities.

A. Cost split equally between the 10 Local Authorities i.e. 10% of cost each.

Local Authority	% cost split equally	Total cost (£)	Annual cost (£)
Blaenau Gwent	10	314,000	62,800
Bridgend	10	314,000	62,800
Caerphilly	10	314,000	62,800
Cardiff	10	314,000	62,800
Merthyr Tydfil	10	314,000	62,800
Monmouthshire	10	314,000	62,800
Newport	10	314,000	62,800
Rhondda Cynon Taf	10	314,000	62,800
Torfaen	10	314,000	62,800
Vale of Glamorgan	10	314,000	62,800
<b>Total</b>	<b>100%</b>	<b>3,140,000</b>	<b>628,000</b>

B. Cost split on the basis of population (akin to City Deal arrangements)

Local Authority	% cost based on population	Total cost (£)	Annual cost (£)
Blaenau Gwent	4.6	144,440	28,888
Bridgend	9.4	295,160	59,032
Caerphilly	12.0	376,800	75,360
Cardiff	23.7	744,180	148,836
Merthyr Tydfil	3.9	122,460	24,492
Monmouthshire	6.1	191,540	38,308
Newport	9.8	307,720	61,544
Rhondda Cynon Taf	15.9	499,260	99,852
Torfaen	6.1	191,540	38,308
Vale of Glamorgan	8.5	266,900	53,380
<b>Total</b>	<b>100%</b>	<b>3,140,000</b>	<b>628,000</b>

C. Cost split on the basis of SPP Member Votes

Local Authority	% cost based on SPP Member votes	Total cost (£)	Annual cost (£)
Blaenau Gwent	4.35	136,590	27,318
Bridgend	8.70	273,180	54,636
Caerphilly	13.04	409,456	81,891
Cardiff	21.74	682,636	136,527
Merthyr Tydfil	4.35	136,590	27,318
Monmouthshire	13.04	409,456	81,891
Newport	8.70	273,180	54,636
Rhondda Cynon Taf	13.04	409,456	81,891
Torfaen	4.35	136,590	27,318
Vale of Glamorgan	8.70	273,180	54,636
<b>Total</b>	<b>100.01%</b>	<b>3,140,314</b>	<b>628,062</b>

D. Cost split on a hybrid of Population (B) and Votes (C) (50:50 weighting) as follows:

<b>Local Authority</b>	<b>% cost based on population</b>	<b>Total cost (£)</b>	<b>Annual cost (£)</b>
Blaenau Gwent	4.47	140,358	28,072
Bridgend	9.05	284,170	56,834
Caerphilly	12.52	393,128	78,626
Cardiff	22.72	713,408	142,682
Merthyr Tydfil	4.12	129,368	25,874
Monmouthshire	9.57	300,498	60,100
Newport	9.25	290,450	58,090
Rhondda Cynon Taf	14.47	454,358	90,872
Torfaen	5.22	163,908	32,782
Vale of Glamorgan	8.60	270,040	54,008
<b>Total</b>	<b>100%</b>	<b>3,139,686</b>	<b>627,940</b>

# Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 9219286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  The report sets out a proposal for the CCR to work together to develop and deliver one strategic land use plan for the region.
<b>Proposal: Strategic Development Plan</b>	<b>Date Future Generations Evaluation form completed: 28 May 2019</b>

Page 211




**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 SDP is the underpinning framework for effective delivery of economic, transport, housing and regeneration delivery in the region. It integrates, connects and co-ordinates activity and provides the foundation stone from which to deliver the type of growth we wish to see in the region.	Resilience and inclusive growth will be factors in determining the direction of the plan.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The SDP balances economic and growth considerations with the potential impact they will have. Bio-diversity, eco-systems, climate change and environment will all be central considerations and the subject of various tests and enquiries.	The 'resilience dividend' will be a tenet of the approach and any plans for growth will have to be clearly linked to purpose and the potential for clean growth. This will have to be appraised and assessed at each phase of formation, public consultation and

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?
		plan development.
<p><b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood</p>	<p>The SDP has the opportunity to create the conditions for active travel, better air quality and modal shift mobility. In addition, it will shape cities and settlements alike and provide opportunities for development to be compatible with maintaining planetary eco-systems.</p>	<p>A lot of research and reports exist on modal shift, Metro will feature and the commentary on natural living spaces will all be drawn upon to make a contribution to this work.</p>
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>The SDP underpins the intersect of housing, economy, transport, environment and place. The opportunity is to develop a plan that actively shapes communities and creates that sense of place.</p>	<p>The SDP work will be informed by plans for city region development, transport and infrastructure development and work on areas such as strategic sites. Resilience, clean growth and understanding the long-term impact of interventions will have to be assessed at each of the gateways and through ongoing open and inclusive public engagement.</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>The impact on global factors such as flooding, food resilience, environmental protection and natural resources will be key considerations at each step of the process and through the SEA and SA formal processes.</p>	<p>More work will be done to look globally and seek best practice and to understand how this can inform and shape what could be, a unique approach in the CCR. This is not about getting a plan ‘done’ – it is about</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>The SDP will help create the conditions for delivery enabling opportunities to enhance distinctive identity and heritage of the region.</p>	
<p><b>A more equal Wales</b> People can fulfil their potential no</p>	<p>The SDP can create the environment for shared prosperity, understanding the impact of so-called</p>	<p>There is a body of emerging evidence and data on inclusive growth and what it means, how best to</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?
matter what their background or circumstances	agglomeration economics and the potential to spread benefits and gains. Alongside the CCR and the City Deal, it is an essential tool to promote smart, sustainable and inclusive growth.	stimulate it and how to evaluate and monitor impact. It is important the SDP process is aware of this and that as good practice emerges across the UK and beyond, applies the learning.

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 SDP is a 15 year endeavor. It requires an outward focus and planning for the long-term.	Attention will be given to scenario development and planning to inform the most relevant and fitting strategy for the future.
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	The SDP is just an LA-led programme. To be optimally effective it must draw on business, the other public sector services, third and community sector and the public at large	There are new and different types of engagement that could be tested and piloted in the early process to determine best fit – challenge processes, community planning and so on.
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	Community engagement and consultation is key to the development of a robust plan and there are gateways and junctures at which this will be embedded formally in the plan process.	Beyond this, informal community and other engagement opportunities should be identified and developed.

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The SDP is about painting a long-term picture to guide growth and development in the most appropriate way. The big opportunity is around in-building sustainability and resilience in order to prevent, avoid and avert adverse outcomes, cost and problems.</p>	<p>There is a wealth of good practice around foresight and forecasting that needs to be better understood.</p>
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The SDP will have to take a high-level and holistic view and satisfy stakeholders that due regard has been given through scenario planning, application of foresighting and projections.</p>	<p>There is is scope for considerable innovation in thw ways this might be done.</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?

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 SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.	None arising at this time.	
Disability	Ensuring spaces are accessible, mobility as a service is promoted and that people are able to participate in all parts of civic and community life.	As above	
Gender reassignment	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.	As above	
Marriage or civil partnership	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.	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?
Pregnancy or maternity	- The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.		
Race	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.		
Religion or Belief	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.		
Sex	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Sexual Orientation	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.		
Welsh Language	The SDP is a plan and a framework, it can in-build provision for the kind of environments that promote fairness, equality and inclusion. Whilst developments will have to be judged on their own merits, the SDP can set the tone and develop the policy levers that demonstrate respect and recognition of all protected characteristics.	Not at this time but the situation will be kept under review.	

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Not directly relevant		
Corporate Parenting	Not directly relevant		

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

The data and evidence will be brought to bear in the production of the plan and the process that surrounds it.

**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 opportunities for innovation will be further considered and the scope for foresight and forecasting in line with pressing issues such as climate change, food resilience and future mobility. Scenario planning in accordance with anticipated future challenges will be critical.*

Page 218

**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:**

**In 12 months' time**

10 JUNE 2019

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## **STRENGTH IN PLACES FUND – WAVE 1 – CS Connected**

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

#### **AGENDA ITEM: 10**

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

1. To report back on progress and next steps with the first EOI submission made by a consortium comprising Cardiff University, industrial partners, City Deal and Welsh Government, to secure UK Research and Innovation (UKRI) 'Strength in Places Fund' investment (Wave 1 of the Programme) to build upon and grow the Compound Semiconductor Cluster.
2. To provide an update on further ideas and proposals for a second EOI submission to Wave 2 of the Strength in Places Fund which went live in April 2019.

##### **Background**

3. The Strength in Places Fund is a competition scheme that takes a place-based approach to Research and Innovation investment. The fund, currently valued at around £115m in the first round (see below for details on round two) is aimed at developing emerging or established industrial clusters – that demonstrate alignment with existing activity – and are built upon a strong research base and research presence in Technology Readiness Levels 1-3. Eligible projects must show they are driven by a business need that can be met by existing research strengths.
4. The purpose of the Fund is to enact a range of Research and Innovation interventions that deliver demonstrable economic impact and growth. Investment will be awarded to consortia representing economic geographies across the UK. The specific criteria requires that:
  - consortia are able to demonstrate Research Excellence and a high quality innovation capability focussed on wealth creation opportunities and aligned to needs businesses and supply chains;
  - activities are likely to bring significant economic growth and regional impact; and,

- outcomes are likely to include 'economic strength of place' and a reasonable expectation of competitive advantage.
5. Initial Expressions of Interest (EOIs) were required to be submitted by consortia by 25 July 2018 with an original notification date of October 2018. Our submission was made by consortium lead, Cardiff University. Later than planned, the CCR consortium was notified in February 2019 that it was one of 24 successful submission to secure passage to the next stage of the programme with a £50k seed corn fund (allocated to Cardiff University) to develop a full business case. Details of the original EOI and report to cabinet in September 2018 are attached at Appendix 1.
  6. The successful consortium EOI constitutes the only award in Wales – albeit there is an award for Cyber in the South West which has Cardiff University involvement. Full business cases must now be submitted in September 2019. The CCR Consortium has access to the feedback and full peer assessments used to score the submission. The Strength in Places Assessment Panel comprises nine members drawn from Research Institutions across the UK. Consortium members for the CCR bid will continue to include Cardiff University (research lead), Swansea University (inter-regional working); IQE, SPTS, Newport WaferFab and Microsemi (Industry partners), CCR City Deal and Welsh Government (local leaders).
  7. A plan of action has been mapped out to structure presentation and development of the bid. Requirements for formulation of the full business case include setting out the prosperity and economic impacts, clarity about economic benefit and transformation, the case for government intervention, the market opportunities and governance structures. A focus on the potential for skills and talent development is further key. Given the focus on the potential for enhanced productivity and regional competitiveness, Prof Max Munday has been commissioned to undertake a full economic impact assessment of the further potential of the CS Cluster. This will update previous studies and as was the case with the CSC Foundry proposal, it is suggested that a further piece of work is commissioned to independently validate the numbers. City Deal Office will lead on this.
  8. In terms of wider work and potential, meetings have taken place with Rebecca Endean Director of Strategy at UKRI and City Deal will co-sponsor a small delegation to represent CCR at the CS Mantech and CS Connected Conventions in Minneapolis at the end of April. There is an evening and several session dedicated to the growing profile and presence of compound semiconductors in the CCR.
  9. The final business case will be shared with Regional Cabinet for endorsement at the September 2019 meeting.
  10. In November 2018, the Chancellor in his autumn statement announced a funding commitment to a second round of the Strength in Places Fund. Wave 2 of the Strength in Places Fund opened in April 2019. Early conversations with partners, liaison with Higher Education colleagues and reference to the CCR

sectoral analysis and Industrial Growth Plan suggests that the most 'mature' next prospective cluster is around Medical Tools and Diagnostics. This has the potential to bring together areas right across the region and draw on the strength of anchor organisations such as Reneuron, Reinshaws and Creo Medical. Scope also exists to extend the submission area into Bristol and the West. An initial meeting has been held and strong interest expressed across Councils, Universities and the life sciences sector. The next step is to broaden engagement and seek an industry lead to convene and lead EOI submission.

11. There are other cluster opportunities currently being assessed for readiness for Wave 2 of Strength in Places, principally around the creative industries – one of our fastest growing sectors and building upon an already successful Arts and Humanities Research Council award to Clwstwr Creadigol.

### **Reasons for Recommendations**

12. The reasons for CCR City Deal taking part in the consortium approach to progressing a full business case for Strength in Places investment in building the Compound Semiconductor cluster are:
  - the consortium has been selected as one of 24 successful submission to receive seed funding to develop a full business case;
  - this represents an important step in developing global competitive advantage around the Compound Semiconductor sector and moving towards wider recognition and opportunities – many of which are now demonstrable; and,
  - all of the partners together, demonstrate the strong research base, the industrial need and business focus and the local leadership credentials to succeed.

### **Financial Implications**

13. This report confirms that CCRCDC was successful in securing passage to the next stage of the UKRI Programme and has secured a £50k seed corn fund (allocated to Cardiff University) to develop a full business case.
14. A further report will be brought back to Regional Cabinet later in the year detailing the proposed business case. Any resulting request for City Deal funding will need to be in-line with the requirements of the Assurance Framework. Compliance with the Assurance Framework is a key requirement of HM Treasury funding terms and conditions, as set-out by Welsh Government.

### **Legal Implications**

15. The legal implications set out in the report to Regional Cabinet of 24.9.18 remain relevant (a copy of which report is attached at appendix 1).
16. A further report, with supporting business case and proposal, will be required for Cabinet's approval before the proposal is submitted, (if the proposal is reliant, in full or in part) on CCRCDC funding or other resource.

## **Well-Being of Future Generations (Wales) Act 2015**

17. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.
18. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that 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.
19. Regional Cabinet must be satisfied that the proposed decision accords with the principles above
20. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an appendix to this report (Well-being of future generations assessment) for member's consideration
21. *In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>*

## **Equality Act 2010**

22. In considering this matter regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the

Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:

- age;
- gender reassignment;
- sex;
- race – including ethnic or national origin, colour or nationality;
- disability;
- pregnancy and maternity;
- marriage and civil partnership;
- sexual orientation;
- religion or belief – including lack of belief.

## **RECOMMENDATION**

It is recommended that the Cardiff Capital Region Regional Cabinet:-

- 1) note the success of the CCR consortium in securing seed corn funding and being invited by UKRI to progress the initial Expression of interest ('EOI') application into a full business case or detailed proposal;
- 2) endorse the approach – as described in this report – to developing the full business case and detailed proposal;
- 3) agree to receive the full business case and detailed proposal at the Regional Cabinet meeting in September 2019 ahead of its submission to UKRI.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

Appendix 1 Final version of EOI for Strength in Places  
Appendix 2 Wellbeing of Future Generations Assessment



## **24<sup>th</sup> SEPTEMBER 2018 MEETING**

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### **EXPRESSION OF INTEREST INTO STRENGTH IN PLACES FUND FOR CS CONNECTED**

### **REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR**

### **AGENDA ITEM: 8**

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*Appendix 1 to this report is exempt from publication because it contains information of the kind described in Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972.*

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

1. To set out the core elements of a recently submitted Expression of Interest (EOI) from a consortium comprising Cardiff University, Industrial partners, City Deal and Welsh Government, to secure UK Research and Innovation (UKRI) 'Strength in Places Fund' investment to build upon and grow the Compound Semiconductor Cluster.
2. To seek approval of funding in respect of part-time secondment arrangement with Cardiff University to take forward the work outlined in this report.

#### **Background**

3. The Strength in Places Fund is a new competition scheme that takes a place-based approach to Research and Innovation investment. The fund, currently valued at around £115m in the current round, (but with two or three further rounds expected in quick succession), is aimed at developing emerging or established industrial clusters – that demonstrate alignment with existing activity – and are built upon a strong research base and research presence in Technology Readiness Levels 1-3. Eligible projects must show they are driven by a business need that can be met by existing research strengths.

4. The purpose of the Fund is to enact a range of Research and Innovation interventions that deliver demonstrable economic impact and growth. Investment will be awarded to consortia representing economic geographies across the UK. The specific criteria requires that:
  - Consortia are able to demonstrate Research Excellence and a high quality innovation capability focussed on wealth creation opportunities and aligned to needs businesses and supply chains;
  - Activities are likely to bring significant economic growth and regional impact; and,
  - Outcomes are likely to include 'economic strength of place' and a reasonable expectation of competitive advantage.
5. Initial Expressions of Interest (EOIs) were required to be submitted by consortia by 25 July 2018. Our submission was made by consortium lead, Cardiff University. This is a pre-qualification round in which seedcorn funding of £50k will be awarded to successful applicants to work up bids over a 24-week period. If successful we will be informed at the end of October and have a period up until early spring 2019 to utilise the seedcorn fund to progress to a full funding application. UKRI expects to award between four to eight bids ranging from £10-50m (latter in exceptional case only) with funding allocated over 3-5 years. Further stages of the Strength in Places Fund will be announced in due course.

### **The EOI**

6. A bid from the Cardiff Capital Region (CCR) meets all of the above criteria and the consortium established to take the work forward includes Cardiff University (research lead), Swansea University (inter-regional working); IQE, SPTS, Newport WaferFab and Microsemi (Industry partners), CCR City Deal and Welsh Government (local leaders). It is known that around another 7 bids have been submitted from across Wales. The CS Connected bid however has support of all the relevant partners and is backed by a general acceptance that the continued growth of the Compound Semiconductor sector, offers the best chance of achieving clear competitive advantage.
7. Given the opportunity presented before a cabinet decision could be sought, and in view of this just being an expression of interest at this stage (not a formal commitment on behalf of CCRCD), it was determined the submission should be made with CCRCD as a partner. Should the EOI be approved to the next stage, Cardiff University as consortium lead will be the recipient of the seedcorn funding.

8. Our consortium EOI sets out the following:

- Our story to date – phases 1-3 of Cluster development
- New and emerging initiatives
- CS Connected structure and workstreams
- Potential Strength in Places Fund ‘asks’ – Innovation, Foreign Direct Investment (FDI), Marketing, Skills and Dissemination

### Our Story to Date

#### Phase 1 – Innovation Elements

Milestone	Value	Status
1) Compound Semiconductor Institute at Cardiff University	>£75m (comprising Cardiff University, Welsh Government WEFO, RPIF and IQE)	Commenced April 2015 New facility opens in 2020
2) Compound Semiconductor Centre for Excellence	>£42m (£21m Cardiff University: £21m IQE)	Co-located with IQE in Cardiff July 2016
3) CSA Catapult	>£50m IUK grant and industry leverage	Announced January 2016, to be co-located with CSC Foundry
4) Compound Semiconductor Hub	>£21m - £10m EPSRC, £11m Industry	7 year funding commenced October 2016

#### Phase 2 – Innovation Manufacturing Infrastructure

Milestone	Value	Status
1) CSC Foundry	£39m + £375m (CCR City Deal and IQE)	July 2017 commenced – 5 reactors installed to date
2) Newport Waferfab	Backed by WG	450 jobs saved through buyout in September 2017
3) C R&D Programme	£6m	9 competitive projects secured since 2017
4) Centre for Integrated Semiconductors	£30-45m	Outline bid submitted – full bid to be ready for October 2018

### Phase 3:

9. In 2018, further significant progress is being made around:
  - Local skills partnership survey for Compound Semiconductors completed in 2018 (Q1)
  - Centre for Doctoral Training bids submitted – applications now proceeding to full bids
  - Higher Education Funding Council Wales (HEFCW) bid submitted for Higher and Further Education collaboration
  - Joint recruitment structures agreed across the core cluster
  - Bids also submitted for SMART expertise, Prosperity Partnership, multiple bids submitted to Innovate UK & EOIs to Industrial Strategy Wave 3 Challenges
  - 10 major Foreign Direct Investment opportunities in play
  - Development of marketing materials: 'CS International', Co-Innovate Conference and Open Innovation workshops, Wales Innovation Week and CS Connected website

### Future Phases

10. The KPMG report on Economic Impact, commissioned to support CCR City Deal investment in the Foundry in May 2017, set out three main critical success factors around developing the CS Connected Cluster vision:
  - Governance
  - Branding and Marketing
  - (Patient) Finance
11. Our EOI recognises these core elements and builds upon the phases of growth achieved to date. Our proposal thus seeks to:
  - Drive thought leadership and opinion forming around Compound Semiconductors and become the first line for all enquiries and FDI and inward investment interest;
  - Control the cluster brand, vision and strategy through giving it proper definition and developing a clear vision and key messages. In essence, both an elevator pitch and 'moonshot' ambition statement; and,
  - Communicate to the UK and wider world the importance and potential of the region as 'anchor' for the sector.

12. The main asks of the Strength in Places Fund are as follows:

1) Innovation support

- Establishing a Challenge Research & Development (CRD) programme aimed at pump priming the sector and aligned to Government commitment to meet target of 2.4% GDP invested in Research & Development by 2027. It is anticipated that such a programme would achieve 60% industry leverage;
- Supporting Wave 3 EOIs into the Industrial Strategy and developing them ahead of future challenge calls in order to build up the pipeline of projects and interventions;
- Building sovereign capability in the core enabling technology; and,
- Demonstration centres across the region aligned to data, health, and energy and power electronics.

2) Marketing

- 3-5 year business plan for all CS-related activity in the region
- Leveraging CRD participation
- Open innovation programme
- Regional prospectus
- Define next phase of work for future bids

3) Foreign Direct Investment

- Development of a front-of-house showcase to be situated at the CSC Foundry
- Alignment of CCR City Deal, Industry and WG resource around inward investment
- Identification and development of incubation space across the whole of the CCR

4) People and Skills

- Establishment of a 'virtual' CS Skills Academy – a collaboration across Higher and Further Education
- On-demand training and development in form of MOOCs

### **The Ask**

13. Whilst at this stage, this is merely an EOI; consideration of potential resource requirements must be demonstrated.

14. The likely asks are set out as follows:

• SIPF	£21.5m
• INDUSTRY MATCH	£16.5m
• CCR	£3m
• WG	£3m

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£44m

15. In the case of CCR investment, one consideration might be to direct required funds into a specific component of the project. For example, the front of house development is proposed to be carried out in the CSC Foundry building which is owned by CCR. As regards the WG contributions, discussions are underway concerning the land surrounding the Foundry and the possibility of aligning existing programmes (such as SMART) to create additional value around the CS Connected proposition. This constitutes enough substance for the EOI at this stage.

16. CCR's investment will be met from its Wider Investment Fund as an approved project and therefore will need to follow the requirements of the Assurance Framework.

### **The Offer**

17. Beyond achieving strong investment leverage, developing the persistence and resolve of the Cluster will see the region move further towards realising the vision of the 5-6,000 high skill jobs set out in the KPMG Economic Impact Report.

18. The South Wales Compound Semiconductor sector is expanding at a rapid rate. To date, the industry has self-coordinated through CS Connected, which is currently loosely formed. Members span the whole of the supply chain and include Cardiff University and more recently, Swansea University. Swansea University's reference in this process is an important one given the opportunities for inter-regional work (a key strength to demonstrate to UKRI) and the development of activities across Physics and other elements of Engineering. Swansea's development of the Centre for Integrative Semiconductor Materials – lends further strength to this eco-system approach.

19. Participating in this consortium approach to the EOI for Strength in Places is a natural extension of the work City Deal has backed to date and is critical to ensuring that beyond the direct return on our investment, the full economic potential of the sector is unleashed and anchored in the region. Consortium partners are focussed; organised to deliver and highly influential representing

in excess of 1300 high-value manufacturing jobs in the region. We believe it is possible, with the right support and investment backing, to grow the high-order jobs output projected by KPMG (5-6k jobs) by 2023+.

20. High-level discussions are advancing between the Cluster, UKRI, the Welsh Government and Wales Office. It is important to note that any future challenges coming forward through the Industrial Strategy, are likely to be enabled by technology, which requires hardware capability. This requires an underpinning semiconductor technology. There is a further key ask for UK Government in that they recognise the need to support the inevitability and ubiquity of Compound Semiconductors as the core enabling technology of the future.

### **Approach to Investment**

21. This consortium-led approach to the SIPF EOI looks to realise £44m. Current estimates demonstrate this could be made up of c£21.5m direct investment from the fund, £16.5m industry leverage and a 'match' contribution of C£6m from City Deal and Welsh Government.
20. Should the EOI be successful, the £50k seedcorn funding will be used to
  - Extend and update the existing and potential GVA evidence to cover the existing ~1300 posts in the Cluster across the 4 industry partners (current bottom up evidence was based on IQE operation only in FY2014/15).
  - Identify the skills actions that will have the most dramatic short term impact on current growth constraints
  - Develop the headline business plan for the CSConnected entity.
21. In order to take this work forward the CCR Director has secured the part time secondment of a senior officer of Cardiff University which will be hosted by Monmouthshire County Council as portfolio lead for Innovation. Beyond the Strength in Places fund, the purpose of the input, is to develop the relationship across the CCR and UKRI, undertake sectoral analysis of competitive strengths, open up new opportunities and investment potential and connect the strengths in the research base to existing and emerging opportunities within the region.
22. The EOI was discussed with Programme Board at its meeting of the 15<sup>th</sup> June. Programme Board recognised the importance of this work and the wider value that it will generate for related City Deal projects and supported the request for £30,000 of development funding, in respect of this secondment.

### **Reasons for Recommendations**

23. The reasons for CCR City Deal taking part in the consortium approach to submitting the EOI for Strength in Places investment are:

- A unique opportunity presents to build out the next critical phases of the industrial cluster in the region and towards achieving the significant productivity impact and high order job creation opportunities;
- An important step in developing global competitive advantage around the Compound Semiconductor sector and moving towards wider recognition and opportunities;
- All of the partners together, demonstrate the strong research base, the industrial need and business focus and the local leadership credentials to qualify.

### **Financial Implications**

24. The attached report provides an update on an Initial Expression of Interest submitted by Cardiff University on behalf of a consortium of partners including Cardiff Capital Region to the Strength in Places Fund. If successful, it is understood that Cardiff University will be responsible for receiving and administering the £50k seedcorn funding that is being made available to work up bids.
25. The next stage of the process will involve a full funding application to UK Research and Innovation. If the application is reliant on funding from the Cardiff Capital Region's Wider Investment Fund, then it will be necessary to prepare a business case in-line with the requirements of the Assurance Framework. Compliance with the Assurance Framework is a key requirement of HM Treasury funding terms and conditions, as set-out by Welsh Government.
26. The report outlines that a part-time secondment has been agreed with Cardiff University in respect of this initiative for six months. The cost of this secondment is estimated at circa £30k and the recommendations seek approval of this sum from the Wider Investment Fund Programme Development and Support budget. There are sufficient resources available in the 2018-19 budget to meet this request, if approved by Regional Cabinet.
27. If the Expression of Interest is successful, then a further report will be brought back to Regional Cabinet to provide an update on matters and set-out the next steps, together with details of the associated timescales.

### **Legal Implications**

28. In this case the CCRCD has formed part of a consortia that is applying, via and expression of interest ('EOI'), for UK Research and Innovation Strength in Places funding. The consortia in its application having set out its collaborative proposals. These proposals include the provision of potential funding from the CCRCD Wider Investment Fund (as detailed in the report). Following assessment, successful EOIs will be selected to receive up to £50,000 in 'seedcorn funding' to further develop proposals for a full stage project. If the EOI submitted is successful then detailed work will be required to develop the



collaborative proposals. From the CCRC D perspective, this should include developing the detailed of the governance structure around the proposed collaborative arrangement, setting out the main commitments and responsibilities of each partner to the collaboration, ensuring 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 all other legal requirements.

29. A further report, with supporting business case will be required for CCRC D Regional Cabinet approval before any detailed proposal (which is partially reliant on CCRCFD funding) is submitted.
30. If the EOI is unsuccessful then the report seeks authority for the CRCD to remain part of the consortium and to resubmit further applications in later grounds.
31. As regards the secondment, it is noted that Monmouthshire County Council is to act as lead and in that role will need to consider any employment or other implications that flow from the proposal.

### **Future Generations and Wellbeing Considerations / Well-being and Equalities Assessment**

32. Consideration to aspects concerning the Future Generations (Wales) Act 2015 and Well-being and Equality are described in Appendix 2.

### **RECOMMENDATION**

It is recommended that the Cardiff Capital Region Regional Cabinet:-

- (i) Note and endorse the Expression of interest ('EOI') application submitted to the Strength in Places Fund on 25 July 2018, as detailed in this report.
- (ii) Approve up to £30,000 from the CCRC D Wider Investment Fund's Programme Development & Support budget to meet the costs associated with the part-time secondment outlined in this report; noting that Monmouthshire County Council as lead for the Innovation Portfolio will host the secondment;
- (iii) Agree that if the EOI is successful and Strength in Places Funding is awarded to develop the proposal ('the Detailed Proposal') that:
  - (a) CCRC D, (with the partners to the bid and within the limits of the funding awarded), undertakes the work required to develop the Detailed Proposal; and
  - (b) a further report (with supporting business case) be submitted to Regional Cabinet to seek approval of the Detailed Proposal to be

submitted, including approval of any financial contribution required from the CCRCW Wider Investment Fund as part of the Detailed Proposal,

- (iv) Agree that if the EOI is unsuccessful in October 2018, to delegate authority to the CCRCW Director to work with the consortium partners to submit further EOI under successive rounds of the Strength in Places Fund programme (in line with the approach and principles set out in this report )

**Kellie Beirne**  
**Cardiff Capital Region City Deal Programme Director**  
**18th September 2018**

*The following Appendices are attached:*

<b>Confidential Appendix 1:</b>	Final version of EOI for Strength in Places
Appendix 2:	Future Generations Evaluation SIPP

## Future Generations Assessment Evaluation

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: <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>The proposal aims to seek UKRI support through the Strength in Places fund for the growth and development of the Compound Semiconductor Cluster. It builds upon the first investment made by Regional Cabinet in the CSC project and provides a collaborative means of embedding the industrial cluster in the region.</p>
<p><b>Proposal: Strength in Places submission to UK Govt</b></p>	<p><b>Date Future Generations Evaluation form completed: 14 Sept 2018</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 proposal seeks to build upon an already operational investment. It will seek to secure a wider investment package of some £40m in total through public and private resources. It aims to build the industrial cluster and supply chain opportunities around CSC Foundry and as a result, seeks to grow new companies, high value jobs, innovation programmes and investment in skills.</p> <p>Whilst wholly positive, we must work hard to ensure all cross-sections of the community have an opportunity to be involved – not just those with an existing high skill-level.</p>	<p>The actions taken to maximize impact are around:</p> <ul style="list-style-type: none"> <li>• Consortium-led approach including CCR City Deal, Cardiff University and industrial partners ;</li> <li>• The categorization of the programme into sub-sets which seek to target different, but complementary outcomes – R&amp;D programme to promote competition; front of house facility to leverage foreign and wider investment into building the cluster in our region; and,</li> <li>• Skills programme that will open the doors to as many people as possible to promote involvement in the sector through all phases of entry</li> </ul>

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal reflects an opportunity to ingrain and embed economic resilience and security through targeted investment in an evidenced growth sector. The sector itself is making a huge contribution to the future of energy security through being an enabling technology to photonics, LED and solar systems	Consideration is currently being given to energy security and resilience at the CSC Foundry site. Energy demands are significant and will grow through cluster aggregation. This challenge/ opportunity will form a core area of focus under the wider energy related work of the City Deal
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	As above – the technology currently forms a key underpinning technology in wearable tech, electronic devices and health diagnostic tools. This is a key area of future development. In addition, providing a higher number of skilled work and opportunities for entry to training and development – will provide potential to get local people into steady and stable well paid work – reducing the stress burden around financial issues which is often a key contributor to mental health.	As the project and cluster opportunities develop, there will be opportunities to anchor companies that are leading the way on responding to societal challenges around health conditions.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	CSC Foundry will become a significant business destination – around which – the ambition is to grow a supply chain and network. This in turn will need to be supported by good clean growth and infrastructure. CSC Foundry can become the hub from which a sustainable network and community can be built around.	The CSC Foundry and SIFP cluster opportunity will contribute to potential for integrated planning and building an 'eco-system' approach to good growth and resilience.
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The project seeks to position our region for global competitive advantage. Currently, our levels of influence and global profile need to be improved. This sector offers an opportunity to not just promote the project or the industry – but a chance to position our City Deal and City Region as a proponent of good growth – which is smart, sustainable and inclusive.	This will sit alongside efforts to market our region competitively and globally – but to do so in a way that defines our approach to sustainability and economic self-reliance. For example, the project, offers the opportunity to make the 'Circular Economy' a feature of supply chain build.

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 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>The cluster project will have a strong ‘made in Wales’ connection and will help – on a global stage – to reinforce and promote our cultural and local heritage and distinction</p>	
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>This proposal goes to the heart of inclusive growth. Creating a cluster is an opportunity for more people from different and diverse backgrounds to become involved and engaged. It does not just relate to ‘high skills’ and the best qualified – there will be entry-level opportunities to level access to the playing field.</p>	<p>The City Deal Skills agenda and its continued development, has specifically highlighted the need to optimize the skills opportunities – at all levels – through this important seminal investment.</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 Balancing short term need with long term and planning for the future</p>	<p>The proposal is around an Industry of the Future. It provides opportunities for today – as well as sustained growth in an industry that will be relevant for the future.</p>	<p>Should the bid be unsuccessful – the objective remains and the quest then becomes one of finding alternative ways to make it happen.</p>
 <p>Collaboration Working together with other partners to deliver objectives</p>	<p>The EOI is led by a Research Body, Cardiff University, along with WG and a number of industrial partners. This ‘consortium’ approach uses skills and assets to best effect and shows the whole is greater than the sum</p>	<p>Additional action will include formally strengthening and reinforcing CS Connected – the brand and group with responsibility for driving forward co-innovation around CSCs</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>	<p>This approach has straddled regions, sectors, businesses, skills bodies, government groups and universities.</p>	<p>If the EOI is successful and embedding the cluster and growing supply chains begins, more work needs to be done to engage the wider population, schools and communities in the project. Some work has started in schools and FE – this needs to be made relevant for a much wider audience.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The project supports growth in a long-term high-productivity sector which will not just drive industrial and economic benefits – but social ones too through the underpinning technology that will drive social betterment and innovation. This will impact energy, health, AI and sustainability</p>	<p>Not at this time</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This proposal seeks to straddle a whole supply chain, a region and regions. It has the potential to be economically advantageous and socially transformative.</p>	<p>Not at this time</p>

Page 237

**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>Should the proposal be successful - in employment and training terms – opportunities will be open to all. However, there will be an opportunity to target younger people through more formative engagement in the sector and opportunities for transformation through schools</p>	<p>None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all aspects of the future workforce.</p>	<p>Planning through the Regional Skills Partnership</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	Should the proposal be successful and investment is made in the Foundry to create a public facing 'front of house' – it will be open to all. Training and skills development will be done on a virtual basis ensuring accessibility and equality of access.	None arising – situation will be subject to ongoing monitoring should the EOI bear fruit.	
Gender reassignment	Should the submission prove to be finally successful – training and development processes will be focused on all equalities principles and matters, including gender.	As above	
Marriage or civil partnership	Should the proposal be successful, employment and recruitment processes will have regard to all of the protected characteristics including the rights of married couples or those in civil partnerships.	As above	
Pregnancy or maternity	Should the proposal be successful, proper regard will be had to the rights of any employees with regard to pregnancy/ adoption/ maternity and paternity.		
Race	Should the proposal be successful and a recruitment and appointment process begin, proper regard will be had at that time, regarding promoting equality of opportunity, translation services and general support to ensure opportunities are genuinely open to all members of the community/ workforce.		
Religion or Belief	As above.		

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

Page 239

**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	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting	If successful, an opportunity exists to advise and support our young people about the potential for careers, growth and personal development through engagement with this sector		Ensure information about the industry in which the ten LAs are investors – is conveyed to and shared with young people in the care of the LA. Consideration should be given to city deal employment opportunities being more closely referenced in Corporate Parenting Policies and Strategies.



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

- Data and evidence on the CSC sector
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends

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

*The proposal is a speculative one at this stage. The above narrative notes the potential impacts and examples of some of the work that can be deployed to mitigate and manage impact should the proposal be successful. Certainty, there are issues around people, inclusion and support, that in the main, will fall to fora and groups such as the RSP to oversee and co-ordinate.*

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

Page 240

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

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

The impacts of this proposal will be evaluated on:	Subject to success of EOI
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# Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>The proposal aims to seek UKRI support through the Strength in Places fund for the growth and development of the Compound Semiconductor Cluster. It builds upon the first investment made by Regional Cabinet in the CSC project and provides a collaborative means of embedding the industrial cluster in the region.</p>
<p><b>Proposal: Strength in Places seed funding notification</b></p>	<p><b>Date Future Generations Evaluation form completed: 28 May 2019</b></p>

Page 241






**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 seeks to build upon an already operational investment. It will seek to secure a wider investment package of some £40m in total through public and private resources. It aims to build the industrial cluster and supply chain opportunities around CSC Foundry and as a result, seeks to grow new companies, high value jobs, innovation programmes and investment in skills.</p> <p>Whilst wholly positive, we must work hard to ensure all cross-sections of the community have an</p>	<p>The actions taken to maximize impact are around:</p> <ul style="list-style-type: none"> <li>• Consortium-led approach including CCR City Deal, Cardiff University and industrial partners ;</li> <li>• The categorization of the programme into sub-sets which seek to target different, but complementary outcomes – R&amp;D programme to promote competition; front of house facility to leverage foreign and wider investment into building the cluster in our region; and,</li> </ul>

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?
	opportunity to be involved – not just those with an existing high skill-level.	<ul style="list-style-type: none"> <li>•Skills programme that will open the doors to as many people as possible to promote involvement in the sector through all phases of entry</li> </ul>
<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>The proposal reflects an opportunity to ingrain and embed economic resilience and security through targeted investment in an evidenced growth sector. The sector itself is making a huge contribution to the future of energy security through being an enabling technology to photonics, LED and solar systems</p>	<p>Consideration is currently being given to energy security and resilience at the CSC Foundry site. Energy demands are significant and will grow through cluster aggregation. This challenge/opportunity will form a core area of focus under the wider energy related work of the City Deal</p>
<p><b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood</p>	<p>As above – the technology currently forms a key underpinning technology in wearable tech, electronic devices and health diagnostic tools. This is a key area of future development. In addition, providing a higher number of skilled work and opportunities for entry to training and development – will provide potential to get local people into steady and stable well paid work – reducing the stress burden around financial issues which is often a key contributor to mental health.</p>	<p>As the project and cluster opportunities develop, there will be opportunities to anchor companies that are leading the way on responding to societal challenges around health conditions.</p>
<p><b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected</p>	<p>CSC Foundry will become a significant business destination – around which – the ambition is to grow a supply chain and network. This in turn will need to be supported by good clean growth and infrastructure. CSC Foundry can become the hub from which a sustainable network and community can be built around.</p>	<p>The CSC Foundry and SIFP cluster opportunity will contribute to potential for integrated planning and building an ‘eco-system’ approach to good growth and resilience.</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>The project seeks to position our region for global competitive advantage. Currently, our levels of influence and global profile need to be improved. This sector offers an opportunity to not just promote the project or the industry – but a chance to position our City Deal and City Region as a proponent of good growth – which is smart, sustainable and inclusive.</p>	<p>This will sit alongside efforts to market our region competitively and globally – but to do so in a way that defines our approach to sustainability and economic self-reliance. For example, the project, offers the opportunity to make the ‘Circular Economy’ a feature of supply chain build.</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>The cluster project will have a strong ‘made in Wales’ connection and will help – on a global stage – to reinforce and promote our cultural and local heritage and distinction</p>	<p>The project – if finally successful – will build CCR’s reputation as a globally significant destination. Beyond the economic importance of this, it will unleash opportunities to grow the profile and reinforce the unique cultural heritage of the region.</p>
<p><b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances</p>	<p>This proposal goes to the heart of inclusive growth. Creating a cluster is an opportunity for more people from different and diverse backgrounds to become involved and engaged. It does not just relate to ‘high skills’ and the best qualified – there will be entry-level opportunities to level access to the playing field.</p>	<p>The City Deal Skills agenda and its continued development, has specifically highlighted the need to optimize the skills opportunities – at all levels – through this important seminal investment.</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 is around an Industry of the Future. It provides opportunities for today – as well as sustained growth in an industry that will be relevant for the future.</p>	<p>Should the final bid be unsuccessful – the objective remains and the quest then becomes one of finding alternative ways to make it happen.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The EOI is led by a Research Body, Cardiff University, along with WG and a number of industrial partners. This ‘consortium’ approach uses skills and assets to best effect and shows the whole is greater than the sum</p>	<p>Additional action will include formally strengthening and reinforcing CS Connected – the brand and group with responsibility for driving forward co-innovation around CSCs</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>This approach has straddled regions, sectors, businesses, skills bodies, government groups and universities.</p>	<p>If the EOI is successful and embedding the cluster and growing supply chains begins, more work needs to be done to engage the wider population, schools and communities in the project. Some work has started in schools and FE – this needs to be made relevant for a much wider audience.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The project supports growth in a long-term high-productivity sector which will not just drive industrial and economic benefits – but social ones too through the underpinning technology that will drive social betterment and innovation. This will impact energy, health, AI and sustainability</p>	<p>Not at this time</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This proposal seeks to straddle a whole supply chain, a region and regions. It has the potential to be economically advantageous and socially transformative.</p>	<p>Not at this time</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	Should the proposal be successful - in employment and training terms – opportunities will be open to all. However, there will be an opportunity to target younger people through more formative engagement in the sector and opportunities for transformation through schools	None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all aspects of the future workforce.	Planning through the Regional Skills Partnership
Disability	Should the proposal be successful and investment is made in the Foundry to create a public facing ‘front of house’ – it will be open to all. Training and skills development will be done on a virtual basis ensuring accessibility and equality of access.	None arising – situation will be subject to ongoing monitoring should the EOI bear fruit.	
Gender reassignment	Should the submission prove to be finally successful – training and development processes will be focused on all equalities principles and matters, including gender.	As above	
Marriage or civil partnership	Should the proposal be successful, employment and recruitment processes will have regard to all of the protected characteristics including the rights of married couples or those in civil partnerships.	As above	
Pregnancy or maternity	Should the proposal be successful, proper regard will be had to the rights of any employees with regard to pregnancy/ adoption/ maternity and paternity.		

<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	Should the proposal be successful and a recruitment and appointment process begin, proper regard will be had at that time, regarding promoting equality of opportunity, translation services and general support to ensure opportunities are genuinely open to all members of the community/ workforce.		
Religion or Belief	As above.		
Sex	Again, should the proposal be successful, proper regard will be had to working conditions and rights and ensuring equity. Efforts in this regard need to be twinned with more support for women in particular in STEM related work.	Proportion of women employed in STEM related professions is generally lower than that of male counterparts.	Data and evidence through the activities of the RSP to inform any potential need for targeted recruitment processes.
Sexual Orientation	As with all of the section above.		
Welsh Language	Should the bid be successful we will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

**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	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	

Corporate Parenting	If successful, an opportunity exists to advise and support our young people about the potential for careers, growth and personal development through engagement with this sector		Ensure information about the industry in which the ten LAs are investors – is conveyed to and shared with young people in the care of the LA. Consideration should be given to city deal employment opportunities being more closely referenced in Corporate Parenting Policies and Strategies.
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**5. What evidence and data has informed the development of your proposal?**

<ul style="list-style-type: none"> <li>• Data and evidence on the CSC sector</li> <li>• Academic research</li> <li>• Impact assessments</li> <li>• Global reports and predictions</li> <li>• Future trends</li> </ul>
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Page 247

**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?**

<p><i>The proposal is a speculative one at this stage. The above narrative notes the potential impacts and examples of some of the work that can be deployed to mitigate and manage impact should the proposal be successful. Certainty, there are issues around people, inclusion and support, that in the main, will fall to fora and groups such as the RSP to oversee and co-ordinate.</i></p>
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**7. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress
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<p><b>Should the final bid be successful – a more detail assessment will need to be undertaken based on the prospect of actual events and occurrences – at present it is speculative</b></p>			

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

<p><b>The impacts of this proposal will be evaluated on:</b></p>	<p><b>Subject to success of final bid in September 2019</b></p>
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**10 JUNE 2019**

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

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

#### **AGENDA ITEM: 11**

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

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

#### **Background**

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

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

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

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

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

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

15. In order to consider the range of projects across the investment portfolio, the IIF will have three interconnected investment priorities to allow fair and transparent comparison of projects to be undertaken, ensuring they are aligned to CCR priorities as outlined in the Industrial and Economic Plan. These are:
  - infrastructure priorities – public sector led and public-private infrastructure projects that create conditions for private sector success and civic benefits such as transport, digital infrastructure, skills, and sites;

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

## Sift Questionnaire

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

### **Overarching Funding Agreement**

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

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

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

### **Investment Panel**

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

### **Programme Board**

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

### **Procurement of External Advisors**

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

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

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

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

### **Delegations**

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

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

subject to such delegation being exercised:

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

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

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



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

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

### **Reasons for Recommendations**

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

### **Declarations of Interest**

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

## Scrutiny

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

## Wellbeing Future Generations Implications

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

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

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

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

The well-being duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

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

- work in collaboration with others to find shared sustainable solutions;
- involve people from all sections of the community in the decisions which affect them.

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

## **Legal Implications**

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

### **Overarching Funding Agreement**

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

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

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

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

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

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

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

*8.2.2 the investment criteria and investment policy;*

*8.2.3 the governance structure for the investment board;*

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

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

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

## **Delegations**

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

## **Financial Implications**

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

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

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

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

**In-principle Project** – proposals which have secured Regional Cabinet approval to proceed, subject to the preparation and approval of their business cases, are categorised as In-principle Projects. There are revenue resources amounting to £856,000 available in 2019/20 to support In-principle Projects. This budget available to meet cost of developing business cases, as well as carrying out the required level of due diligence as the proposal is developed and moves through the IIF process.

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

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

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

## RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Regional Cabinet:

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

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

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

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

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

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

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



## CARDIFF CAPITAL REGION CITY DEAL

### DRAFT: FUNDING SUPPORT SIFT QUESTIONNAIRE

#### Introduction

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

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

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

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

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

#### Background

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

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

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

## Structure of Questionnaire

This Questionnaire is divided into the following sections:-

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

### Section A: Details of the Applicant

Please answer the following questions in full.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section D: Scoring and Evaluation Framework

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

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



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

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

**Weightings for each Section C Question:**

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

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

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

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

PM Draft: 30.05.19

DATED

2019

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

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

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Pinsent Masons

## CONTENTS

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

**BETWEEN**

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

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

**BACKGROUND**

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

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

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

## 1. DEFINITIONS AND INTERPRETATION

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

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

pursuant to Clause 4.3(a) will be drawn;

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

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

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

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

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

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



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

**"Regional Programme Director"**

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

**"Sift Questionnaire"**

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

## 1.2 Interpretation

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

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

## 1.3 Schedules

The Schedules to this Agreement form part of this Agreement.

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

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

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

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

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

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

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

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

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

## **5. THE ACCOUNTABLE BODY**

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

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

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

## 6. DUTIES OF THE ACCOUNTABLE BODY

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

## 7. APPLICATION APPROVAL PROCESS

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

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

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

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

7.18.2 any material change to the terms of the Application;

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

and following such notification, the Joint Committee may:

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

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

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

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

## 8. INVESTMENT BOARD

### Constitution and Role of the Investment Board

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

8.1.1 overseeing the evaluation of the Sift Questionnaire;

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

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

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

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

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

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

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

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

9. **DUE DILIGENCE COSTS**

**General**

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

10. **LIABILITY OF THE COUNCILS**

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

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

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

## 11. **CONFIDENTIALITY AND ANNOUNCEMENTS**

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



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

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

## 13. **DISPUTE RESOLUTION**

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

## 14. DATA PROTECTION LEGISLATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14.5 If:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 16. **NOTICES**

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

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

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

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

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

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

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

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

17. **GOVERNING LAW**

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

18. **ASSIGNMENTS**

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

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

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

19. **WAIVER**

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

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

20. **ENTIRE AGREEMENT**

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

21. **COUNTERPARTS**

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

22. **RELATIONSHIP OF COUNCILS**

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

23. **STATUTORY RESPONSIBILITIES**

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

**Draft – No Status**

# Investment and Intervention Framework and Toolkit

Regional Cabinet Briefing 20 May 2019

# Purpose of session

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

# Why we need an Investment & Intervention Framework

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



# Journey to date

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

# Clarity & focus

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

# Key Operating Principles

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

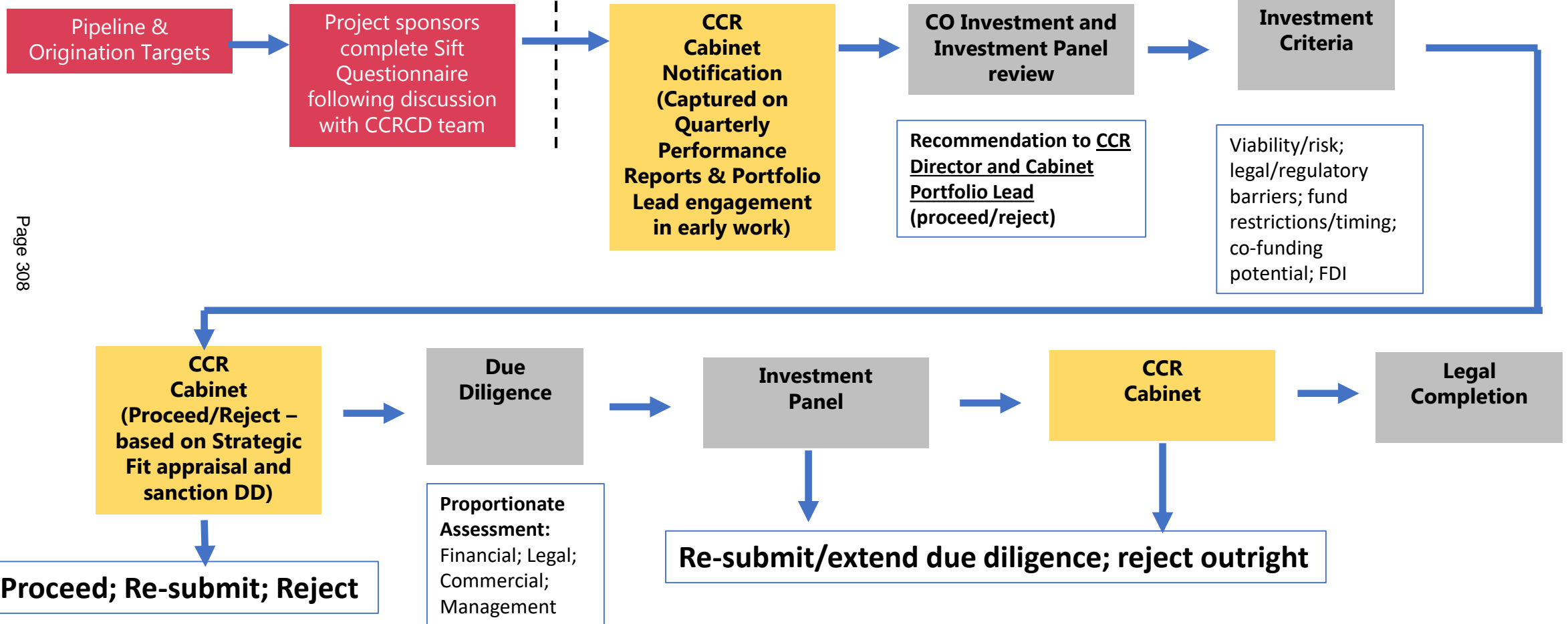
# Key Features – Cabinet role

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

# Process

Informal engagement / pre-IIF

Formal IIF engagement



# Investment Guidelines

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

Page 309

**Enhance Productivity & Economic Inclusion**

**Reduce Economic Growth Inhibitors**

**Address Place based disparities & spatial benefit**

# Role of Cabinet & Lead Portfolio-holders

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

# Investment Panel & Governance

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



# Role of key officers

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

# Gateway Review

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

# Conflicts of Interest

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

**CCR Regional Cabinet Portfolios**

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

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

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

## Future Generations Assessment

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

Page 318

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




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



<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The IIF is underpinned by the four Industrial Strategy Grand Challenges, included in which is clean growth.	Assessment process will be focused on green and clean growth and it is envisaged that proposal coming forward will be in this territory – Metro Plus is but one example.
<b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood	Developing the conditions, through new links and networks – and opportunities for future engagement – will make a contribution to prosperity, which in turn will support wellness and wellbeing.	Inclusive growth and sharing prosperity are key principles.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.	ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The IIF has regard to the wider factors required to support a vibrant and responsible economy	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic	The ‘spread’ and targeting of City Deal benefits in a place-based and place-led way.



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	gains – but importantly how this will convert as tools for improving people’s lives.	

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

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

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

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

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

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

Page 322

**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?**

<ul style="list-style-type: none"> <li>• Evidence and data from other cities, regions and countries</li> <li>• New data emerging from the ISCF ann Innovate UK about engagement</li> <li>• Arloesiadur</li> <li>• Previous report of Economic Growth and Competiitveness Commission</li> <li>• Examples of frameworks from other regions</li> <li>• Proposiitons developed to date</li> </ul>
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Page 323

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

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

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

The impacts of this proposal will be evaluated on:	Quarterly 2019/20
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**10 JUNE 2019**

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**PROPOSAL FOR MIPIM 2020**

**REPORT OF CARDIFF CAPITAL REGION DIRECTOR & CHAIR OF THE  
REGIONAL BUSINESS COUNCIL**

**AGENDA ITEM: 12**

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**Reason for this Report**

1. To provide an overview of the experience and key benefits of Cardiff Capital Region (CCR) participation in MIPIM 2019.
2. To propose an approach to participating in MIPIM 2020, having regard to the interface with, and connections across, the Cardiff Capital Region, Cardiff Council, other regions and the Welsh Government – as supported by the Cardiff Capital Region Business Council
3. To set out the purpose of the CCR MIPIM Partner event planned by the Regional Business Council for 1 May 2019 in Treforest

**Background**

4. Attendance at MIPIM in March 2019, came about at short notice in September 2018 and as a result, it was agreed that the approach to first-time participation should take the form of attaching to experienced MIPIM participants, Cardiff Council and effectively, piggybacking off their offer and package.
5. In September 2018, Cabinet approved a report of the Regional Business Council, which set out a business case for CCR City Deal engaging in and attending MIPIM 2019. This proposed a £47k contribution to the investment in participation. This enabled the CCR to partner with Cardiff Council and its wider set of sponsors and contribute to a) investment in the Cardiff stand and specific marketing materials relating to CCR; b) the cost of the Cardiff Hub from which CCR launched its Industrial Growth Strategy and held a number of stakeholder events; c) access to partner and investor networks and events and d) access to the main conference and exhibition. In addition to this, was a cost of c£15k relating to travel and accommodation for the 10 attendees for the CCR – spanning the public and private sectors. All of the contributions and investments relating to the CCR have been developed on an open book basis and overseen by the City Deal Office in conjunction with Cabinet lead, Cllr Peter Fox.

The experience

6. The experience of MIPIM demonstrates that it is of a scale that places of international scale attend – namely, large city regions and countries. In the UK alone, the South West of England, Liverpool, London, Manchester, Belfast, Edinburgh, Leeds and Sheffield City Regions all participated in MIPIM 2019 to name but a few alongside national government departments such as the Department for International Trade. Welsh Government delegates attended also, as did representatives of the Swansea Bay City Deal. Critical mass is key and the wider ‘destination sell’ of an area is a crucial part of the offer. MIPIM is about putting forward the ‘whole place’ offer and needs to be done in absolute collaboration with the business and private sectors. The size of the event is significant – it is a four day programme, attended by c26,000 delegates, contributions are made from 480 keynotes and speakers and over 120 countries attend with 130+ conferences taking place within the main exhibition area. Location is key as is having a gathering and collaboration space, as evidenced by the success of both the Cardiff and CCR shared stand and the Cardiff Hub.
7. Research undertaken by the Local Government Chronicle shows that 51 top-tier (unitary) English authorities and one district authority participated in MIPIM. Delegations typically included local businesses or firms working in the area, which sponsor and partner LAs. Over 6,000 delegates attended from the UK which was up 9% on 2018. Interviews with elected Metro Mayors in attendance suggests that political support and co-operation is key to attracting and giving confidence to the investor community.
8. MIPIM requires high levels of energy, active participation and the ability to take forward significant conversations. It is clear that a huge amount of goodwill exists towards Wales internationally, given historical links and foundations laid by the former Welsh Development Agency. Success depends on preparation and readiness and the ability to establish good relationships and connections with others. Beyond just a real estate convention, MIPIM offers opportunities for engagement in wider and richer conversations, events and partnerships. In 2019, CCR engaged in and directly participated in events, panel discussions, networks and investment discussions relating to – UK Industrial Strategy, the Department for International Trade (and the launch of the Wales Prospectus), innovation, impact of city deals, economic inclusion, climate change and the circular economy, as well as prospective investment proposals. MIPIM is a competitive space and places are judged on their brand and identity profiles. Ambition needs to be high – this is an international agenda and selling the region alongside the country as a whole is a significant undertaking.

#### The benefits and lessons learnt

- Attending MIPIM has signalled that CCR is in the game and invested in developing its international presence and platform. Based on experience in 2019, the interaction of the CCR and Invest in Cardiff brands worked well – but can clearly be improved and strengthened as we move forwards. This has been a clear focus of partner feedback and as we move into a stronger potential whole-Wales presence and identity, the interplay between brands in ways which maximise synergistic benefits, will be critical;
- MIPIM is hard work with 21 hour days requiring stamina and endurance. It is suggested that participation in the future will see four days of intensity broken down into two-day high intensity shifts with handover points;
- A range of high-potential contacts and new high-value networks were formed. It is clear that whilst CCR was never going to leave MIPIM with a done deal, the potential

for future collaboration and investment opportunities clearly exists. For the first time attendance at MIPIM, CCR has learned that it is about establishing reciprocity, interest, creating a buzz and targeting those networks and investors with whom we can build high-value propositions. The first positive signs of investment intent into the region were felt;

- Nurturing these early stage relationships, keeping with them and establishing the basis for future working is key to the 'conversion' piece. It provides unparalleled access to businesses, investors, other governments and countries that it would be impossible to access over the course of the same few days in the UK. Over 60 new contacts were made and a significant number of both regional and wider partners expressed interest in continuing the conversation about mutuality and partnerships. All new contacts have been invited to the CCR MIPIM Partner Event on 1 May in Treforest;
- There is a demonstrable case for returning in 2020 and moving beyond a 'recce' to doing it for real. This will require a comprehensive business plan, agreement of partnership alignments both across government and business and development of the brand relationships;
- The importance of social media for developing reach, profile and influence is critical as well as strong links to both the 'on site' and home-based communications. Our social media reach and profile spiked during Day 2 of MIPIM and by 19 March there were more than 5,900 views of the CCR MIPIM promotional video;
- To succeed at MIPIM there is a need to interact, constantly seek out the unknown faces and continually gain confidence. Attendees have to be active participants and be willing to constantly pitch-in for the region and what it has to offer; and,
- Over the course of two days, CCR launched its Industrial Growth Plan to a packed space, attracting serious known investors; took part in a City Regions Panel debate along with the CEXs of Edinburgh and Belfast City Councils; met with the global Chairman of Bouygues about UK-France opportunities and potential ventures, helped launch the DTI Wales Prospectus, engaged directly with a major institutional investor and provided policy input to the UK2070 Commission on Economic Inequality and arranged for a CCR follow-up event with the Commission and Her Majesty's Treasury.

#### Partner and Business Feedback

9. Measuring the full success of participating in MIPIM 2019, will be a longer-term endeavour. A more in-depth report is attached at Appendix 1. A full database of new contacts has also been established with a plan for follow-up, which includes the stakeholder event on 1 May, which is being hosted by the CCR Business Council. Also attached (Appendix 2) is Media Reach and Social Media Report which conveys the breadth of CCR reach and profile over the duration of the event. Following the launch of the Industrial and Economic Growth Plan on 12 March by the Chair of the Regional Economic Growth Partnership and Regional Cabinet representatives, feedback showed that not only did the audience better understand purpose, intent and ways to engage with

CCR around investment potential – the certainty of understanding the CCR as a stable long-term partnership emerged as a key selling point. The role of Regional Cabinet representatives in portraying the region as an enabling and facilitating place in which to do business was critical to this – as borne out by the feedback from CCR Business Council members and wider private sector partners, cited below:

- The aim for the CCR delegation was to experience the size, scale and opportunities of MIPIM – direct. Everyone who participated returned with a clear view of the importance of the event and importantly, the sheer scale of potential. MIPIM is a place where relationships are created and where in the future, deals can get done. It was important for everyone to see how City Regions and Countries co-ordinate their offer and pitch;
- It is critical that participants reinforce the size, scale and profile of the wider competition. The world is not waiting for CCR and in future more detailed competitor analysis and assessments of the investor markets needs to be undertaken to inform the approach. The ‘why’ we need to be at MIPIM and have a broader strategy for internationalisation has been made clear. What CCR does next and how it does it, is key;
- As a starter for ten, investment opportunities should be readied for a future MIPIM London event to provide early sight of opportunities for MIPIM (Cannes) in 2020. This will require connected communications across Department for International Trade and Trade and Invest Wales;
- Keen consideration must be given to branding and co-alignment of identities and profiles in order to connect the Wales-wide presence, role of the regions and the profile of the Capital City – Cardiff. The whole is greater than the sum and even though there will be a distinctive approach needed to reflect the offer of Wales as a country, the distinguishing features and competitive edge of Cardiff, the nations’ Capital City and the uniqueness and offer of the wider region – this needs to happen in a co-ordinated way. The key is to find ways to demonstrate the ‘standalone’ nature of the brands when needed, alongside the positioning of the brands in order to demonstrate inter-dependencies and mutually reinforcing propositions; and,
- Co-ordinated business, government and community sector engagement needs to occur on the same footprint. This will make for more business input and leadership into the process and ensure we capture all of the key aspects, offers and advantages of the region. The CCR Business Council can help drive the input and offer of the wider business community and ensure that there is a proportionate focus on business and industry-led issues and opportunities – in order that business and government are seen as equal and joined-up partners.

### **The Proposal for MIPIM 2020**

10. As noted above the CCR Regional Business Council in conjunction with CCR City Deal outlined its intent to participate in MIPIM 2020 at the Partner Event on 1 May in Treforest. This was the first step in commencing the process of building the business case, seeking the necessary approvals and establishing the co-ordinated presence captured above. This will begin to scope out the ideas, inputs and suggestions of partners and identify potential sources of investment.



11. Following this event officers from the CCR and Invest in Cardiff (Cardiff Council) convened to consider arrangements for the delivery of MIPIM in 2020. It was proposed that a partnership approach with a single funding pot would be established that would deliver a jointly branded event, as opposed to CCR supporting the Invest in Cardiff as per the event in 2019. This would effectively mean a 50/50 presence, with a dedicated presence and space for both brands. This approach would be based on establishing a joint working group to agree on the overall programme and presence, including items such as stand design and conference representation. This joint working group would also consult regularly with the Welsh Government.
12. It is still intended that the programme will be primarily funded by partners, with a £50,000 contribution each from the Cardiff Capital Region and Cardiff Council. Approaching partners for contributions will be a joint exercise between Cardiff Council and the Cardiff Capital Region.
13. To that end, it is important to note that attending MIPIM needs to be done in collaboration and cooperation with the private sector. This is more than public sector opportunity and finding investors for government-led schemes. It's about an integrated and rich approach to seeking investment in opportunities – wherever they are and whichever sector they are in. It is the collective duty of Invest in Cardiff and the Cardiff Capital Region to make sure that we support partners at MIPIM who offer professional services across the globe.
14. It is proposed that the Cardiff Council delivery team, as per 2018/19, will act as the delivery unit for the shared venture between the Cardiff Capital Region and Cardiff Council. However, there will be staff support provided to the team from the Cardiff Capital Region City Deal Office.
15. It should also be noted that travel and accommodation costs will need to be covered and administered by individual organisations and attendees. It is not proposed that the delivery team will manage issues such as hotel bookings in 2020, which will unlock resources to concentrate on the main aspects of delivering the MIPIM 2020 programme.
16. Attendance at MIPIM will also require a set of wider actions around our approach to internationalisation arising from this. Some of the interest stirred by MIPIM has been around our investments in and commitment to Compound Semiconductors and as such, plans are afoot to participate in the global CSMantech conference alongside Welsh Government. In addition, discussions are underway with the Office of the Chief Scientific Advisor for Wales to develop a CCR presence in the Welsh Government Office in London and to leverage some of the international talent acquisition opportunities presented through Ser Cymru. The forthcoming launch of the Investment Framework and the three fund priorities – Innovation, Infrastructure and Challenge – will make a further key contribution to setting out the CCR offer.

## **Legal Implications**

17. The proposals in this report do not raise any direct legal implications. If any third party sponsorship is sought this should be done in an open and transparent manner. Matters such as potential conflict of interest would also need to be considered, as regards any attendance of RBC members at MIPIM or others, who are funded from CCRCD monies. Further, if the proposal is dependent upon agreement and or funding from other parties, then the willingness of such other parties will need to be secured to the

proposal along with their requisite funding contribution before CCRCD incurs financial commitments in respect of MIPIM.

### **Wellbeing of Future Generations**

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

1. the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
2. 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.

19. 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

## **Financial Implications**

20. At its meeting of 18<sup>th</sup> February 2019, Regional Cabinet approved its Annual Business Plan in respect of 2019/20, which also included a range of budgets required to support the planned activity for that year. The Wider Investment Fund 'Top Slice' budget was established by setting aside 3% of the total investment fund (HM Treasury grant funding) on an annual basis and is used to cover the costs and/or financial contributions to regional bodies and the costs of Programme Development and Support.
21. HM Treasury grant funding is 'passported' via Welsh Government and the terms and conditions attached to this funding were approved by Regional Cabinet in 2017/18. In summary, these outline:
  - the funding must be used solely to support the objectives of the Cardiff Capital Region City Deal (CCRCD) through the implementation of projects and schemes agreed by the Regional Cabinet in accordance with the arrangements set out in its Joint Working Agreement (JWA), Wider Investment Fund, Assurance Framework and JWA Business Plan;
  - that CCRCD must comply with the European Commission's State Aid Rules and that any goods and/or services bought by CCRCD must be purchased in a competitive and sustainable way so as to demonstrate best value in the use of public funds.
22. In awarding HM Treasury funding, Regional Cabinet must satisfy itself that any such funding is used to directly contribute to supporting the objectives of CCRCD.
23. This report requests the setting aside of £50,000 as the CCR Contribution, in partnership with Cardiff Council to securing a space, position and profile at MIPIM 2020. The Wider Investment Fund 'Top-Slice' budget as contained in the Annual Business Plan approved by Regional Cabinet contains sufficient resources to accommodate this.
24. The report also states that travel and accommodation costs will need to be covered by individual organisations and attendees, so it should be noted that these and any other further costs will need to be funded from Joint Committee and Wider Investment Fund resources and details of these will be brought to Regional Cabinet in future reports.

## **RECOMMENDATIONS**

18. It is recommended that the Cardiff Capital Region Joint Cabinet:
  1. Note the overview of experience, key benefits and lessons learnt from MIPIM 2019.
  2. Agree in principle participation of the CCR at MIPIM 2020, in line with the objectives set out in this report (see The Proposal for MIPIM 2020), to develop

a partnership approach between the CCR and Cardiff Council, primarily funded through partner contributions.

3. Agree to set aside £50,000 of the Wider Investment Fund as the CCR contribution to securing a space, position and profile at MIPIM 2020, alongside Cardiff Council, and key partners, and delegate authority to the City Deal Director to put in place the associated arrangements within the approved budget.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

#### Appendices

- Appendix 1 MIPIM 2019
- Appendix 2 Media and Social Media Report
- Appendix 3 Wellbeing of Future Generations Assessment

## **MIPIM 2019 – the experience and key benefits, measuring success and next steps and next steps**

### **Key observations:**

- MIPIM is of a scale that places of scale attend. City Regions, countries and wide-reaching international corporations attend, exhibit and participate. A 1.5m region offers a viable size for a presence
- Where there is a single focus on one body, institution or organisation, it is nearly always conjoined or co-located with its wider hinterland, area of interest or 'cluster'. Critical mass is key and whilst hundreds of major cities are represented – the wider 'destination sell' was a critical piece of the offer (Manchester, Leeds, West Midland, Liverpool, London, Italy, Poland, US, Belgium etc.)
- MIPIM is not about promoting 'the Council/s' or any other public body for that matter. It's about the whole place offer and needs to be done in absolute collaboration and co-operation with the private sector. This is more than public sector opportunity and finding investors for government-led schemes. It's about an integrated and rich approach to seeking investment in opportunities – wherever they are and whichever sector they are in. We must develop more than a 'public body plus sponsors' arrangement. Sponsors want different things and if we can't deliver on that, we must be up front about it.
- Location and 'pull-ability' is key. The Palais is a big amorphous space and it is easy for a modest stand to get lost amidst lavish stands. The weather poses a risk - but the tented villages offer versatility and scope for a more distinctive offer that resonates with Welsh identity and the refinement we must project. It is also possible to think about how use other spaces as Cardiff did so effectively in creating a central 'Hub'.
- MIPIM is not place for the shy and retiring! You have to be curious, prepared to get involved and happy to pitch in and adapt to conversations. You get out what you put in.
- A huge amount of goodwill towards the WDA and the Welsh exists. There are key lessons to remind ourselves of.
- Success is clearly about pre-work / preparation - the chances of random success are low
- Power of human relationships – whilst the 'offer' is critical, good people want to do business with good people. Chemistry, bonhomie and like-mindedness is key to doing good business at MIPIM. PowerPoint presentations and scripted speeches appeared to create less of a buzz than more spontaneous panel discussions, informal addresses and impromptu inputs. However, maintaining an 'on message' feel is vital to the unscripted being repeatedly successful.
- MIPIM is much than a real estate/ assets event – whilst this is a focus, the best discussions were much broader and forward-looking – UK Industrial Strategy, international trade, innovation, impact of city deals, economic inclusion, climate change and the circular economy. Having Ban Ki Moon as headliner speaker set the course.
- MIPIM is about being seen; visible and 'on show' to 120 different countries, the whole spectrum of investors, 26k+ visitors and constantly developing the platform, brand and 'personality' presence. It's the opportunity to present the best version of ourselves and to have the confidence to enter a competitive space and be judged on it alongside thousands of others. It's a signal that we're in the game and we have a plan for internationalisation.

- MIPIM is hard-work. 21 hour days back to back and requires stamina and endurance. Four days of intensity could be broken down into focussed high-intensity shifts with handovers.
- Opportunity exists to think about how 'Invest in Cardiff' and CCR interact and are displayed and showcased in the future on the back of partner and other feedback and suggestions.
- There is a demonstrable case for returning in 2020 and moving beyond a 'recce' to doing it for real. This is going to cost and time and attention needs to focus on how the CCR brand develops and readies itself for launch in collaboration with partners – focussing on how public/private opportunities are complementary and core to the whole offer.
- Wales needs a presence - other regions are represented – Scotland, NI and England. Opportunity exists to think about how the country, its regions & cities interplay & join-up.
- A range of high-potential contacts and new high-value networks were formed. It is clear that we were never going to leave MIPIM with a deal. In this case, it was about establishing reciprocity, interest, creating buzz, connecting on a personal level and beginning to set out purpose & intent. First positive signs regarding potential future investment interest were felt
- Vital importance of social media and the 'on site' and 'back-home' comms and engagement.

#### **The experience and key benefits:**

- MIPIM is extraordinary, colossal and on another scale. It was great to be amidst the cut and thrust and to observe the ways of doing business. MIPIM provides a unique distilled appreciation of the opportunities and current issues.
- Understanding the need to be clear about why you are there; what you are looking to achieve and who you want to meet to best facilitate that. This is not a place for casual ad-hoc strategies. Listening and learning about how we best position our offer in future has been an invaluable experience.
- MIPIM affords the time and space with neighbouring spaces, international places and investors to talk in more informal ways about alignment, opportunity, expected returns, risk appetitive, the impact of global trends, policy change and the future.
- A number of 'pre-investment' and 'pre-partnership' conversations and connections were made. Nurturing these early stage relationships, keeping with them and establishing the basis for future working is key to the 'conversion' piece.
- Over X new contacts were made and a significant number of both regional and wider partners expressed interest in continuing the conversation about mutuality and partnerships in the near future.
- MIPIM is attended by investors, countries and city regions, financial institutions, public bodies, developers, innovators and the media. A multi-pronged strategy for navigating a path through this collective is needed.
- To succeed you need to interact, constantly seek out the unknown faces and continually gain confidence. Attendees have to be active participants and be willing to constantly pitch-in for the region and what it has to offer.
- Meeting and connecting with a vast array of people whom we wouldn't have access to in the UK – especially in the course of the same few days.
- Over the course of two days, CCR launched its Industrial Growth Plan to a packed space, attracting serious known investors; took part in a City Regions Panel debate along with the CEXs of Edinburgh and Belfast City Councils; met with the global

Chairman of Bouygues about UK-France opportunities and potential ventures, helped launch the DTI Wales Prospectus, engaged directly with a major institutional investor and provided policy input to the UK2070 Commission on Economic Inequality and arranged for a CCR follow-up event with the Commission and HMT.

### **Measuring Success:**

The list of new (not existing) contacts is attached to this report with commentary on the nature of conversations, follow-up required and areas of common interest. Also appended is the Media Reach and Social Media impressions, perceptions and 'reach' report from Effective Communications – which provided an effective 'mission control' for comms and engagement back in the UK. MIPIM as a whole and in particular, the launch of the CCR Industrial Growth Plan, resulted in many partners and associates stating that they now understood what CCR was, our purpose/ what we stood for and felt better sighted on opportunities and ways to connect with us. A particularly strong Unique Selling Point was the certainty of knowing the region is a long-term stable partnership. Conversations are already underway about 2020 and the potential for collaboration and teamwork around the 'one region' CCR brand. This is an attractive prospect for potential partners given the scale the region, aggregate investment potential, the role of the City Deal and its three funds as a key catalyst and the active 'industrial leadership' the region offers. The role of Leaders was critical in creating the belief the region is a good, enabling and facilitating place in which to do business and make things happen.

### **Next steps:**

- The Regional Business Council, in conjunction with CCR has expressed a strong interest in holding a MIPIM follow-up event on 1 May (venue to be agreed – but either Caerphilly or Treforest)
- The purpose of this event is to reflect on success with partners, but to also extend a hand of friendship and intent to new partners and associates and signal once again, our offer and intent
- Further, the event would seek to announce CCR intent to attend MIPIM 2020 and begin to set out some early plans and thinking
- Share key information and data with WG and agree their part in future plans, beginning with 2020, and the alignment of Wales as a country with its regions, cities and partners
- This will involve agreeing the scale and nature of interaction and brand relationships and intersects across Wales Government, City Region and Invest in Cardiff (Cardiff Council) and the approach to sponsorships and partnerships
- Develop the broader plan for Internationalisation
- Establish the database of New Contacts and embed into the Comms, Marketing and Engagement Strategy
- Follow-up on the specific developments, opportunities and networks set out in the initial feedback/ insight capture exercise and send out the Industrial Growth Plan
- Liaise with the Chief Scientific Adviser re: CCR presence in the WG London Office on Victoria Street and the international opportunity of Ser Cymru
- Visible launch of the Investment Framework and widening reach of comms to get the message out far and wide and into the new contact spaces made
- Follow-up the 'offer' made by DTI and update the OSSW
- Establish a relationship and rapport with MIPIM organisers and sound out the value of the MIPIM London event

**Key insights and thoughts from Business/ Industrial partners:**

Reflection 1 – the aim for the delegation to experience MIPIM for themselves and appreciate size and scale and opportunities. It appeared that everyone came home with a different view of the event and most importantly, the potential. It is important that the delegation takes time to articulate this to colleagues in order to achieve traction and support for our crucial role in the future. MIPIM is a place where relationships are created and beyond that, where deals can get done. It was important that everyone took time out to walk the stands and see how other places sell their regions and give profile to their ambitions.

Reflection 2 – key is that CCR sees and understands the size, scale and profile of the competition. The region is a small fish in a big pond – but it is the scale and investability of the opportunity presented that counts most. It's important to undertake more detailed competitor analysis to understand future target groups and markets. The Eastern European market is an interesting space to understand in particular. Why we should be there is clear - what and how must come next.

Reflection 3 – work also needs to be done on the investor market and who to target and what kinds and types of IRR/ROI is expected. We need to think about the suitability of our propositions vis a vis the investor market.

Reflection 4 – as a starter for ten, investment opportunities should be readied for MIPIM London with a lunch/ dinner arranged with targeted customers, to sight them early on the propositions that will go out to MIPIM Cannes.

Reflection 5 – early work is needed with Dept for International Trade and Trade and Invest Wales in order to connect communications and align plans.

Reflection 6 – whilst the tide is changing, MIPIM is principally focussed on infrastructure deals and cannot be the only string to our bow. Identifying similar events and experiences that align with our innovation and challenge objectives is also key. This could involve technology showcases, entrepreneurship events and wider regeneration events involving investment opportunities.

Reflection 7 – consideration should be given to committing to MIPIM beyond the annual cycle, in order to build on momentum and more firmly establish the CCR on an international investment stage. This longer lead-in affords to time to plan and build momentum.

Reflection 8 – urgent consideration should be given to branding and co-alignment of identities in a clear and easily understood way. Is it Cardiff Capital Region and Invest in Cardiff or the Cardiff Capital Region? We need to resolve any notions of any perceived dilution of brand and split of identity. It should be possible to develop something that showcases Cardiff as the Capital City and simultaneously highlights the strengths and advantages of the wider region – so that the whole is seen as much more than the sum of parts.

Reflection 9 - co-ordinated engagement with businesses needs to occur across the Cardiff and wider CCR networks. This will make for more business input and leadership into the process and ensure we capture all of the key aspects, offers and advantages of the region. The City Deal opportunity pipeline should play into this in a big way.

Reflection 10 – it is imperative that WG is strongly encouraged to attend in 2020 and work alongside CCR to support a truly country-wide presence at MIPIM. The CCR Business Council can help drive the input and offer of the wider business community and ensure that there is a proportionate focus on business and industry-led issues and opportunities – in order that business and government are seen as equal and joined-up partners.





CAERDT

COVER

ISG

# COVER

# AGE REPORT

# CCR at MIPIM

effective  
communication

Summary of all coverage captured as part of The Cardiff Capital Region attending the 2019 MIPIM conference:

TOTAL COVERAGE



DIRECT



OTHER



TOTAL REACH



Page 337

Outlet	No. of Coverage	Outlet	No. of Coverage
Insider Media	2	Wales 247	1
Commercial News Media	1	News from Wales	2
Western Mail	1	Business News Wales	1
South Wales Echo	1	Caerphilly Observer	1
South Wales Argus	1	MIPIM News	1



# TOP TWEETS

### March 13:

Today CCR unveiled its new animated video at [@MIPIMWorld](#) highlighting its ambitions for the region. [#MIPIM2019](#) [pic.twitter.com/avgPNOxFTM](http://pic.twitter.com/avgPNOxFTM)  
**5,089 Impressions**

### March 14:

We are delighted to have shown the entire region at [@MIPIMWorld](#) this week. A huge thank you to the local authorities who provided footage for this amazing video of the Cardiff Capital Region. [#MIPIM2019](#) [#CCR](#) [pic.twitter.com/mzNOjUdAFc](http://pic.twitter.com/mzNOjUdAFc)  
**5,007 Impressions**

### March 8:

Team [@ccrcitydeal](#) heads out to [@MIPIMWorld](#) tomorrow (Monday) to promote [@aCapitalRegion](#) as 'the' place to invest - thanks to our star line up of [@PeterFox61](#) [@PaulMatthews67](#) [@AndrewMorganRCT](#) [@HuwJDavidCC](#) [@ChristinaHarry](#) [@kelliebeirne](#) [@nicp15](#) for cutting out the time [#MIPIM2019](#)  
**3,927 Impressions**

TWEETS



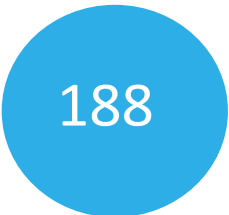
IMPRESSIONS



VIDEO VIEWS



RETWEETS



LIKES



LINK CLICKS

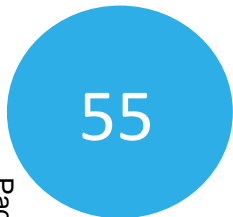




# MENTIONS

@CCRcitydeal

MENTIONS



LIKES ON MENTIONS



RETWEETS ON MENTIONS



@aCapitalRegion

MENTIONS



LIKES ON MENTIONS



RETWEETS ON MENTIONS



# TOP MENTIONS

**Kellie Beirne** @kelliebeirne · Mar 12

Strong messages from @investincardiff and @ccrcitydeal here @MIPIMWorld about importance of presenting ourselves as one region - @aCapitalRegion. Excellent job by @AndrewMorganRCT and @huwthomas\_Wales

1 19 33

**Kellie Beirne** @kelliebeirne · Mar 11

Arrived @MIPIMWorld and pleased to be house-sharing with @For\_Cardiff. Ready to make @aCapitalRegion presence known to the 26,000+ attendees and investors attending over next three days @ccrcitydeal

1 6 54



## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>Providing feedback on the success of MIPIM 2018 and making a case for an integrated CCR presence at MIPIM 2020.</p>
<p><b>Proposal: MIPIM 2019 &amp; 2020</b></p>	<p><b>Date Future Generations Evaluation form completed: 28 May 2019</b></p>






Page 341

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 proposal relates to building the brand, comparative advantage and profile of the region in a global context</p>	<p>The proposal has been led and shaped by the Regional Business Council. This demonstrates partnership, collaboration and a business-led proposition based on strong knowledge of regional strengths.</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>Not directly applicable at this early stage.</p>	<p>MIPIM 2019 spawned the Construction Wales FG Charter which has been supported by CCR and Constructing Excellence.</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	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.	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The report 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 optimize the time and contacts made
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Attending MIPIM to promote the CCR will see us play a stronger part in developing the economic wellbeing of our region and country, thus impacting social and community objectives. It will help make our country feel more connected and outward looking.	Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth.
<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.	In 2020 a uniquely Welsh and CCR proposition will be developed, working with partners at national, regional and local levels to market the brand more cohesively.
<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.	

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>Attendance at MIPIM starts to build and enhance the reputational profile of the region – the benefits of which should demonstrate longevity and added value</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The event is being shaped through a consortium approach comprising partners, the 10 LAs, including 'lead' LA Cardiff Council and business sponsors.</p>	<p>Much of the involvement will be coordinated through the Regional Business Council to maximize reach and impact and benefits for businesses in the region.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>Engagement events will be staged in the run up to the event.</p>	<p>Two partner events have been held already post MIPIM 2019 and further will be staged over the coming months.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>Ensuring we have strong trading relationships post-Brexit will be critical to our economic viability in the medium and long-term</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>MIPIM is an investment that seeks to yield returns for current and future generations.</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 proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.	None arising at this time.	
Disability	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.	As above	
Gender reassignment	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.	As above	
Marriage or civil partnership	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.	As above	
Pregnancy or maternity	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Race	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Religion or Belief	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Sex	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Sexual Orientation	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Welsh Language	The proposal is about attendance at an international event. The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all and in particular, raise the international profile of the Welsh language	Not at this time but the situation will be kept under review.	

Page 345

**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?**

Page 346

- Evidence and data from other cities, regions and countries
- Evidence from Cardiff Council and their previous endeavours

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

*The proposal will continue to be shaped over the coming weeks and months. This is being delegated to the City Deal Director in conjunction with the Cabinet lead for Innovation and Business. The process will be an iterative one and this will be reflected in the continued work across City Deal, the business council and the wider business community.*

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

<b>The impacts of this proposal will be evaluated on:</b>	<b>At the next review point in Spring 2020 and post MIPIM 2020</b>
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**10 JUNE 2019**

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**LOCAL EVALUATION PLAN FOR THE CARDIFF CAPITAL REGION &  
BASELINE REPORT FOR FIRST EVALUATION OF THE WIDER  
INVESTMENT**

**REPORT OF CCR CITY DEAL DIRECTOR**

**AGENDA ITEM: 13**

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**Reason for this Report**

1. The report is in two parts:
  - Under the auspices of the National Evaluation Framework (noted and endorsed by Cabinet in September 2018), this report firstly presents the proposed Locality Evaluation Plan for the Cardiff Capital Region (CCR) Wider Investment Fund. This evaluation will be undertaken and finalised in December 2021 in time for the Gateway Review in 2021. The plan, co-developed by the National Evaluation Panel and CCR, sets out the logic model for evaluating the only fully approved and operational project to date (Compound Semiconductor) and a range of other overarching evaluation activities with the intention to add and further supplement, as other projects are developed.
  - The second part of the report sets out the Baseline Report for the first evaluation of the Wider Investment Fund. This is the first major output of the evaluation work undertaken by the National Evaluation Panel that implements the approach set out in the aforementioned locality evaluation plan.
2. Both reports are significant in that they will inform the structure, processes and first wave of evidence to be presented to the Gateway Review. It is important that the early outcomes in particular, are acknowledged and understood, in order to further develop and reinforce the activities and interventions necessary – right across CCR structures and partners – as the City Deal journey progresses. The report further provides information in relation to the timing of the evaluation work and Gateway Review and the total cost of the work in order to inform budgetary preparations.

**Background**

### Locality Evaluation Plan for CCR

3. The National Evaluation Panel (NEP) has been convened to evaluate the impact of locally-appraised interventions on economic growth. Their remit is to provide evidence to the five-year Gateway reviews associated with the Investment Funds. The CCR, as a recipient of Investment Funds in the second round of the programme (City Deal approved in 2016/17), is a cohort 2 participant. The focus of the work is on impact not process or governance and in the case of CCR, the remit is not the City Deal in full - only on aspects of activity wholly resourced by the Fund i.e. the Wider Investment Fund of £495m, meaning that the £734m allocated to the Metro is NOT included within the assessment. The NEP is the Government's appointed consortium and is led by SQW.
4. Appendix 1 contains the Locality Evaluation Plan co-developed between the City Deal office and SQW. It is an evolving document and although currently focussed on the Compound Semiconductor project and a range of overarching evaluation activities – the intention is to add and supplement it as further projects are established.
5. The Locality Evaluation Plan structure and content and the 'logic model' presented relates wholly to the Compound Semiconductor Project but allows for re-visitation as further interventions are agreed. These interventions will be those set to be funded by CCR before 2020. This ongoing process of evaluation will be undertaken in close conjunction with CCR, in particular around data input, monitoring, involvement of participants and the input of Wales Government. In summary, the key elements of the evaluation plan include:
  - Impact and progress evaluation of the Compound Semiconductor project
  - An overarching strategic level evaluation
  - Contextual economic forecasting
  - Three consecutive rounds of reporting
6. The full methodology is set out within the report. It is important that this is now synched with the new Annual Business Plan and the new quarterly performance monitoring and reporting. This will ensure that evaluation processes, data development and analysis and ongoing review are complementary and connected. The City Deal Office has procured the necessary expertise to ensure this can now be undertaken.
7. In addition to the CSC project, the Locality Evaluation Plan also focuses on complementary work-streams at both strategy and project-level. These include: capacity development and partnerships evaluation; and, contextual economic forecasting. This relates to the strength in collaborative arrangements, particularly around business engagement and how the economy at the time the City Deal was approved was expected to develop, in order to develop a 'baseline' projection with which to gauge future progress.
8. The plan anticipates the work contained will be undertaken and finalised by December 2020, in time for the Gateway Review of the Wider Investment Fund before the end of March 2021. The costs of all aspects of the work around the

Compound Semiconductor project evaluation, baseline report and capacity and partnerships development are reported as totalling £217,524.

9. The document at Appendix 2 is the Baseline Report - for the first evaluation of the CCR Wider Investment Fund to be undertaken and finalised by 2020 (and to inform the Gateway Review before the end of March 2021). This report marks the first output of the evaluation work of the National Evaluation Panel in implementing the approach agreed in the Locality Evaluation Plan – as referenced above.

### **CCR Baseline Report**

10. The Baseline Report, the research for which completed at the start of 2019, does the following:
  - Confirms the scope of the evaluation work
  - Presents the economic forecasts for CCR
  - Establishes the status of the Compound Semiconductor project as at the end of 2018
  - Presents evidence around capacity development and partnerships
11. The evidence presented draws on the monitoring data and actual outputs of the Compound Semiconductor project; consultation with the Compound Semiconductor Cluster; 12 senior stakeholder interviews and 31 survey replies from partners; and, an economic forecast developed by Cambridge Econometrics. There are key references in the report to the industry-led Economic and Industrial Growth Plan; the new principles introduced for an 'evergreen' fund; the importance of the Investment and Intervention Framework and the already agreed five year JWA Business Plan and to the Compound Semiconductor Project.
12. The contextual economic forecast is set out in pages 9-15 of Appendix 2. Key messages include:
  - GVA growth in CCR has underperformed the UK as a whole and over the forecast period, the pattern is expected to continue. Ahead of the first Gateway Review it was forecast to rise by 1.5% from 2013-19 – lower than the UK overall
  - Employment growth over the period 1990-2013 was just under 0.4% - slightly lower than the UK at 0.5%. The number of jobs in CCR was forecast to rise from 645k in 2013 to 691k in 2019 and 705k in 2025
  - Both through the historical period (1990-2013) and the forecast period (2012-2025) productivity growth in CCR is, and was expected to be, behind the growth of the UK overall
13. In respect of the Compound Semiconductor project key messages include (Page 18 of Appendix 2):
  - The project is well underway, albeit spend to date is slightly lower than projected – but this is starting to change

- The project is bigger than the Foundry and is about the potential for the Cluster
  - Job creation is underway and to date, targets are exceeded
  - Clarification is needed on jobs safeguarded
14. In terms of capacity building and partnerships, stakeholder feedback key messages include (Page 18 onwards of Appendix 2):
- General view that CCR City Deal and the Wider Investment Fund HAS had a positive impact on local economic development capacity
  - Design of the Wider Investment Fund is important in driving demand, better evidence and decision making
  - Scope exists for further engagement - particularly with businesses. Engagement with civic society is also referenced
  - There is a sense the story is positive but it not widely promoted
  - It remains *‘early days for the Wider Investment Fund: partnership and capacity has grown as a result, but as one consultee pointed out, the Compound Semiconductor project is just the first investment in what will need to develop as a wider transformational programme’*.
15. Timeframes for the remainder of the work are set out in the report. However it is expected that this pattern of ongoing review and monitoring will remain a constant.

## **Risks and Opportunities**

16. The Baseline Report is an independent report that has been informed by an objective review of the evidence and data available, as well as stakeholder views and partnership perspectives. It poses a number of risks, challenges and opportunities. These are:
- Project pipeline development – whilst it is recognised that City Deal is relatively new off the blocks; it is also acknowledged that there is a short window of opportunity in which to mobilise a delivery pipeline. Since the completion of the report, CCR has been notified of the Strength in Places seed award on the Compound Semiconductor Cluster; the case for Metro Plus has been approved, the Graduate Scheme is underway and work has started on the Housing Investment Fund. With the ‘three funds’ soon to be operational, subject to approval by Cabinet of the Investment Framework – this will see the pipeline develop – key to providing confidence that change is underway. This will feed forward into the next phase of review. It is clear however that creating the conditions to accelerate in line with priorities, will be key.
  - The new Investment and Intervention Framework sets expectation that some of the issues expressed by stakeholders around process, clarity and governance can be more effectively addressed. Again, this will be borne out in future delivery – and underlines the need for robust and honest ongoing evaluation. These outcomes will be captured in the next phase of the formal evaluation process.
  - The issue around the Compound Semiconductor project, regarding full capture of targets and progress – in the ways now required for the logic

model - will be addressed through formal recording through the new Quarterly Performance Monitoring Report processes.

- Moreover, with a new Annual Business Plan and digitised and consolidated means of quarterly performance tracking, the City Deal Office will ensure that all actions stemming from the Baseline Report, over which we have influence and direction, will be captured and appropriate plans put in place.
- One example of this is the point raised in the report about potential for further business engagement. Working with the Regional Business Council, the City Deal Office will support the development of a robust business plan that can effectively target the issues highlighted in the report.

## **Reasons for Recommendations**

17. The reasons for the recommendations are:

- The Locality Evaluation Framework provides a benchmark against which to measure the effects and impact of local interventions.
- Now that the first Baseline Report has been received, the relevant work can be undertaken to align performance monitoring and reporting and ensuring the focus is on the areas for improvement that CCR can influence and address.
- Regional cabinet, partnerships and other stakeholders will very quickly become involved in the process of establishing baseline information, offering views, perspectives and insights on outcomes and progress. It is important that there is a strong understanding of the significance of this work ongoing and the part they have to play
- The cost associated with this work up until Gateway Review is significant and it is important that Regional Cabinet understands what it is involved and the value added.

## **Financial Implications**

18. This report notes that costs associated with work leading towards the Gateway Review are significant and that it is important that Regional Cabinet understand what it is involved and the value added. It is also important to note that funding for 2021/22 and beyond is conditional on CCRCD successfully passing this Gateway Review, whilst any unspent funding up to this time may be subject to repayment if Gateway Review is not passed.
19. Cardiff Capital Region's share of developing the National Evaluation Framework via Transport for Greater Manchester has been fully budgeted for, via resources set aside from the City Deal Office's allocation of the Joint Committee Revenue Budget. To date, costs of £28,744 have been incurred with a balance of £1,778 to be charged in 2019/20.
20. The total cost of SQW's work over the period from 2018/19 to 2020/21 is £217,524, of which, £27,751 has been charged to date. The 2019/20 Joint Committee Revenue Budget approved by Regional Cabinet at its meeting of 18<sup>th</sup> February 2019 contains an amount of £72,810 for this purpose, while the Joint Committee Revenue Budget Final Out-Turn and Proposal to Create Earmarked 'Reserves' report being considered at Regional Cabinet's 10<sup>th</sup> June 2019



meeting seeks approval to carry forward unspent sums from the approved 2018/19 budget to cover costs which have slipped into 2019/20.

21. The Medium Term Financial Plan drawn-up to support Regional Cabinet's annual budget planning process includes further sums, to meet the cost of SQW's work over the whole period.

### **Legal Implications**

22. In the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ("the JWA") the Councils acknowledged and agreed that the funding provided by HMT (£375,000 000) is subject (amongst other things) to satisfying the five yearly Gateway Reviews by HMT. This report sets out the work done to date in terms of developing the review process and future steps required. At risk of stating the obvious, it is very important that appropriate steps are put in place as satisfying the Gateway Review presents a key risk to the City Deal, given the implications for the HMT funding.
23. 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 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 and in so doing achieve the national well-being goals.

The well-being duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act

in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

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

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

## **RECOMMENDATIONS**

23. Regional Cabinet is asked to:

1. Note and endorse the co-produced Locality Evaluation Plan for the Cardiff Capital Region – as a means of guiding the process of evaluating the impact of interventions on local economic growth
2. Note the first Baseline Report and support the City Deal Director in addressing the issues which require improvement around business and civic engagement, synchronising performance report and marketing and communications – all of which are set out in the Annual Business Plan – but will now need reinforcement and strengthening.
3. Note the cost implications and budget provisions made as set out in financial implications above. In 2019/20 and for which provision has been made in the Wider Investment Fund in 2019.20.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**

Appendix 1 Locality Evaluation Report  
Appendix 2 CCR Baseline Report  
Appendix 3 Wellbeing of Future Generations Assessment

# Independent Evaluation of Local Growth Interventions

Evaluation Plan for the Cardiff Capital  
Region

2018

# Contents

<b>1. Introduction .....</b>	<b>1</b>
<b>2. Background to the Compound Semiconductor Cluster project .....</b>	<b>4</b>
<b>3. Approach to evaluating the Compound Semiconductor Cluster project.....</b>	<b>8</b>
<b>4. Complementary workstreams.....</b>	<b>16</b>
<b>5. Central tasks to be delivered across all Localities.....</b>	<b>22</b>
<b>6. Costs .....</b>	<b>24</b>
<b>7. Implementation plan .....</b>	<b>27</b>
<b>Annex A: Risks .....</b>	<b>A-1</b>

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**Approved by:** Jonathan Cook      Date: 26/10/2018  
Director

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# 1. Introduction

- 1.1 This document sets out the Evaluation Plan for the Cardiff Capital Region Investment Fund, to be undertaken and finalised by December 2020 in time for the first Gateway Review of the Investment Fund in 2021. The plan has been developed by the National Evaluation Panel<sup>1</sup> in partnership with relevant officers in the Cardiff Capital Region. The plan is an evolving document: it currently includes the evaluation of the single project approved to date (the Compound Semiconductor Cluster project), a range of overarching evaluation activities on the Investment Fund, and central tasks for the National Evaluation Panel; and the intention is to add further evaluative research as additional projects are approved.

## Evaluation Background

- 1.2 As established in the National Framework, the purpose of the National Evaluation Panel is to evaluate the impact of the locally-appraised interventions on economic growth: the locally-appraised interventions are the Investment Funds in each Locality that are part of devolution/growth/city deals. The focus of the National Evaluation Panel is evaluating the impact of activities supported by the Investment Fund – or the progress in delivery where it is too early for impact to be established – and not the processes of decision-making and delivery mechanisms of the Investment Fund, the policy of devolution or the wider devolution/growth/city deals of which the Investment Funds are a part.

## Overview of the Investment Fund

- 1.3 The Investment Fund covered by the evaluation of Local Growth Interventions is part of the Cardiff Capital Region City Deal. The Investment Fund is a 20-year, £495m fund that began in 2016/17. The interventions that the Fund will focus on are, in the main, yet to be determined, but look set to include interventions across a variety of areas, including in skills, transport, digital and strategic sites. These are complementary interventions intended, as a whole, to deliver substantial positive economic outcomes for the Cardiff Capital Region.

## Parameters for consideration within the evaluation

- 1.4 The purpose of the National Panel is to evaluate the Investment Funds to inform the first Gateway Review in 2021. The focus of the evaluation will therefore be on interventions that have been approved formally, and where Investment Fund expenditure will be incurred (potentially in full) within the first Gateway Review period.
- By ‘within the first Gateway Review period’, we mean expenditure that commenced at least 12 months in advance of the evaluation reporting requirement for the Gateway Review in December 2020, i.e. expenditure before December 2019. This is to allow sufficient time for evidence on progress of delivery to emerge, to inform the evaluation in the Locality.

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<sup>1</sup> The SQW-led consortium appointed to evaluate the Investment Funds for the first Gateway Review

- Interventions that are approved within the first Gateway Review period, but where no expenditure is planned prior to December 2019, will *not* be covered by the evaluation i.e. they are not within scope.
  - By ‘expenditure’ we mean any form of expenditure from the Investment Fund monies on an intervention *after* the formal project/programme approval stage. This includes preparation/design/planning work for capital and revenue interventions that is incurred following project approval, but does *not* include pre-approval expenditure, for example on appraisals or business case development. Where the Investment Fund is matched to other sources of finance – be this public or private – the expenditure will be considered in scope only where Investment Fund monies have been expended.
- 1.5 One intervention is known and meets these criteria at present, namely the investment in the Compound Semiconductor Cluster. Other interventions may be ultimately in scope of the evaluation, but are not currently known. They will be added to the Evaluation Plan as details emerge.

## Evaluation Plan structure

- 1.6 This Evaluation Plan has been developed based on discussions between the National Evaluation Panel and officers from the Locality, starting in late 2017 on the background and logic of the Compound Semiconductor Cluster project – the sole focus of this iteration of the Evaluation Plan – and continuing over the summer of 2018 to consider the specifics of evaluation methods. The plan was developed on the basis of a co-production approach to ensure full buy-in and commitment to the evaluation work by the Locality. It will be revisited if additional interventions are agreed and are set to be funded by the Locality before 2020. The Evaluation Plan contains several elements:
- the scope of the interventions – at this stage consisting of the Compound Semiconductor Cluster project
  - the approach to evaluating the Compound Semiconductor Cluster project, in relation to both progress and impacts
  - the approach to the complementary evaluation workstreams in the Cardiff Capital Region covering the evaluation of capacity development and partnership working, and contextual economic forecasting
  - the costs associated with the approach to evaluation in the Locality, including the costs associated with the on-going management and delivery of the National Evaluation Panel that are relevant for the Cardiff Capital Region
  - an implementation plan, setting out the integrated timetable for evaluation.
- 1.7 The evaluation will be undertaken in close cooperation with the Cardiff Capital Region Team, in particular to access monitoring data, agree and warm up research participants, and discuss draft outputs. The evaluation team will also engage with Welsh Government as part of the study process.

### **Summary of key elements of the evaluation plan**

- **Impact and progress evaluation of the Compound Semiconductor Cluster project**, using a theory-based approach. This will use a 'contribution analysis' to assess the extent to which the intervention has brought about effects on IQE, other businesses and the wider sector. This will be completed through:
  - consultations with IQE and other firms in the sector in the Cardiff Capital Region, wider stakeholders and intervention leads
  - reviewing monitoring data and interviewing project managers responsible for delivering the intervention to evaluate progress in implementation.
- **Strategic-level evaluation** to assess capacity development and partnership working through an online survey (baseline and follow-up), strategic-level consultations, and a case study on the strategic effects of one of the Investment Fund's interventions (to be agreed with the Cardiff Capital Region Investment Fund team).
- **Contextual economic forecasting** to provide narrative on an original baseline projection and an updated outturn on how the economy has developed in practice.
- **Three rounds of reporting**: a baseline report by March 2019, a one-year out report at the end of 2019, and the final report at the end of 2020.

## 2. Background to the Compound Semiconductor Cluster project

- 2.1 This Section sets out the detail of the Compound Semiconductor Cluster project, including a logic model, which comprises a set of outputs and outcomes, and a theory of change as to how the intended benefits are expected to be brought about.

### Logic Model Approach

- 2.2 In evaluating publicly-funded interventions it is good practice to develop a 'logic model' which articulates explicitly the relationship between inputs, activities, outputs and outcomes:
- inputs are the resources used by the intervention, including the Investment Fund resource
  - activities are those tasks undertaken in delivering the intervention
  - outputs are the readily measurable results of those activities
  - outcomes are the changes in behaviour and performance attributable to the intervention, including for the direct beneficiaries of the intervention, and wider parties affected.
- 2.3 Logic models are useful devices to inform evaluation, because they encourage thinking about the steps required for an intervention to have its desired effects, and the nature of effects that can be covered in evaluation. Therefore, to be effective, a logic model should represent the causal theory about why and how an intervention might work over time, that is the 'theory of change'.
- 2.4 The National Evaluation Framework developed a set of headline logic models for each of the 13 Primary Intervention Areas. This provided an initial framework and starting-point for the development of tailored Locality logic models, and included the expected range of activities, outputs and outcomes that may be delivered/generated through the Investment Funds.

### Compound Semiconductor Cluster

- 2.5 The outline logic models from the National Evaluation Framework have been used as the initial basis for the Compound Semiconductor Cluster logic model, drawing on those that reflect the purpose of the scheme. On this basis, the intervention is regarded to be a hybrid between two logic model types: 4A, Sites and premises for enterprise and innovation; and 4C, Science & R&D capacity. The logic model contains the following components:
- a narrative 'theory of change' that articulates how the Investment Fund intervention will be delivered, and how and why it is expected to generate benefits
  - an overview of the scale of inputs covered by the intervention included within the logic model from the Investment Fund and any other sources



- the activities, outputs and outcomes that are expected to be delivered/generated by the intervention
- the expected timescales for the inputs, activities, outputs and outcomes; for inputs and activities, this includes the information on when expenditure/activities are planned to be delivered, with 'best estimates' on the subsequent timescales for the realisation of outputs and outcomes.

2.6 Two notes are worth making in how the logic model has been put together and how it is intended to be used:

- The activities, outputs and outcomes have been informed by the National Evaluation Framework, and the wording of these seeks to generate consistency with other Localities. In some cases, the measures/metrics have been tailored to reflect local circumstances/existing monitoring practice, in which case they are identified by including (LT) after the measure/metric (i.e. Locality Tailored); and in other cases there are wholly new measures/metrics, not included in the National Evaluation Framework, which are identified by including (LS) after the measure/metric (i.e. Locality Specific).
- The best measure of whether the interventions within the logic model have been successful is whether they have achieved, and potentially exceeded their intended outcomes; outputs, on the other hand, are a means of monitoring progress against expected delivery, rather than targets to be surpassed. In evidencing the achievements of the project, it is expected that there will be a mix of monitoring data (especially for outputs and certain directly measurable outcomes) and wider evidence including primary research with relevant businesses (especially for outcomes).

<b>Logic model title</b>	Compound Semiconductor Cluster
<b>Logic model type</b>	Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity
<b>Interventions / projects covered by logic model</b>	Compound Semiconductor Project
<b>Theory of change</b>	
<p>Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.</p> <p>It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&amp;D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).</p> <p>Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.</p> <p>Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.</p>	

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

- Direct creation of new jobs at the site (501) – achieved over time
  - Safeguarding jobs (156 at head lessee company, 550 jobs at wafer fabrication plant)
  - Growth in turnover of business located in the facility
  - Improved business survival rate of business located in the facility
  - Increased expenditure on business R&D (tenant + subsequently in wider sector)
  - Increase in exports (tenant + subsequently in wider sector)
  - New/improved processes adopted (tenant + subsequently in wider sector)
  - New/improved products entering the market (tenant + subsequently in wider sector)
  - Intellectual Property (IP) registered (e.g. patents) within the cluster
  - Improved attractiveness as a location for inward investment
- Broader outcomes**
- Return on investment up to the value of £33,108,000 (LS)
  - Indirect and induced jobs of 1,088 (LS)
  - Enhancement of local innovation ecosystems
  - Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)
  - Improved productivity of firms in the cluster, i.e. in terms of GVA per worker

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

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

Other Investment Fund logic models:

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

Other non-Investment Fund activities:

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

## 3. Approach to evaluating the Compound Semiconductor Cluster project

- 3.1 This Section sets out the approach to evaluating the Compound Semiconductor Cluster project, in relation to both progress in undertaking the intervention and impacts resulting from it.

### Impact Evaluation

#### Coverage

- 3.2 The paragraphs below set out in more detail the approach to **impact and progress evaluation for the Compound Semiconductor Cluster project**. This comprises:

- the **method** including setting out:
  - an overview of the approach
  - how the counterfactual will be identified
  - the alignment of the method to the National Evaluation Framework (and the explanation for any variance)
  - other potential methods that were considered for the evaluation, and why these were not progressed
- the **data requirements** for the method covering primary evidence, monitoring information, and secondary data; this includes requirements at different points in the evaluation including at the baseline stage
- the **timing** of the impact evaluation research for the intervention over the period up to and including the Gateway Review report in December 2020, including identifying the key tasks that will be required.

#### Method

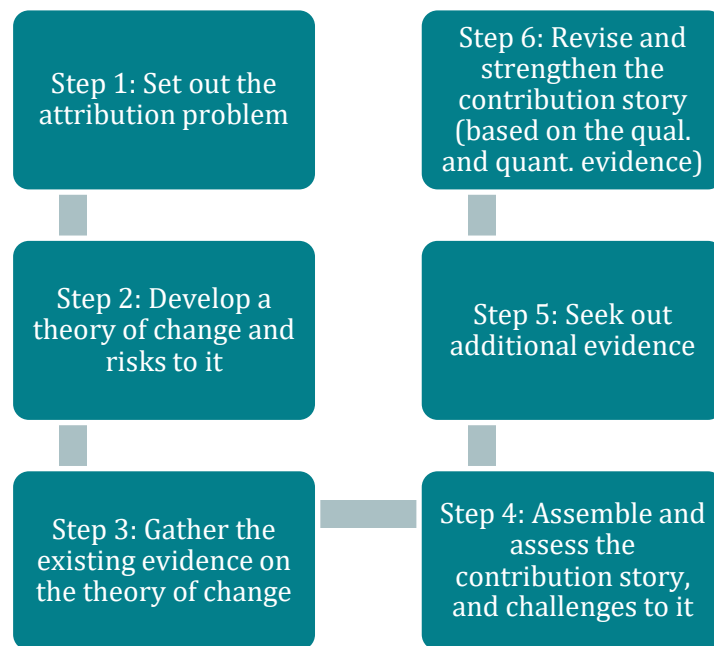
##### Overall approach

- 3.3 The impact assessment for the Compound Semiconductor Cluster project will be based on a **theory-based evaluation, using mixed methods and contribution analysis, consistent with the National Evaluation Framework**. This approach reflects that the intervention is focused primarily on securing the presence of a specific company within the Cardiff Capital Region, and the fact that this company will consider various factors in whether to stay and expand in the Cardiff Capital Region, not just the investment from the Investment Fund in the manufacturing facility.
- 3.4 Rather than a ‘pre’ and ‘post’ approach and considering “*what would have happened in the absence of the intervention?*”, contribution analysis examines a different research question.

Specifically: “is there evidence that the intervention played an important role in bringing about the outcomes?”. By addressing this second question, it ought to be possible to build a ‘narrative account’ of cause and effect.

3.5 The contribution analysis approach seeks to allow the evaluator to build up evidence to assess the contribution made by the intervention to the outcomes in question, while also identifying the other factors which may have plausibly contributed to it (e.g. market opportunities, business strategy, regulations, other interventions). This provides a ‘contribution story’ about the influence that the intervention itself (instead of other factors) has made to observed outcomes. The process is based on a six-step method to gather evidence and develop the ‘contribution story’, summarised in Figure 3-1.

Figure 3-1: Six steps of contribution analysis



Source: Mayne, 2008, *Contribution Analysis: An Approach to Exploring Cause and Effect*, ILAC Brief 16

3.6 A large number of outcomes are identified in the logic model for the intervention in Section 2. These can be grouped into four themes that help to shape the evaluation approach:

- Benefits directly relating to IQE, the company expected to occupy the facility, such as supporting their expansion/innovation
- Benefits to the wider compound semiconductor sector in the Cardiff Capital Region, such as increased innovation activity/supply chain opportunities
- Land and property related benefits in the area, including land value uplift
- Financial outcomes, in particular repayment of Investment Fund monies (to be recycled) through rental income.

3.7 The focus of this impact evaluation is on those outcomes that may be evidenced before the Gateway Review and those that are most closely related to the theory of change and objectives for the intervention, namely to support the retention and growth of IQE, and develop the

wider compound semiconductor cluster. Whilst all were considered for the evaluation, outcomes were excluded on the basis of the following:

- For some outcomes identified in the logic model, e.g. improved productivity and Return on Investment, it will almost certainly be too early to undertake a robust assessment, because they are likely to need a longer timeframe to be realised fully.
- Other outcomes are not core to what the project is principally seeking to achieve – including the land value uplift and other land and property-related impacts. Whilst assessing these outcomes could be undertaken, it is not considered to be proportionate (e.g. a land value uplift assessment could cost circa £25k to complete robustly, i.e. incorporating comparator sites).

3.8 Therefore, the impact evaluation will focus on the following outcomes:

- **Benefits directly relating to IQE:** private sector leverage up to the value of £375m for kit out of the facility; increase in premises with access to connectivity infrastructure; floorspace occupied by the firm in the facility; growth in employment of IQE at the facility (in terms of number of employees); growth in turnover of IQE at the facility; improved business survival prospects of IQE; increased expenditure on business R&D; increase in exports; new/improved processes adopted; new/improved products entering the market; and IP registered.
- **Benefits to the wider compound semiconductor sector in the Cardiff Capital Region:** secure a £50m investment from the Compound Semiconductor Catapult; increased expenditure on business R&D; increase in exports; new/improved processes adopted; new/improved products entering the market; IP registered; enhancement of local innovation ecosystem; and increase in the number of businesses that are innovation active..

3.9 The approach to assessing the benefits varies by outcome. The approaches are set out below, showing the different sources of evidence.

#### *Consultations with IQE*

3.10 In the case of the retention and development of IQE, this will be based on in-depth discussions with representatives of IQE covering the decision-making process to remain in the Cardiff area, the alternatives that were considered and ruled out, and the extent to which the Investment Fund contribution to the facility was necessary to make this happen. It will be important to understand the impact on IQE directly.

3.11 As well as measuring these benefits, a key evaluation question is the extent to which the company would have proceeded with this investment, stayed within the Cardiff area, and subsequently grown without the Investment Fund monies to develop the facility.

3.12 It is not possible to define an explicit counterfactual, because the unit of analysis is a single company, and so the counterfactual will need to be implicit in the alternatives that were considered. Therefore, a theory-based approach will be adopted, testing the logic (i.e. how far expected benefits have been realised) and testing the contribution of the Investment Fund to this logic relative to other factors, and the extent of deadweight. This will inform a narrative

account of the effects of the intervention in relation to IQE specifically. Where possible, and reflecting any potential issues around commercial confidentiality, we will seek to quantify the benefits associated with IQE.

*Consultations with other compound semiconductor businesses in the Cardiff Capital Region*

- 3.13 The approach to evaluating the development of the wider sector will also adopt a similar theory-based approach that tests the logic and the contribution of the Investment Fund (through the retention and development of IQE) relative to other factors.
- 3.14 We expect that the role of the Investment Fund relative to other factors for these businesses will be more complicated; the decision-making processes will be subject to other issues, with the link to the Investment Fund monies less clear, and there is the potential for both positive and negative effects (e.g. displacement). We will set out a range of potential contributing factors and seek views on the importance of these, alongside the retention and development of IQE, thereby seeking to address issues of ‘attribution bias’. In understanding the effects on the wider sector, it will also be important to understand any displacement resulting from the investment. Whereas the benefits associated with IQE directly may be quantifiable, we expect the effects on the wider sector to be a mix of quantitative and qualitative (e.g. sentiment) evidence.

*Consultations with intervention leads and wider stakeholders*

- 3.15 Consultations will also be undertaken with intervention leads and wider stakeholders. In terms of the intervention leads this will include members of the Special Purpose Vehicle (SPV) set up to deliver the project, including the project management team responsible for delivering it, and representatives of the Cardiff Capital Region. Wider stakeholders will include representatives of the sector, or organisations with substantial interest in compound semiconductors e.g. the Compound Semiconductor Catapult and Cardiff University.
- 3.16 The purpose of these consultations will be to gain an understanding of how the scheme has progressed, its effects, and also how it sits alongside other developments. By obtaining these wider views, we will gain further perspectives on the contribution of the scheme to achieving positive outcomes for the wider sector and the innovation ecosystem.

*Data and documents on the compound semiconductor sector in the region*

- 3.17 Complementing this, and still part of the theory-based approach, we will use available data and documents to compare the growth and development of the compound semiconductor cluster in the Cardiff Capital Region to other areas since the Investment Fund decision to back the facility and set up the SPV (SPV announced in mid-2017).
- 3.18 We will draw on Knowledge Transfer Network (KTN) work on the compound semiconductor sector. It will be possible to ascertain a baseline position for 2017, and may also be possible to update this analysis in 2020, if data on the sector are updated at that point. If the data are not updated, we will consult with the KTN, and draw on our interview with the Compound Semiconductor Catapult, to get a sense of how the sector has changed in Cardiff compared to elsewhere across the UK.

- 3.19 A control group will not be established due to the challenges in identifying suitable firms to include in the group. However, the other areas for which data exist could act as comparators, providing useful contextual data on the sector across the UK with which to compare the Cardiff Capital Region, e.g. whether the number of firms in the sector has increased faster in the Cardiff Capital Region than the rest of the UK between the start of the intervention and the Gateway Review.
- 3.20 Any data that can be provided by partners within the Cardiff Capital Region will also be used to contextualise the sector in the region e.g. data from the Compound Semiconductor Catapult or directly from firms in the sector (e.g. as part of the planned consultations).

### Data requirements

- 3.21 The data requirements for the evaluation approach for the Compound Semiconductor Cluster intervention are summarised in Table 3-1. Further details on the specific metrics required to be monitored by the Locality to inform the evaluation of the intervention will be agreed early on in the evaluation.

**Table 3-1: Data requirements for the proposed evaluation approach for the Compound Semiconductor Cluster intervention**

Source of evidence	Direct effects relating to IQE	Effects to the wider sector
Primary evidence	<ul style="list-style-type: none"> <li>Consultations with IQE (x3), to understand quantitative (where possible) and qualitative effects of the scheme on the firm and to judge the additionality/ contribution of the intervention.</li> <li>The consultations with IQE will be undertaken at the baseline, one year out and final report stages.</li> </ul>	<ul style="list-style-type: none"> <li>Consultations with firms in the sector in the Cardiff Capital Region (x15), as well as partners and wider stakeholders (x6), to understand the effects on the wider sector, including potential displacement.</li> <li>These will be undertaken at the baseline and final report stages.</li> </ul>
Monitoring data and information	<ul style="list-style-type: none"> <li>Information on progress in completing the intervention and IQE/others taking space, in particular:                             <ul style="list-style-type: none"> <li>➢ Ha land acquired and assembled</li> <li>➢ Floorspace completed</li> <li>➢ Any employment of apprentices in construction</li> <li>➢ Number of jobs on site – created and safeguarded.</li> </ul> </li> </ul> <p>[Note: these data to be provided by Cardiff Capital Region as part of monitoring data]</p>	<ul style="list-style-type: none"> <li>None.</li> </ul>
Secondary data	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>Data from the KTN on the number of firms in the sector in the UK. If updated, this would provide contextual analysis on growth in the sector.</li> <li>This analysis would be completed for the baseline report and, if available, for the one year out and final reports too.</li> </ul>

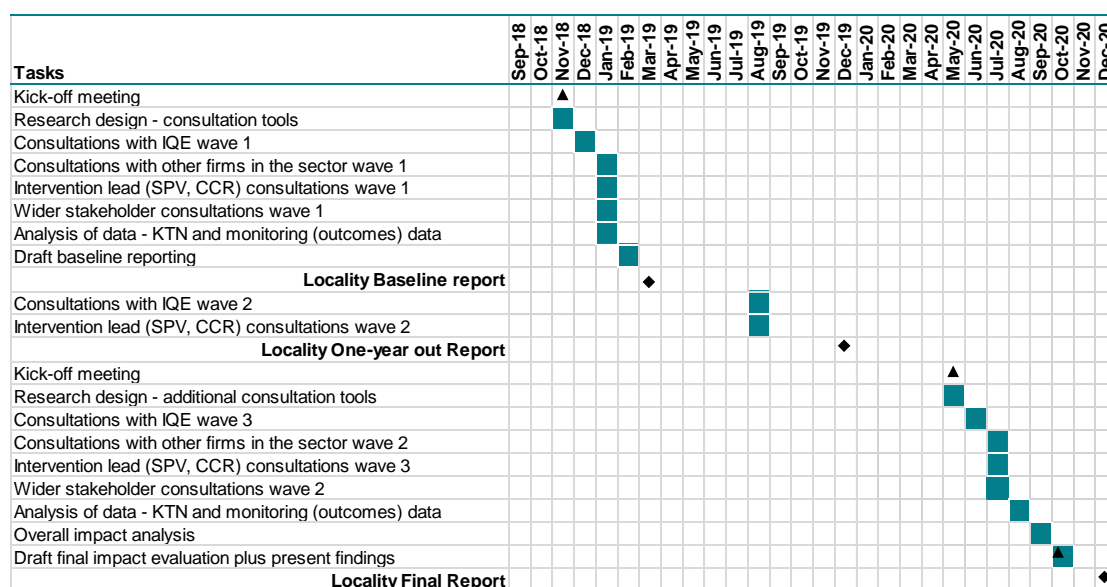
Source: National Evaluation Panel



## Timing

- 3.22 The timing of the evaluation for the Compound Semiconductor Cluster intervention and the key tasks to be delivered is set out in Figure 3-2. For context, the timetable includes the fixed milestones for the overall evaluation of the Investment Fund in the Cardiff Capital Region, including the one-year out and final reports that will draw on the evidence from the intervention-level impact evaluation.

Figure 3-2: Timetable for the evaluation of the Compound Semiconductor Cluster intervention



Source: National Evaluation Panel

## Progress evaluation

- 3.23 The progress evaluation for the Compound Semiconductor Cluster project will seek to answer five key progress evaluation questions. The questions, source(s) of evidence, and relevance for the different stages of the evaluation, are set out in **Error! Reference source not found..** The baseline report will focus on setting out planned expenditure/outputs etc, although where activity is underway this will also be included. The sources of evidence will be monitoring data and documents, and interviews with those involved in the delivery of the intervention and the Investment Fund (discussed in more detail below).

Table 3-2: Progress evaluation questions and source(s) of evidence

Progress evaluation question	Baseline report	One-year out report	Final report
Q1: Is expenditure on budget?	✓	✓	✓
Q2: Have agreed delivery milestones been met?	✓	✓	✓
Q3: Have anticipated outputs been delivered, and (where relevant) how does this compare to planned outputs at this stage in terms of scale/nature?		✓	✓
Q4: Have intermediate outcomes been delivered, and (where relevant) how does this compare to planned outcomes at this stage in terms of scale/nature?		✓	✓
Q5: Does the project remain on course to deliver against its original objectives?	✓	✓	✓

3.24 The following work will be delivered in advance of each reporting stage (i.e. at three points in the evaluation, before ahead of baseline, one year out and final reports):

- monitoring data (including expenditure and outputs) and documents will be provided to the Evaluation Panel by the Cardiff Capital Region team in electronic format using the template provided; we will expect that the data provided will include:
  - planned expenditure by quarter
  - actual expenditure by quarter
  - planned outputs by year
  - actual outputs by year
  - planned intermediate outcomes by year (where captured in monitoring data)
  - actual intermediate outcomes by year (where captured in monitoring data)
- the evaluation team will then populate a report template using this data and return this to the 'intervention lead'
- a consultation with each 'intervention lead' will be undertaken face-to-face where possible, using a consistent research tool (and drawing on the monitoring data) across the Localities and interventions for each stage of the progress evaluation; this may be done alongside the consultation with the intervention lead that is focused on the impacts to date
- consultations with representatives from the Cardiff Capital Region to provide evidence for the progress evaluation.

3.25 This annual progress evaluation activity will be complemented by a 'mid-year review' of monitoring data, held between annual reporting stages. This 'mid-year review' will involve the Locality providing monitoring data to the Evaluation Panel (as set out above), followed by a telephone discussion(s) with a relevant lead at the Locality responsible for the collation of the monitoring data and completion of the monitoring template. The purpose will be to identify any issues/gaps in the data and the reasons for this, to ensure any actions are taken in advance of the annual wave of research.

3.26 Two important points are noted regarding the monitoring process:

- At both the annual and mid-year reporting stages, the Evaluation Panel will liaise with a single relevant lead at the Locality responsible for the collation of the monitoring data and completion of the monitoring template, not with individual intervention leads. Any gaps/issues in the monitoring data identified will be reported to the monitoring lead who will be responsible for subsequent engagement with those delivering/managing each intervention.
- The Evaluation Panel is not responsible for verification/audit of the monitoring information provided by the Cardiff Capital Region (including financial information and reported outputs). The role of the Evaluation Panel will be to check the coverage

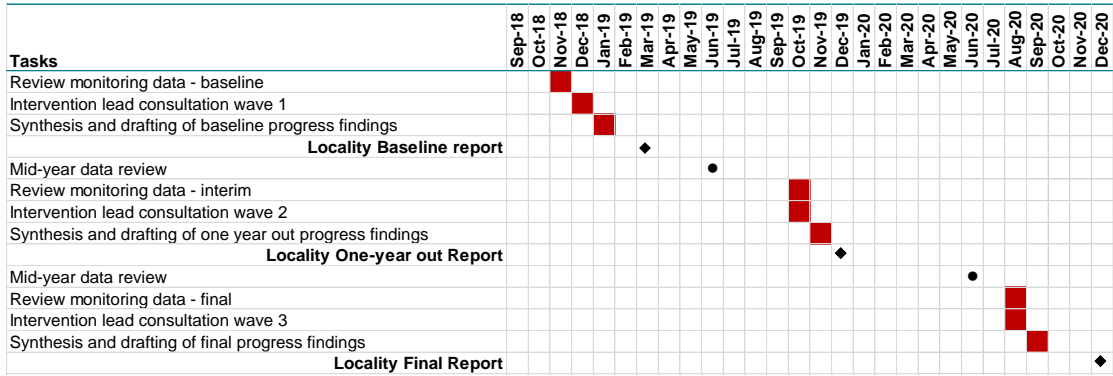
of the data provided and identify any gaps/uncertainties in the material. Localities are responsible for ensuring that the data provided is accurate. Note that this does not include any data collected by the National Evaluation Panel as part of the impact evaluation; the National Evaluation Panel will be responsible for ensuring the quality of that data.

- 3.27 The progress evaluation activity will also be undertaken for any other interventions that are funded by the Investment Fund ahead of 2020.

**Timing**

- 3.28 The timetable for the progress evaluation of the Compound Semiconductor Project is set out in Figure 3-3. Any other interventions that are funded before 2020 would slot into the same timeframe, from the point at which they are added to the evaluation.

**Figure 3-3: Timetable for progress evaluation**



Source: National Evaluation Panel

## 4. Complementary workstreams

- 4.1 The National Evaluation Framework identified two complementary workstreams to be delivered in each of the Localities as part of the evaluation of the Investment Fund: Capacity Development and Partnership Evaluation; and Contextual Economic Forecasting. This section sets out what this will involve in the Cardiff Capital Region.
- 4.2 The purpose of the complementary workstreams is as follows:
- **Capacity Development and Partnership Evaluation:** to provide qualitative evidence for the first Gateway Review on the effects of the Investment Funds on local capacity development and partnership working, complementing the evidence from the impact and progress evaluation activity. This is expected to be particularly important for the first Gateway Review, where quantitative benefits may not yet have been realised or realised fully, and where expenditure/activity is on-going or recently completed.
  - **Contextual Economic Forecasting:** to provide context for assessing the effects of the interventions. This will involve identifying headline economic trends before, and at the time interventions were selected, indicating how the economy in the Cardiff Capital Region was expected to develop and revising these data at the point of the Gateway Review to understand what has actually happened. This insight will be used as part of a narrative around what has been achieved against expectations, and the wider economic factors that may have influenced this performance.
- 4.3 To reiterate, as with the rest of the evaluation, the focus of these complementary workstreams is on the 20-year, £495m fund – what we refer to as ‘the Investment Fund’ – that began in 2016/17. Neither the wider City Deal nor any other funding streams are in scope of any of the evaluation activity.

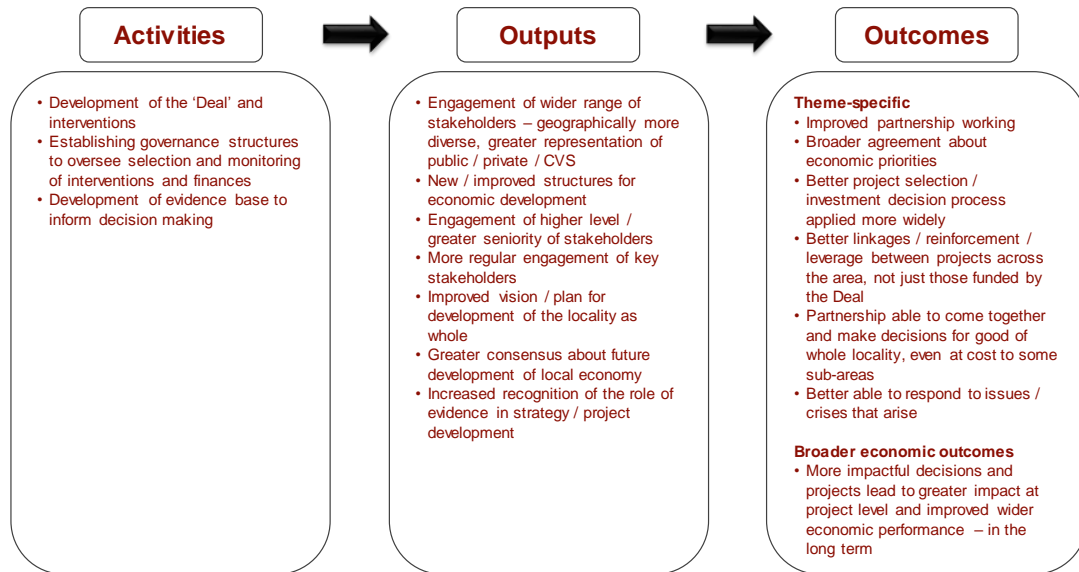
### Capacity Development and Partnership Evaluation

- 4.4 The Capacity Development and Partnership Evaluation will involve research activities at two-levels:
- **Strategic level** involving an online partner survey, and in-depth ‘strategic’ consultations with senior stakeholders across the area
  - **Project level**, at this stage in relation to the only named project – the Compound Semiconductor Cluster project – but with others potentially added if they are funded before 2020. This will involve in-depth ‘project’ consultations with sponsors and partners of the Compound Semiconductor Cluster project, and a case study on the Compound Semiconductor Cluster project focused on capacity development and partnership outcomes.

### Strategic level

- 4.5 The strategic level research is focused on gathering evidence on how the Investment Fund as a whole has led to changes in the behaviours, perspectives, and decisions of actors across the economic development landscape in the Locality.
- 4.6 The type of activities, and the nature of the benefits – in terms of outputs and outcomes – that will be the focus of this research were identified in the National Evaluation Framework, and are summarised at Figure 4-1.

Figure 4-1: Framework for assessing strategic impact



Source: National Evaluation Framework, May 2017

### Online partner survey

- 4.7 The online partner survey will involve the circulation of a brief survey to a range of individuals – identified by the officers working on behalf of the Locality – involved in the local economic development of the Cardiff Capital Region.
- 4.8 The research will involve annual waves of research:
- a 'baseline survey' in late 2018 to inform the baseline report
  - an 'interim survey' in autumn 2019 to inform the one-year out report
  - a 'final survey' in autumn 2020 to inform the final report.
- 4.9 The survey will be distributed using Smart Survey, with responses provided anonymously. As far as practical, the survey will be circulated to the same cohort over the three years in order to track changing perceptions on the strategic effects of the Investment Fund activity.

### In-depth 'strategic' consultations

- 4.10 The in-depth 'strategic' consultations will engage senior stakeholders across the area to gather qualitative evidence on the observed effects of the Investment Fund on local economic development activity and partnership working. The focus will be on senior-level stakeholders

(e.g. Chief Executive, Leader etc.) able to look ‘across’ the interventions supported by the Investment Fund, and not those involved in the delivery of individual interventions.

4.11 The research will involve annual consultations:

- baseline consultations in late 2018 to inform the baseline report
- interim consultations in autumn 2019 to inform the one-year out report
- final consultations in autumn 2020 to inform the final report.

4.12 Each wave will include consultations with up to 15 senior-level stakeholders, completed face-to-face where possible.

### *Intervention level*

4.13 The intervention level research is focused on how the development and delivery of individual interventions has led to changes in the behaviours, perspectives and decisions of actors across the economic development landscape in the Locality. In the National Evaluation Framework, these are referred to as “intervention-up” benefits, as they arise from the intervention up to the strategic level, rather than the strategic driving the project.

4.14 An example might include where the intervention has brought partners together to develop and implement it, and as a result these partners:

- are working together on other things
- have adopted a wider view of the Locality’s economic development
- have created new partnerships with wider stakeholders
- have demonstrated to others in their organisations the benefits of doing so.

4.15 We have currently allowed for one of these intervention case studies. The subject of the case study is to be agreed with Cardiff Capital Region. This could be the Compound Semiconductor Cluster project, though it may make sense to select another project given that the CSC project is already the main focus of much of the impact evaluation.

### *In-depth ‘intervention’ consultations*

4.16 A consultation will be completed with the intervention manager for the intervention(s), focused on these intervention-up benefits. The consultation will be undertaken to inform the final report in December 2020, and will be undertaken face-to-face if possible.

4.17 The in-depth consultation for the Capacity Development and Partnership Evaluation workstream is separate to the ‘consultations with intervention leads’ as part of the impact and progress evaluation activity discussed in Section 3, and will cover different issues.

### *Intervention case studies*

4.18 Lead contacts in the Cardiff Capital Region will be asked at the one-year out report to identify the intervention to be the focus of more detailed case-study research on project-up benefits.

The case study will involve six to eight in-depth interviews (mix of telephone and face-to-face) with project partners and stakeholders (and draw on the project manager consultations). The case study will be undertaken to inform the final report in December 2020. More than one case study could be undertaken if required.

## Contextual Economic Forecasting

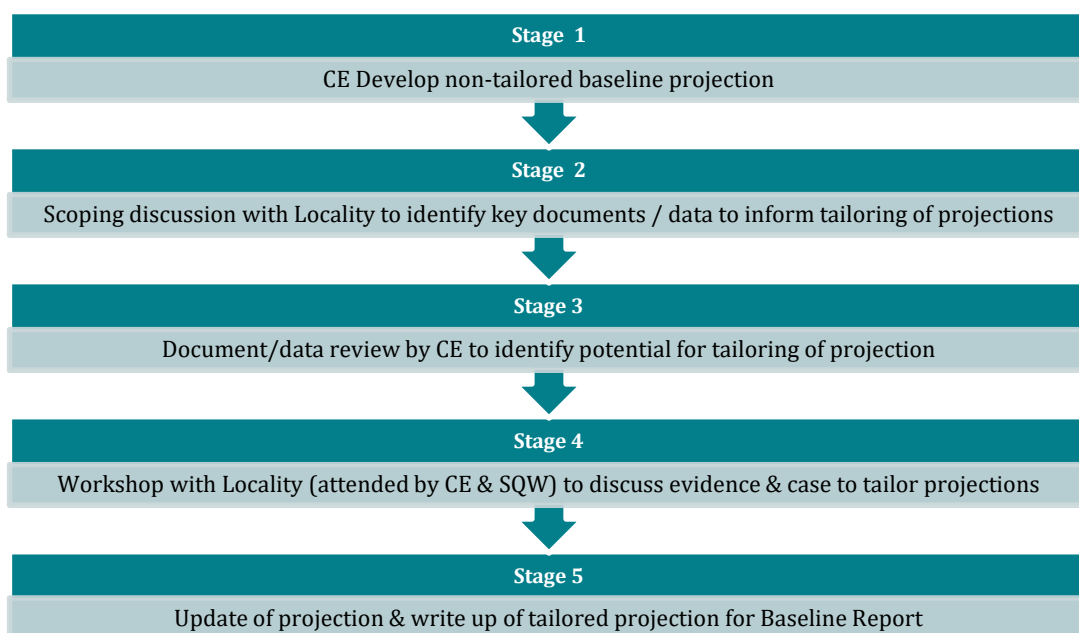
### *Purpose and context*

- 4.19 The purpose of the Contextual Economic Forecasting will be to provide the context for how the economy in the Cardiff Capital Region was expected to develop at the time the Investment Fund was approved, via a 'baseline projection' in terms of employment, GVA and productivity. This will then be compared to actual outturns at the point of the first Gateway Review, to contextualise the findings from the impact and wider evaluation work.
- 4.20 The baseline projection will go out to Years 5 and 10 after the Investment Fund approval, which corresponds to 2020/21 and 2025/26. They will be developed at the level of the Locality as a whole (i.e. not for individual Local Authority Districts).
- 4.21 Because the Investment Funds are underway, a current/up-to-date projection cannot be used because this would incorporate economic and policy contexts/circumstances which were not known at the time the Investment Fund was approved. Therefore, an earlier projection is required, dating back to the period when the Investment Fund was being finalised, and which will therefore be consistent with policy makers' expectations of the wider macro environment at that point.
- 4.22 Panel members Cambridge Econometrics (CE) have maintained and developed a highly disaggregated database of employment and GVA data by industry (12 broad sectors or a more detailed 45 sectors) from 1981 for all unitary authorities and local authority districts (UALADs) in Great Britain. CE can provide an older vintage of their projections for the relevant geographies of interest (made up of UALADs), which will reflect the data and knowledge that were available at the time the growth plans were developed.
- 4.23 CE's projections are baseline economic projections based on historical growth in the Locality relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. They assume that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future.
- 4.24 The projections further assume that economic growth in the local area is not constrained by supply-side factors, such as population and the supply of labour i.e. they are based on the assumption that there will be a sufficient supply of labour (either locally or through commuting) with the right skills to fill the jobs that are demanded. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.

## Approach

- 4.25 The local area projections produced by CE are part of a top-down process, beginning with macro assumptions and forecasts for the UK and regions. The baseline projections will therefore not take account of specific growth plans or major interventions that were in place at the time the Investment Fund was approved, but which may reasonably be expected to influence economic growth over the period to the first Gateway Review.
- 4.26 The process for the approach to develop locally-tailored projections is summarised in Figure 4-2. First, CE will provide the baseline projection as was produced in 2016/17 to be consistent with the date of approval of the Investment Fund, and expectations of growth at that point. This will cover employment, GVA and productivity by CE's 12 broad sectors, and overall.
- 4.27 The National Evaluation Panel will then engage with the Locality to tailor the local area projections to reflect local circumstances and insight, and input to any ex-post adjustments to provide a better and more realistic view of the prospects as they looked at the time of the Investment Fund approval (e.g. an uplift of x% / x jobs in GVA / employment in a particular sector over a particular time period). This will include a desk-based review of documents/data and a workshop with the Locality (and CE and relevant SQW Locality Lead) to discuss the baseline projections and rationale for modifications to tailor this to local circumstances.
- 4.28 This will be developed within a version of CE's well-established Local Economy Forecasting Model (LEFM) calibrated to the Locality economy. There are a number of assumptions in the model that can be changed to take account of local information in order to create an alternative set of projections, for example, industry prospects (GVA and productivity, from which employment will then be calculated), and population.
- 4.29 The findings of the tailored projection will then be written-up for inclusion in the Baseline Report.

**Figure 4-2: Approach to development of tailored baseline projections**



Source: SQW/CE



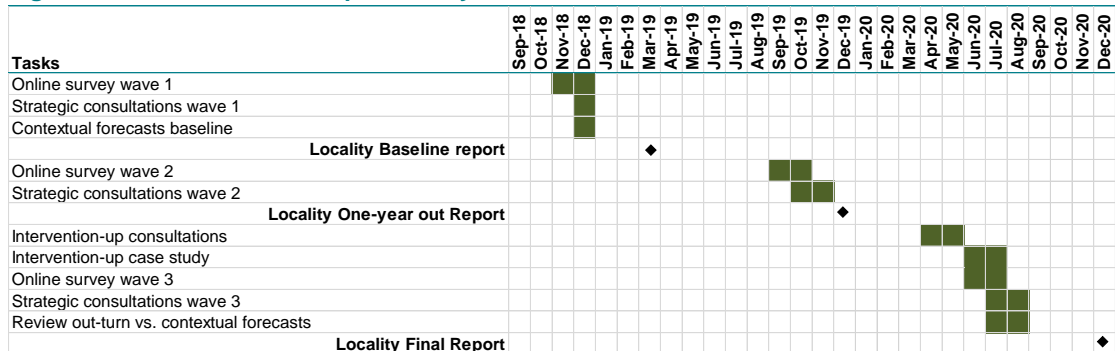
4.30 The Local Authority Districts that will be included in the Locality definition used for the projections are:

- Blaenau Gwent
- Bridgend / Pen-y-bont ar Ogwr
- Caerphilly / Caerffili
- Cardiff / Caerdydd
- Merthyr Tydfil / Merthyr Tudful
- Monmouthshire / Sir Fynwy
- Newport / Casnewydd
- Rhondda Cynon Taf
- Torfaen
- Vale of Glamorgan / Bro Morgannwg

## Timing

4.31 The timing for the complementary workstreams is set out in Figure 4-3

**Figure 4-3: Timetable for complementary workstreams**



Source: National Evaluation Panel

## 5. Central tasks to be delivered across all Localities

- 5.1 In addition to the delivery of the work strands outlined above there are a series of tasks that will be delivered centrally. The core elements and assumptions are described in the following sections.

### Central oversight of quality

- 5.2 Central oversight **to ensure consistency of approach and quality** across the Localities, including input from our Academic Panel. The Consortium Director and Manager will be key in ensuring the overall consistency and quality of each Locality report. The baseline and one year out reports will be reviewed by either the Consortium Director or Manager. The Gateway Review report will be reviewed by both the Consortium Director and Manager in recognition of the its importance.
- 5.3 The Academic Panel will also review the One Year Out and Gateway Review reports. They will:
- **Operate as a group, with shared responsibility and inputs:** individual members of the Group will not be 'assigned' to specific Localities, rather the Academic Group will agree responsibility for the peer review of material internally, **with at least two academics reviewing material for each Locality.**
  - **Operate from 'within' the Consortium, and provide comments/feedback to enhance and improve the quality of the evaluation research:** practically, peer review inputs will be made (and actions taken in response) *prior* to reports being shared with the Localities/Government.
  - **Provide comments and feedback by, and on behalf of, the Academic Group collectively:** any content in reports related to the work of the Academic Group will *not* be attributed to specific members of the Academic Group.
- 5.4 In delivering the work, the Academic Group **will meet the approach to conflict of interest set out in the National Evaluation Framework.** Specifically:
- Members of the Academic Group will not peer review reports of Localities where their host university is based or where they have been involved in developing any aspect of the Deal (of which the Investment Fund is a part).

### Design and delivery of common elements

- 5.5 The complementary workstreams, in particular the contextual forecasting and capacity development surveys and consultations, will be common across all areas. By delivering them centrally we have been able to **generate economies of scale** in design and delivery. In addition, the central team will operate to generate scale economies across the work through developing:

- Core **research tools** which can be tailored for local areas (or where due to timing this is not possible then recognising where material developed for a cohort 1 area could, for example be re-purposed for a cohort 2 area)
- A series of **reporting templates**, which will help ensure consistency of approach and presentation across Localities. While it is not the intention to compare findings across Localities, having them set out in the same structure will assist in reassuring Localities that all material has been presented in the same format.
- A set of **analytical tools and methods**, which will ensure that the analysis completed is consistent across Localities. While each evaluation research method will be tailored to the specific context of the interventions, where possible standard analytical approaches will be used to maximise economies e.g. for qualitative analysis on case study evaded the same software tools (MAXQDA) will be used with coding frameworks developed in a consistent format, for quantitative analysis consistent evidence sources and methods will be used (e.g. to identify GVA from turnover or employment effects).

## Communications

5.6 A core role of the central team is ensuring **good communications across the team and with wider stakeholders**. This will be important in ensuring consistency of approach and generate problem solving within the team; and in keeping CLGU and others informed about progress. We have assumed therefore that we will:

- Hold an internal team call once a month
- Have 8 keep in touch calls with CLGU each year, roughly following the pattern to date
- Have 2 National Steering Group meetings per year
- Continue to liaise with the What Works Centre
- Hold an annual learning event to feedback from across the evaluation team to support development in the Localities.

## 6. Costs

- 6.1 This section sets out the costs of the evaluation. Note all costs are presented in £sterling, exclusive of VAT. These costs may change if/when further interventions come in scope of the evaluation.

### Evaluation of the Compound Semiconductor Cluster project

- 6.2 The costs for the delivery of the **impact and progress evaluation** of the Compound Semiconductor Cluster project set out in Section 3 are summarised in Table 6-1. The costs are based on the agreed fee rates for the National Evaluation Panel, plus estimates of costs of any telephone/face-to-face surveys, purchase of data (e.g. business databases, property market data), and other costs where relevant.

**Table 6-1: Costs for impact evaluation (£)**

Tasks	Costs (£)
<b>Impact</b>	
Interviews	10,640
Data analysis	14,889
Research design	6,510
Meetings	2,266
Reporting	10,484
<i>Sub-total costs</i>	<i>44,789</i>
<b>Progress – Note that the costs presented here include time that would generate scale benefits as new interventions are approved and become subject to progress evaluation. This is particularly the case for tasks relating to template preparation and collating monitoring data, and analysis, synthesis and drafting to inform reports.</b>	
Collation of monitoring data & populate template	7,047
Consultation with project leads	1,556
Consultation with central representatives	2,457
Mid-year monitoring reviews	4,423
Analysis, synthesis and drafting to inform reports	17,487
<i>Sub-total costs</i>	<i>32,970</i>
<b>Total costs</b>	<b>77,758</b>

Source: National Evaluation Panel

### Complementary workstreams

- 6.3 The costs for the delivery of **complementary workstreams** set out in Section 4 are summarised in Table 6-2.

**Table 6-2: Costs for complementary workstreams**

<b>Tasks</b>	<b>Costs (£)</b>
Strategic-level: online survey	6,555
Strategic-level: consultations	16,956
Project-level: consultations	568
Project-level: case study x1	3,625
Contextual economic forecasting	10,965
<b>Total</b>	<b>38,669</b>

Source: National Evaluation Panel

## Reporting and engagement

6.4 The impact evaluation, progress evaluation and complementary workstreams will generate the evidence for integrated Locality-level reports across the evaluation period. Reports will include: a baseline report, a one-year out report, and a final report. The National Evaluation Panel has also budgeted to meet with the Locality on a quarterly basis over the evaluation period, attended by the Locality Director and Manager. This may also include sessions with Welsh Government.

6.5 The costs associated with the production of the reports and meetings is set out in Table 6-3.

**Table 6-3: Costs for reporting**

<b>Tasks</b>	<b>Costs (£)</b>
Reporting x3 (baseline, one-year out and final reports)	27,558
Meetings (x8) and liaison	21,570
Prepare and deliver presentation on final report	3,236
<b>Total</b>	<b>52,364</b>

Source: National Evaluation Panel

## Central tasks

6.6 The costs of the central tasks (described in section 5) are set out in Table 6-4.

**Table 6-4: Costs for reporting**

<b>Tasks</b>	<b>Costs (£)</b>
Central oversight of quality	6,527
Design and delivery of common elements (research tools, analytical tools, report templates, central inputs to analytical frameworks)	10,003
Communications (internal team liaison and calls, calls with CLGU, National Steering Group meetings, liaison with the What Works Centre, and annual learning events)	21,812
Academic Group inputs	10,391
<b>Total</b>	<b>48,734</b>

Source: National Evaluation Panel

## Summary of costs

- 6.7 A summary of the costs for the evaluation in the Cardiff Capital Region for the first Gateway Review is set out in Table 6-5 below. Note that these costs include a range of tasks to cover overall data collation, analysis and reporting at the level of the Investment Fund. As further interventions are approved, therefore, many of the costs will remain unchanged, with additional costs incorporated for any further work agreed in relation to impact evaluation, and progress evaluation data collection.

**Table 6-5: Summary costs**

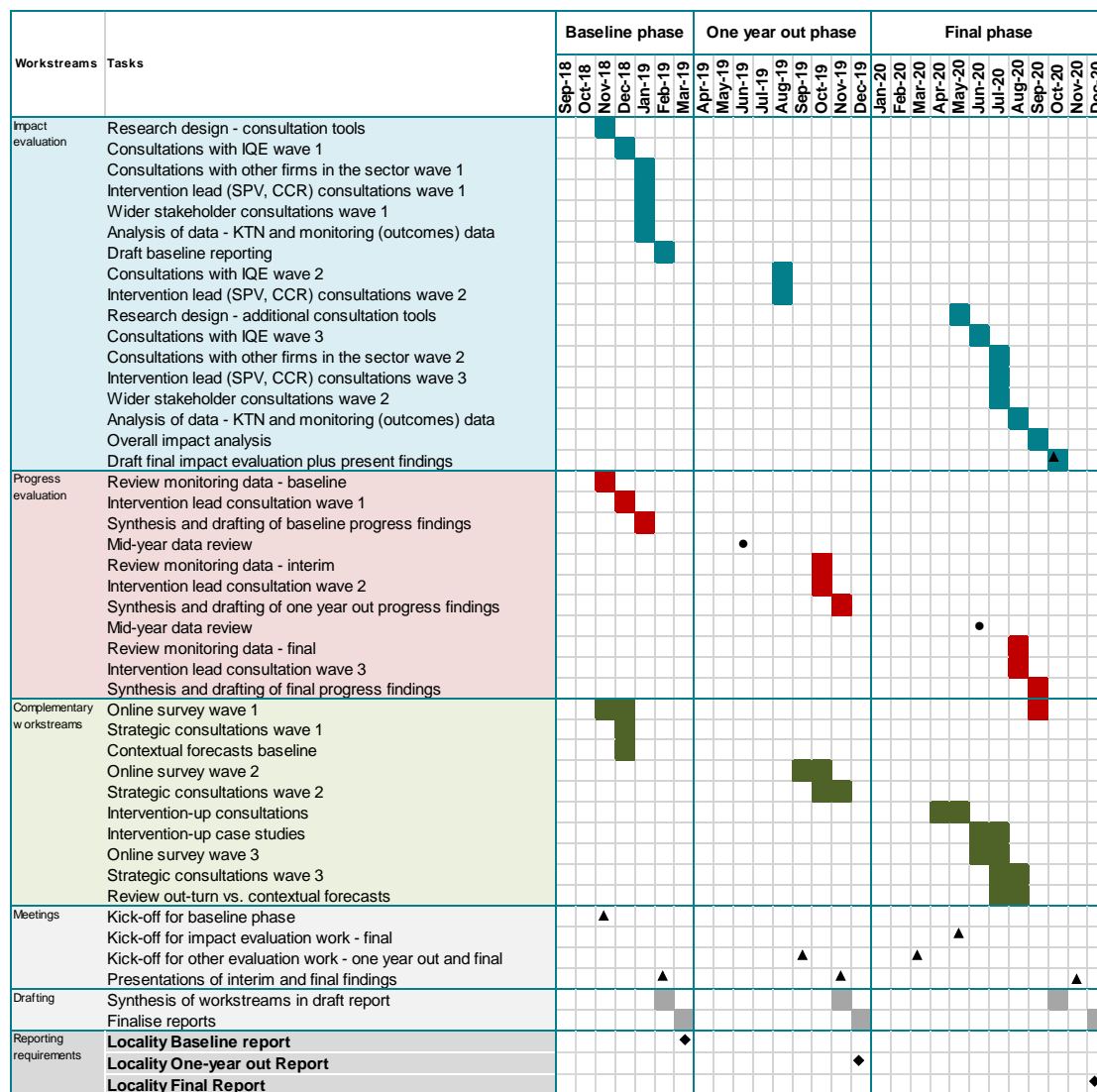
<b>Research strand</b>	<b>Costs (£)</b>
Impact evaluation of the Compound Semiconductor Cluster project	44,789
Progress evaluation (Compound Semiconductor Cluster project only at this stage, with others expected to be added – with further costs to be agreed)	32,970
Complementary workstreams	38,669
Reporting and engagement	52,364
Central tasks	48,734
<b>Total</b>	<b>217,524</b>

*Source: National Evaluation Panel*

## 7. Implementation plan

7.1 The figure below provides an integrated profile of the evaluation research in the Cardiff Capital Region.

Figure 7-1: Overall implementation plan for the evaluation



Source: National Evaluation Panel

### Reporting and sign-off

7.2 As summarised in Figure 7-1, the reporting milestones are as follows:

- a draft Locality baseline report in February 2019, and a final Locality baseline report in March 2019
- a draft Locality one-year out report in November 2019, and a final Locality one-year out report in December 2019

- a draft Locality final report in October 2020, and a final Locality final report in December 2020

7.3 The review, sign-off and circulation process is as follows:

- for the **baseline** and **one-year out reports**, the draft report will be shared with the Locality for review and comment; a final version (taking into account the comments), will then be sent to the Locality for sign-off, and CLGU (on behalf of central Government) for information
- for the **final report**, the draft report will be shared with the Locality and CLGU for review and comment; a final version (taking into account the comments), will then be sent to the Locality for sign-off, and CLGU (on behalf of central Government) for endorsement
  - when CLGU are content that their comments have been taken into account, they will provide an 'endorsement' in writing of the final report, endorsing that the report is considered a "robust piece of evidence that will help inform Ministerial decision-making", *not* endorsing its content or findings specifically.



## Annex A: Risks

### Common risks across Localities

Risk	Likelihood / Impact	Mitigating actions
<b>Common across Localities</b>		
Poor quality monitoring data from Localities	M/H	<p>The Locality Plans build in a six-monthly review of monitoring data. This is to enable issues to be identified at an early stage and so addressed in advance of the final report to inform the Gateway Review.</p> <p>NEP will not be verifying monitoring data but will review it for consistency against our consultations with project managers and previous sets of data.</p> <p>It is possible that data changes over time due to shifts in definition. We should be sighted on this through the review process set out above and because the data definitions are being taken from wider definitions areas use to report on their Growth Funds.</p>
Localities delay providing monitoring data in time for the final report to inform the Gateway Review	M/M	<p>We will agree dates with Localities when data should be supplied, well in advance of the key date.</p> <p>The six-monthly process set out above should mean that if there are delays with the final set of data then the final report to inform the Gateway Review could be written using the older data. This would not be ideal.</p>
Report contents do not match client needs	L/ H	<p>The report would build from the outline in the National Framework.</p> <p>Standard templates will be developed to ensure consistency of reporting across all Localities.</p> <p>We would agree the templates and key headings with the client.</p>
Change in projects in scope	H/M	<p>It is possible that some of the projects identified in the Plans for impact evaluation will slip and so no longer be suitable. It is also possible, although probably less likely, that new projects are approved and come in to scope. Such changes would be picked up through the six monthly catch up meeting in each Locality.</p> <p>After the one year out point, no new projects would be included. The thinking being that there would be insufficient time for them to begin and have an impact that could be evaluated in the time remaining.</p>
Localities delay signing off reports	M/H	<p>This could occur due to governance structures or where a Locality is concerned that the report does not present favourable findings. To address these possibilities we will agree with each Locality key dates around their schedule of meetings on which:</p> <ul style="list-style-type: none"> <li>• Reports will be made available to them</li> <li>• Comments are expected back.</li> </ul> <p>Each Locality will also be provided with a note of comments received on the draft report, including comments from the academic panel, and how we have responded to those comments.</p>

Risk	Likelihood / Impact	Mitigating actions
Low response rates from participants	M/ H	We would work through project managers to develop the most appropriate way to encourage survey responses, e.g. not just that a reminder should be sent but who should send this.
Loss of electronic data in transfer from project to SQW	L/ M	We would develop a protocol for the transfer of data. This is likely to include files being sent with password protection, and the password being telephoned through.
IT failure	L/ M	SQW systems are fully backed up with data held in two offsite data centres. In the event of failure we can switch to the secondary centre and systems and files be restored.
Unexpected unavailability of team members	L/ M	Staff have confirmed availability to undertake the work in the required timescales.  In a team member becomes unavailable through sickness etc., we can identify other experienced SQW researchers with similar experience drawing from our range of 40 employees and using our internal time booking software.

Source: National Evaluation Panel

## Locality specific risks

Risk	Likelihood / Impact	Mitigating actions
Changes in evaluation representatives in the Cardiff Capital Region	M / M	SQW and the Cardiff Capital Region will work together to ensure a smooth handover – especially in terms of knowledge and understanding of the context and approach for the evaluation.
Limited evaluation evidence if further interventions are not funded ahead of 2020	L / M	The evaluation is already set to focus on the Compound Semiconductor Cluster project in particular. Even without any other interventions to evaluate, the evaluation should have sufficient evidence (if the Compound Semiconductor Cluster proceeds as expected, and alongside evidence from the complementary workstreams) to present a robust evidence base for the Gateway Review.

## Impact evaluation risks

Risk	Likelihood / Impact	Mitigating actions
Lack of engagement by IQE	M / H	Cardiff Capital Region and SQW to work together to ensure that IQE understand the importance of the evaluation, are available for consultations when needed, and are responsive to other requests e.g. in relation to data to support the evaluation.
Changes in staff members at IQE	M / M	SQW and the Cardiff Capital Region will work with IQE to ensure that new staff understand the role of the evaluation. Speaking to IQE at the baseline stage will ensure that people involved at the early stage are able to provide evaluation evidence, even if subsequent phases of the work are with newer staff members.

<b>Risk</b>	<b>Likelihood / Impact</b>	<b>Mitigating actions</b>
Low response rate from the wider sector	M / H	Cardiff Capital Region to 'warm up' contacts ahead of SQW approaching firms for consultations, making it clear what the evaluation is for and the importance of their contribution to this. Also, engagement will be limited to the baseline and final reporting stages, to avoid consultation fatigue.
KTN data not updated	M / L	SQW will consult with KTN to clarify if/when new data will be available. If it looks unlikely to be updated a consultation will be undertaken with KTN, in addition to the consultation planned anyway with the Compound Semiconductor Catapult, to get their perspective on the growth of the sector qualitatively.
Difficult in identifying appropriate industrial estates to compare the site against	L / M	SQW will work with sub-contractors Savills to identify appropriate industrial estates along the M4 corridor for comparison purposes. If this proves difficult, a wider geography will be considered in order to complete the task.
Delays in the Compound Semiconductor Cluster project being delivered and IQE occupying the facility	L / H	Cardiff Capital Region will keep SQW informed of progress with the project and any potential delays. It is apparent at the time of writing that the project has proceeded as expected, with this therefore unlikely to be an issue.

# Independent Evaluation of Local Growth Interventions

Baseline Report for the Cardiff Capital  
Region Wider Investment Fund

May 2019



## 1. Introduction

- 1.1 This is the Baseline Report for the first evaluation of the **Cardiff Capital Region (CCR) Wider Investment Fund**, to be undertaken and finalised by December 2020 to inform the first Gateway Review of the fund. The first Gateway Review will be completed by Government by the end of March 2021.
- 1.2 This Baseline Report is the first output of the evaluation work of the National Evaluation Panel<sup>1</sup>, implementing the approach agreed with partners in the CCR in the Locality Evaluation Plan agreed in January 2019, following review by the Locality and CLGU on behalf of Central Government. The approach to the evaluation in the CCR builds on the National Evaluation Framework approved by the Steering Group<sup>2</sup> of the National Evaluation Panel in August 2017. This Baseline Report:
- confirms the **scope of the evaluation work** in Cardiff Capital Region, how this is being implemented practically and the work completed to date
  - presents **economic forecasts for the CCR** to contextualise how local economic performance may have influenced the impact of the Investment Fund. These will be reviewed in the final report and compared to actual economic performance
  - establishes the status of one project being delivered using funding from the Wider Investment Fund and ‘in scope’ for impact and progress evaluation; this is the **Compound Semiconductor Cluster project** and the Baseline Report sets out its status at the end of 2018 in terms of expenditure, delivery, and outputs/outcomes, and how this compares to expectations at this point
  - presents the evidence from the baseline research on the **capacity development and partnership** workstream, based on primary research with local partners and stakeholders across the CCR.
- 1.3 The research for the Baseline Report was completed in early 2019. This was around three years into the first five-year Gateway Review period for the Wider Investment Fund – so the evidence is not formally at a baseline position (i.e. before activity has commenced).
- 1.4 However, the research has sought (where relevant) to characterise conditions as they were (or are considered to have been) at the baseline position before or at the start of delivery in 2016/17, for example via consultations and use of data that was available at that point. The report also sets out the position at the point at which the *evaluation activity* commenced formally in late 2018 in the CCR, the earliest point possible following the formal launch of the National Evaluation Panel in 2017 and the development of the national evaluation frameworks and CCR-specific evaluation plans.

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<sup>1</sup> The SQW-led consortium appointed to evaluate the Investment Funds for the first Gateway Review

<sup>2</sup> The Steering Group comprises representatives from the 11 participating Localities: Glasgow Capital Region; Greater Cambridge Greater Manchester; Leeds Capital Region; Liverpool Capital Region; Tees Valley; Cambridgeshire and Peterborough; Cardiff Capital Region; Sheffield Capital Region; West Midlands; West of England,

## Evidence base

- 1.5 The Baseline Report draws on the following evidence:
- monitoring data on planned and actual expenditure, and planned and actual outputs and outcomes provided by the CCR for the Compound Semiconductor project
  - consultation with the Compound Semiconductor Cluster project
  - consultations with 12 senior-level stakeholders, and 31 responses to an online survey, for the capacity development and partnership workstream
  - economic forecasts developed by Cambridge Econometrics as part of the National Evaluation Panel, informed by contextual feedback from local partners at a workshop.

## Structure

- 1.6 The report is structured as follows:
- Section 2: The City Deal and the Wider Investment Fund
  - Section 3: Contextual economic forecasting
  - Section 4: Delivery progress
  - Section 5: Local capacity and partnership baseline
  - Section 6: Delivery plan
- 1.7 Five Annexes are provided:
- Annex A: Detailed logic model for the Compound Semiconductor Cluster project
  - Annex B: Online survey results
  - Annex C: Consultees
  - Annex D: Risk matrix

## 2. The City Deal and the Wider Investment Fund

### The Cardiff Capital Region City Deal...

- 2.1 The Cardiff Capital Region City Deal was agreed between the ten CCR local authorities<sup>3</sup>, the UK Government and the Welsh Government in March 2016. At the core of the Deal is the creation of a 20-year, £1.2 billion **Investment Fund**, consisting of:
- £500 million from the UK Government
  - £500 million from the Welsh Government (provided over the first seven years of the Deal, from 2016/17 to 2022/23)
  - a minimum of £120 million from the ten local authorities
  - “over £100 million” from the European Regional Development Fund.
- 2.2 Over the lifetime of the Deal, local partners anticipate that the Investment Fund will “unlock significant growth” in the Capital Region, helping to leverage an additional £4 billion in private sector investment, and delivering up to 25,000 new jobs. Of the £1.229 billion within the Investment Fund:
- £734 million is ‘pre-allocated’ to the development of the **South Wales Metro**, including the electrification of the Valley Lines and the delivery of wider connectivity across the region (this element is outside the scope of this evaluation)
  - the remaining £495 million is allocated to a **Wider Investment Fund**, which is the subject of this evaluation, and is described in greater detail below.
- 2.3 Alongside the Investment Fund, the City Deal commits local partners to developing “*stronger and more effective leadership across the CCR, enabling the ten local authority leaders to join up decision making, pool resources and work more effectively with local businesses*”. In governance terms, the decision-making body for the City Deal is a joint committee consisting of the Leaders of each of the ten participating local authorities (referred to as the ‘**CCR Cabinet**’). This is supported by a wider Economic Growth Partnership (chaired by the private sector) and three further advisory bodies, focused on transport, skills and business leadership<sup>4</sup>.
- 2.4 In March 2019, CCR’s Economic Growth Partnership approved an **Industrial and Economic Plan**, which contains three investment priorities, focused on infrastructure (including the Metro), innovation and ‘challenges’. Linked with these priorities, work is underway to establish an **Investment and Intervention Framework** underpinned by the principles of co-investment with other private and public sources and an ‘evergreen’ approach to fund management<sup>5</sup>:

<sup>3</sup> Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and the Vale of Glamorgan

<sup>4</sup> These are the CCR Skills Partnership, the CCR Business Council and the CCR Transport Authority

<sup>5</sup> CCR (2019), *Cardiff Capital Region: Industrial and Economic Plan*, p.7



### The emerging Investment and Intervention Framework: Key principles

Within the three investment priorities set out in the *Industrial and Economic Plan*, it is envisaged that:

- **innovation** investments will “focus on opportunities where there is considerable competitive strength”, with the aim of establishing an evergreen investment fund and contributing to employment growth, investment leverage and GVA uplift
- **infrastructure** investments will focus on infrastructure projects where the public sector creates the conditions for growth – with an indirect return on investment
- **challenge** investments will focus on securing the solutions for challenges faced by the region, which may be commercial or within the ‘foundational economy’ (such as the health and care sector)

Source: CCR (2019), *Industrial and Economic Plan*

## ... the Wider Investment Fund

- 2.5 Within this context, the £495 million **Wider Investment Fund** supports the CCR’s non-Metro investments and will operate for 20 years from 2016/17. Within the original heads of terms agreed in 2016, a range of potential types of intervention were highlighted, with prioritisation the responsibility of the CCR Cabinet. These included additional transport schemes, investment to unlock housing and employment sites, and the development of R&D facilities. The heads of terms also specifically stated that CCR “*will prioritise interventions that support the development of an internationally competitive compound semiconductor cluster*”, linked with investments at Cardiff University and the UK Government’s new Catapult facility in Cardiff.
- 2.6 In 2018, the CCR adopted a five-year **Strategic Business Plan** for the WIF. This contains details of a series of ‘emerging opportunities’, including additional transport schemes, skills investments and a Housing Infrastructure Fund: to date, two approvals have been made for the use of the WIF:
- A **3% top slice** (£742,500) was allocated to fund programme development and support the activities of a number of regional bodies.
  - The **Compound Semiconductor Cluster** project was supported with £38.4 million of Wider Investment Fund money. This is the only WIF project that has incurred spend to date and is ‘in scope’ for this evaluation. The project is described in greater detail below. Section 5 sets out the extent to which it is on track to spend and deliver outcomes and outputs as expected.
- 2.7 In addition, ‘in principle’ support has been agreed for a £40 million investment in the **Metro Central development** in Cardiff city centre, which will deliver a new transport interchange. This has yet to be fully agreed, however, and no expenditure is anticipated before the Gateway Review. At the time of writing (in March 2019) there was also an open call for projects seeking WIF investment.

## ... and the Compound Semiconductor Cluster project

### *The project*

- 2.8 The Compound Semiconductor Cluster project is the only WIF investment project fully approved to date. It involves the use of the Wider Investment Fund to contribute to the costs of a compound semiconductor foundry in Newport. This is intended to secure substantial commercial investment in manufacturing and development, and to support the development of a wider 'cluster' in South Wales, linked with academic expertise at Cardiff University and a concentration of related firms.
- 2.9 In summary, the project involves an agreement between the City Deal partners and **IQE plc**, a large commercial manufacturer of advanced semiconductor wafers, which is headquartered in Cardiff and has operations in a number of countries. The CCR Cabinet agreed in 2017 to purchase a site (the former P&T Building at Imperial Park, Newport) and invest, alongside IQE, in cleanroom facilities and other equipment and fittings in the building. The building will then be leased to IQE for a period of 11 years, with an option to purchase at the end. To deliver the project, the Cabinet also agreed to establish a Special Purpose Vehicle (SPV) to acquire the P&T Building on behalf of the ten local authorities and manage the lease.
- 2.10 In May 2017, the CCR Cabinet approved investment from the WIF of **£37.9 million** in the foundry itself, along with a further £500k towards the programme budget for the SPV in its first two years (i.e. a total funding contribution of **£38.4 million**)<sup>6</sup>. This will contribute to a total cost (including investment from IQE) of £413 million.

### *Project rationale*

- 2.11 The strategic case for investment is based around three sets of issues:

#### *Industrial development and path dependency*

- 2.12 While the WIF intervention is a specific 'deal' with an individual company, the investment is intended to be "the catalyst for the creation of an internationally significant and competitive compound semiconductor cluster"<sup>7</sup>. There is already a concentration of relevant activity in Cardiff Capital Region (outside of Investment Fund support), including: Cardiff University's Institute for Compound Semiconductors; the Compound Semiconductor Applications Catapult (based in Cardiff Bay, but due to relocate to the new IQE site in due course); and the Compound Semiconductors Prototyping Centre (a joint venture between Cardiff University and IQE). The relationship between Cardiff University and IQE is well-established, which (prior to the approval of the WIF investment) had together invested around £1.3 million in developing the design plans for the foundry.
- 2.13 In addition, South Wales has a substantial base of microelectronics companies that could form part of a compound semiconductor supply chain (such as Newport Wafer Fab Ltd and Microsemi). Several end-user 'anchor' companies have been identified within the South Wales manufacturing base. The proposition is that, by retaining and developing IQE, the industry within the region will develop from R&D and prototyping into manufacturing at scale, with

<sup>6</sup> CCR Joint Cabinet (May 2017), Compound Semiconductor Project Proposal

<sup>7</sup> CCR Joint Cabinet (May 2017), Compound Semiconductor Project Proposal

the opportunity to develop stronger networks, knowledge links and partnerships, thereby driving the long-term development of the cluster.

#### *Property market issues and access to facilities*

- 2.14 The immediate driver for IQE's investment need is related to its expansion. The firm has grown through organic growth and acquisition and had (at the time of the approval of the WIF investment) secured a major contract with a consumer electronics firm. This required an expansion in production capacity: while this was accommodated in the short term at IQE's existing plants in Cardiff and the US, longer term expansion required new investment.
- 2.15 There were advantages to IQE in expanding in South Wales (given existing links to Cardiff University and the local supply chain). However, lower cost expansion options were available at the firm's sites in the US and Singapore, and the business case for the project demonstrated that the cost of developing a new facility in South Wales was unviable.
- 2.16 In the absence of intervention (in the form of a manufacturing facility), there was a risk that IQE would otherwise locate production overseas. The provision of an appropriate facility in the City Region therefore sought to address a shortfall in the availability of specialist property on viable terms and aimed to enable IQE to develop manufacturing capacity locally.
- 2.17 From a 'supply' perspective, the specific building that is the location of the new foundry has a complex history. Originally, it was developed in the 1990s to support a previous inward investor (LG), but has proved challenging to repurpose to effective commercial use. The project therefore aims to make effective economic use of an existing site that has received historic investment.

#### *Financial return*

- 2.18 Finally, the acquisition and development of the property by the Special Purpose Vehicle established by the City Deal will provide a rental income. The property could also be sold to IQE, and the structure of the deal is designed to incentivise the option to purchase. The rental income and potential capital receipt would therefore be recycled back into the Wider Investment Fund. This contributes to the ambition of City Deal partners to operate a sustainable 'evergreen' fund. It could also contribute to a new way of working with the private sector, characterised by co-investment and shared return, rather than by grant assistance.

### Evaluation approach

- 2.19 The approach to evaluation of the Compound Semiconductor Cluster project is set out in detail in the Evaluation Plan. In summary:
- A **logic model** has been developed setting out the 'theory of change' and the link between inputs, outputs and outcomes. This is presented in Annex A
  - The **impact assessment** for the Compound Semiconductor Cluster project will be based on a theory-based evaluation, using mixed methods and contribution analysis, consistent with the National Evaluation Framework. The main sources of evidence to be used in the impact assessment are:

- consultations with IQE
  - consultations with the intervention lead organisations (the Special Purpose Vehicle set up to deliver the project, and the CCR City Deal team)
  - consultations with firms in the sector/associated sectors in the CCR
  - consultations with wider stakeholders
  - data and documents pertaining to the compound semiconductor cluster
- The Compound Semiconductor Cluster project is also subject to **progress evaluation**, providing evidence on expenditure against budget, whether delivery milestones have been met, whether anticipated outputs and intermediate outcomes have been delivered, and whether the project has delivered, or remains on course to deliver, against its original objectives. An initial review of progress is set out in the next chapter.

## 3. Contextual Economic Forecasting

### Purpose and context

- 3.1 As part of the overall evaluation, baseline econometric forecasts have been developed, and are set out in this section. They will be revisited for the Final Evaluation. The work was undertaken by Cambridge Econometrics (CE), a member of the SQW-led National Evaluation Panel.
- 3.2 Because the Wider Investment Fund is underway, a current/up-to-date projection cannot be used, because this would incorporate economic and policy contexts and circumstances, which were not known at the time the Fund was approved. Therefore, we have developed an earlier projection, dating back to the period when the Fund was being finalised, and which will be consistent with policy makers' expectations of the wider macro environment at that point in time. This provides, therefore, an overview of the contextual economic picture for the WIF when it was approved.

### Modelling process

- 3.3 CE has maintained and developed a highly disaggregated database of employment and GVA projections by industry (12 broad sectors or a more detailed 45 sectors) from 1981 for all unitary authorities and local authority districts in Great Britain. The baseline economic projections are based on historical growth in the CCR relative to Wales or the UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. They assume that those relationships continue into the future. Thus, if an industry in the local area outperformed the industry in Wales (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed Wales (or UK) in the past then it will be assumed to underperform Wales (or UK) in the future.
- 3.4 The projections further assume that economic growth in the CCR is not constrained by supply-side factors, such as population and the supply of labour, i.e. they are based on the assumption that there will be a sufficient supply of labour (either locally or through commuting) with the right skills to fill the jobs that are demanded. If, in reality, the labour supply is not there to meet projected growth in employment, growth could be slower.
- 3.5 These local area projections are produced as part of a top-down process, beginning with macro assumptions and forecasts for the UK and Wales. The baseline projections will therefore not take account of specific growth plans or major interventions that were in place at the time the Investment Fund was approved, but which may reasonably be expected to influence economic growth over the period to the first Gateway Review.

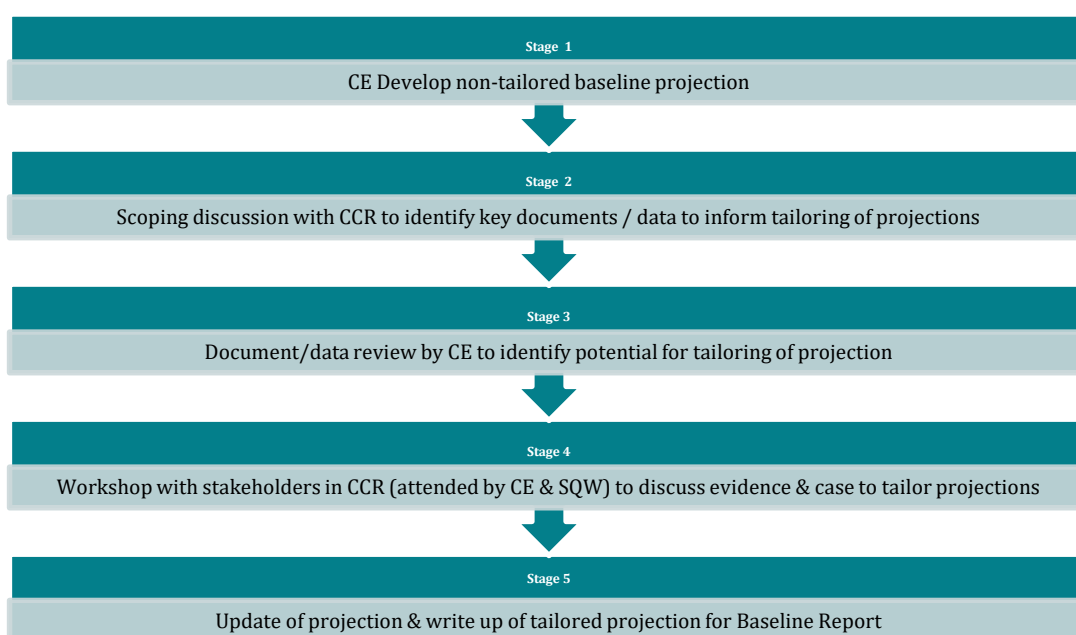
### Tailoring the forecasts

- 3.6 The process for the approach to develop locally-tailored projections is summarised in Figure 3.1. First, CE provided the baseline employment and GVA projections by 12 broad sectors as was produced in August 2015 to be consistent with the date of approval of the Investment Fund, and expectations of growth at that point. In August 2015, the latest actual data available

was for 2013, and so ‘actuals’ cover the period from 1990-2013 and projections from 2013 onwards.

- 3.7 CE and SQW then engaged with the CCR to tailor the local area projections to reflect local circumstances and insight, and to contribute to any ex-post adjustments. This included a desk-based review of documents and data and a workshop with stakeholders in the CCR (with CE and SQW), in order to provide a better and more realistic view of the prospects as they looked at the time of the Investment Fund approval.
- 3.8 To inform the tailoring of the CCR projection, the following information was sought from CCR:
- data (including projections/forecasts) that set out expected changes in the sectoral performance of the CCR that had been developed and were available in August 2015, covering both GVA and employment
  - information on major plans or developments that were in the planning system and were expected to start (or had recently started) delivery in August 2015. This covered those plans/developments that could reasonably be expected to influence economic performance at the level of the CCR (e.g. new business parks, large-scale city-centre mixed-use schemes)
  - information about major closures or downsizing that were known about in 2015 and were expected to happen in the next couple of years
  - CCR-level economic strategies and plans that were developed and ‘live’ in August 2015 that set out expectations for, and sought to influence, growth and sectoral economic performance.
- 3.9 The tailored baseline was developed within a version of CE’s Local Economy Forecasting Model (LEFM) calibrated to the CCR economy, which incorporated GVA and employment adjustments to the non-tailored baseline as agreed by CCR.

**Figure 3-1: Approach to development of tailored baseline projections**



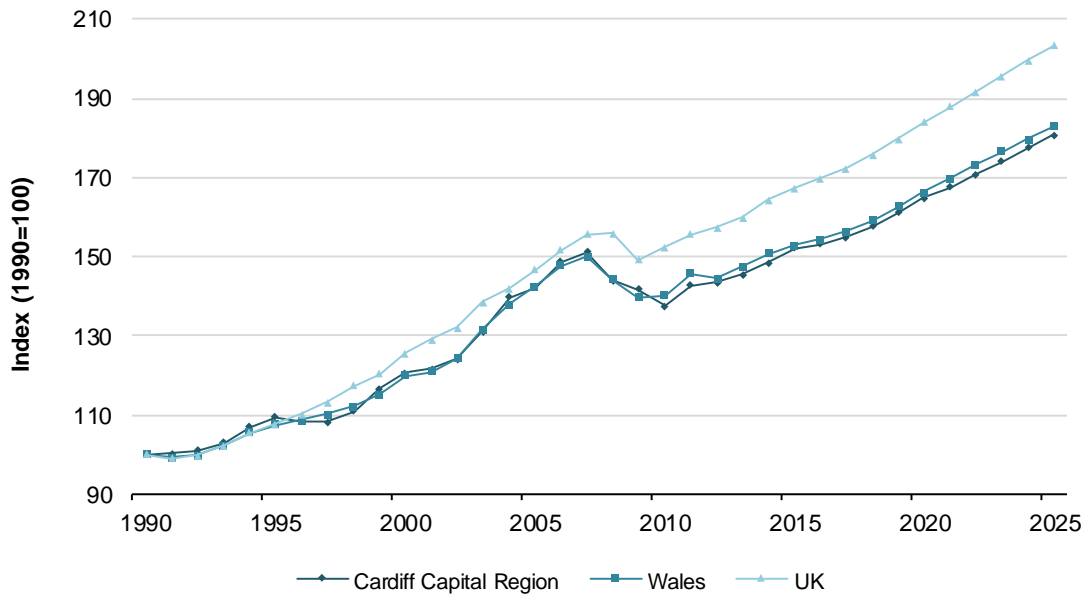
Source: SQW/CE

## Baseline forecasts

### Value added (GVA)

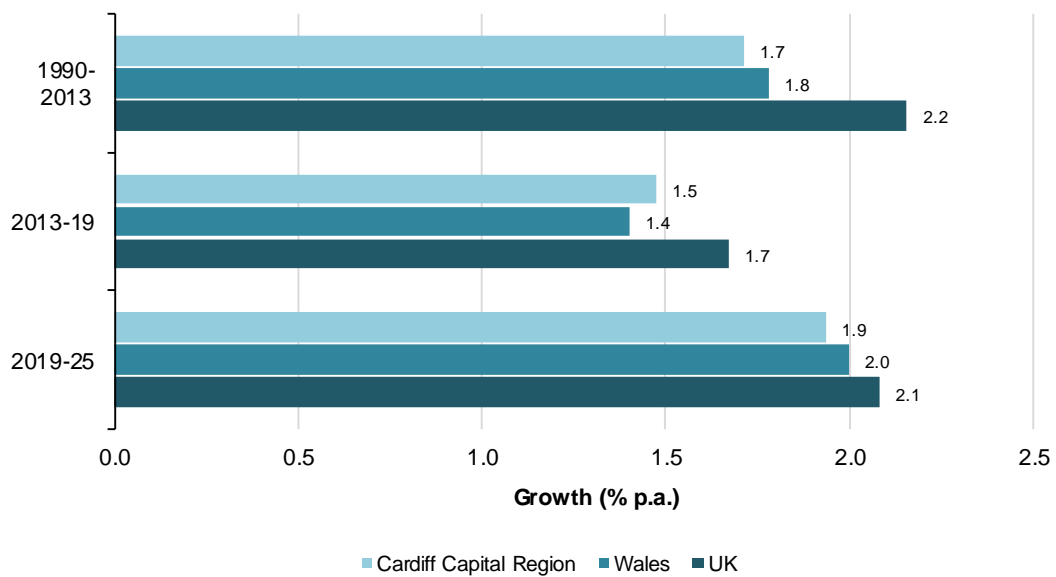
3.10 Since the 1990s, the CCR has underperformed relative to the UK as a whole in GVA terms. Historically, GVA growth in the CCR was slower than the UK average (2.2% p.a.)<sup>8</sup>. This was expected to continue, with the gap between the CCR and the rest of the UK widening.

Figure 3-2: Trends in GVA growth in the CCR, Wales and the UK



Source: Cambridge Econometrics

Figure 3-3: GVA growth in the CCR, Wales and the UK



Source: Cambridge Econometrics

<sup>8</sup> Given that the CCR accounts for around 50% of total Welsh output, on most indicators, the region tracks the Wales average.

3.11 In the **short-to-medium term** (2013-19), strong growth was expected in three sectors: Construction; Transport & Storage; and Accommodation and Food Services. Growth in **Accommodation and Food Services** represented a continuation of past trends. Growth in other sectors were in contrast with past trends:

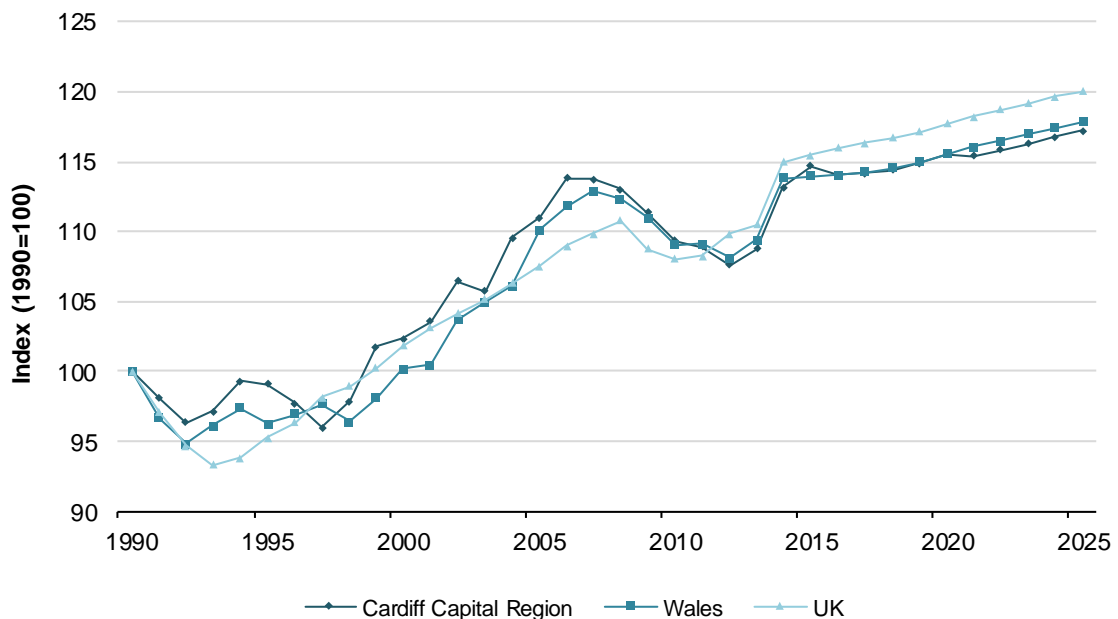
- The **Construction** sector was expected to grow by 3.8% p.a. (compared with a decline of 0.1% p.a. over the 1990-2013 period). It was anticipated that this change would be driven by significant new commercial and residential development schemes, particularly in Cardiff.
- The **Transport & Storage** sector was expected to grow by 2.4% p.a. (compared with historic growth of 1.2% p.a. in 1990-2013).

3.12 In the **long term** (2019-25), Construction, Transport, Distribution & Storage, and Accommodation and Food Services were expected to slow down slightly compared to the short-to-medium term. On the other hand, Government Services and Information and Communication were projected to have stronger growth over this period at around 2.2% p.a. and 2.0% p.a. respectively.

### Employment

3.13 Despite significant job losses in heavy industry in the 1980s and early 1990s, total employment in the CCR continued to grow by 0.4% p.a. between 1990 and 2013. As with the rest of the UK, this was largely fuelled by growth in the services sector: employment in Financial and Business Services and Government Services grew by 1.8% p.a. and 1.6% p.a. respectively.

Figure 3-4: Trends in employment growth in the CCR, Wales and the UK



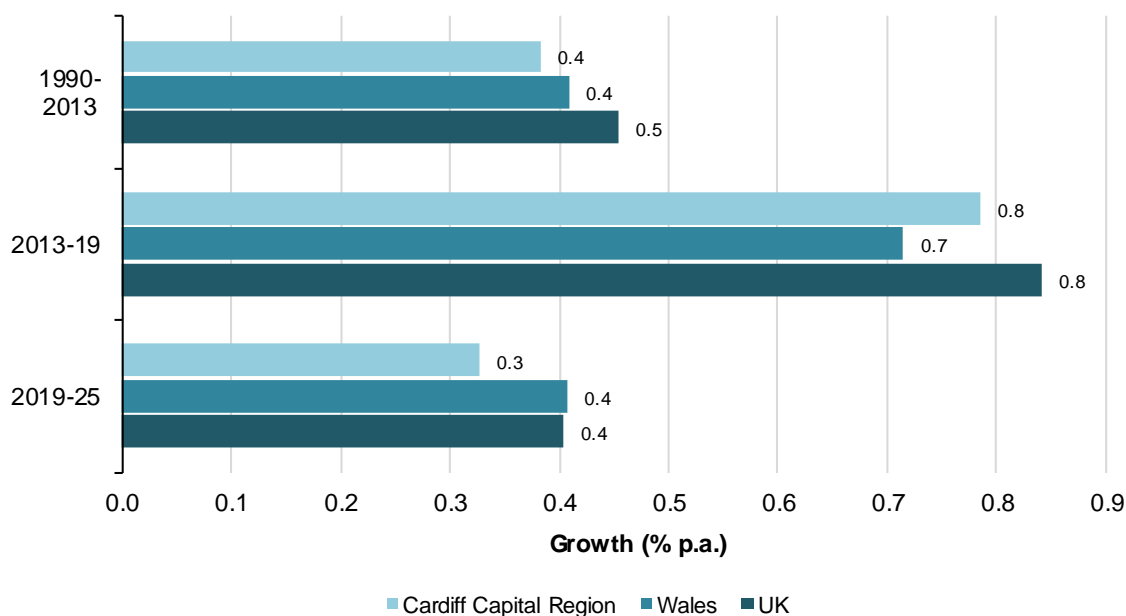
Source: Cambridge Econometrics

3.14 Looking ahead, the baseline projections suggested a pick-up from historical trends in all three geographies. Employment growth in the CCR in the short-to-medium term was expected to



accelerate to 0.8% p.a. over 2013-19, before slowing down to 0.3% p.a. over 2019-25, broadly in line with Wales and the UK.

Figure 3-5: Employment growth in the CCR, Wales and the UK



Source: Cambridge Econometrics

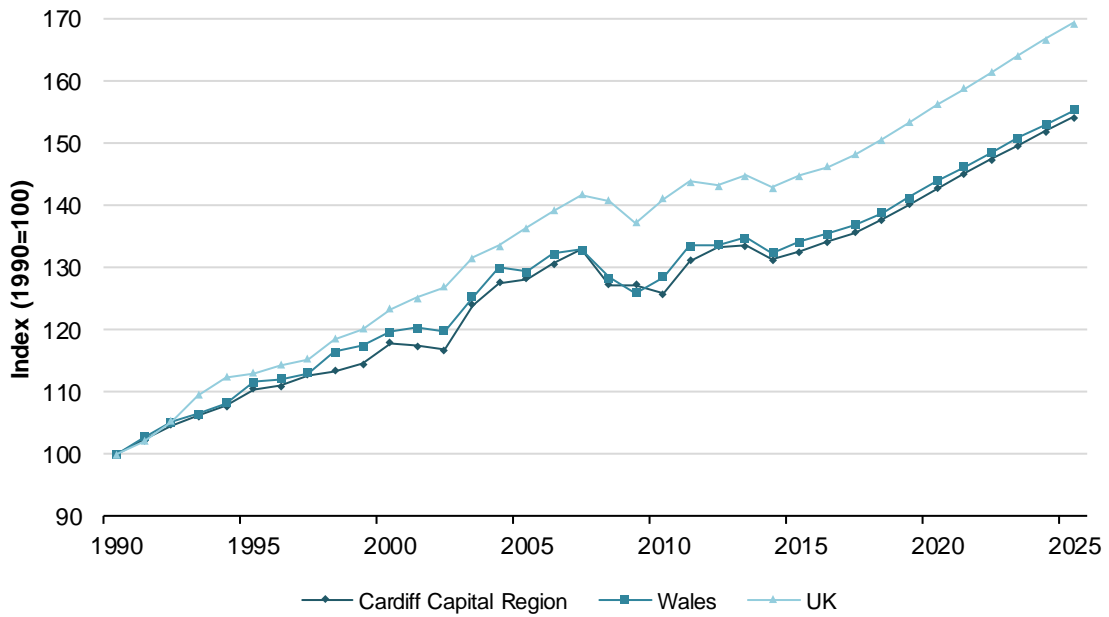
3.15 Sectorally, there was a mixed picture in terms of employment projections, partly reflecting the differential sectoral impact of technology change. In particular:

- while Construction was expected to show strong employment growth over the short-to-medium term (2013-19), which aligns with the projected growth in GVA in the sector, there was expected to be a noticeable slowdown in the longer term
- employment growth was also expected to slow in Information and Communications, despite GVA growth
- in contrast, employment growth in Electricity, Gas and Water, and in Accommodation and Food Services was expected to accelerate after 2019

### Productivity (GVA per job)

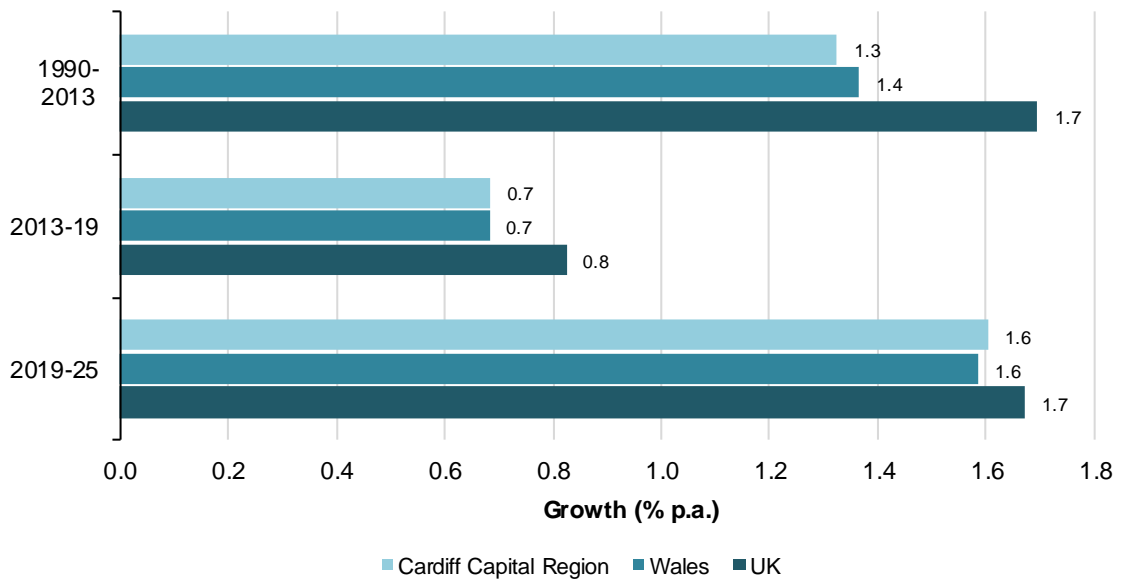
3.16 As with GVA growth, productivity growth in the CCR over 1990-2013 was similar to that for Wales, but slower than the UK as a whole (see Figure 3-6), with **average GVA per job in the CCR being £5,600 lower than the UK average** and £2,800 higher than the Wales average in 2013. By 2025, GVA per job was expected to be £7,200 lower than the UK average. Figure 3-6 illustrates a slight widening of the gap between CCR and the UK.

Figure 3-6: Trends in productivity growth in the CCR, Wales and the UK



Source: Cambridge Econometrics

Figure 3-7: Productivity growth in the CCR, Wales and the UK



Source: Cambridge Econometrics

3.17 Historically, productivity growth in the CCR was driven by Manufacturing, Transport & Storage, and Financial & Business Services. **Productivity in Manufacturing was projected to continue growing rapidly at around 1.9% p.a. over 2013-25** supported by increasing technological progress. In comparison, productivity growth in Transport & Storage and in Financial and Business Services over the same period was projected to be low (0.3%-0.8% p.a.). Productivity growth in Distribution, which accounts for almost 15% of the CCR's total workforce, was expected to be strong (1.8% p.a. over 2013-25).

## Key messages at the baseline stage

- 3.18 Historically, the CCR has experienced slower GVA, employment and productivity growth than the rest of the UK. From a starting point *before* the Wider Investment Fund, this shortfall relative to the UK average was forecast to continue, albeit within the context of growth overall:
- Historically, **GVA** growth in the CCR underperformed the UK as a whole. Over the forecast period, this pattern is expected to continue, with growth higher in the UK than the CCR. GVA was forecast to rise from £26.0bn in 2013, to £28.8bn in 2019, and £32.3bn in 2025.
    - Ahead of the first Gateway Review, **GVA growth was forecast to rise by 1.5% p.a. from 2013-2019**. This compares unfavourably with growth in the UK overall (1.7%). Growth was expected to be highest in percentage terms in Construction, Transport & storage and Accommodation and food services.
    - Looking at the longer term, **growth was forecast to increase to 1.9% p.a. from 2019-2025**, although lower than in the UK overall (2.1%).
  - **Employment** growth in the CCR over the 1990-2013 period was just under 0.4% p.a., slightly lower than the UK overall (0.5% p.a.). Growth was expected to be stronger going forward, albeit less so than GVA growth. The number of jobs in the CCR was forecast to rise from 654k in 2013, to 691k in 2019, and 705k in 2025.
    - Ahead of the first Gateway Review, **employment was expected to grow by just under 0.8% p.a. from 2013-2019**, slightly lower than the UK overall (around 0.85% p.a.). In percentage terms, strong employment growth was expected in Construction and Transport & storage.
    - In the longer term, **employment growth was forecast to slow between 2019-2025** (just over 0.3% p.a.), slightly below the growth rates for the UK overall (both 0.4% p.a.).
  - **Through both the historical period (1990-2013) and the forecast period (2013-2025), productivity growth across the CCR is, and was expected to be, behind the growth for the UK overall.** Each area was expected to see substantially slower productivity growth between 2013-2019 than was the case from 1990-2013, but in all cases the 2019-2025 period was expected to see growth returning to closer to the historical trend. GVA per job in the CCR was £39.7k in 2013 and was forecast to rise to £41.7k by 2019 and £45.9k by 2025.
- 3.19 These contextual forecasts indicate how the CCR's economy was *expected* to develop at the time the Investment Fund was approved in 2016. This will then be compared to actual outturns at the point of the first Gateway Review, to contextualise the findings from the impact and wider evaluation work.

## 4. Delivery progress

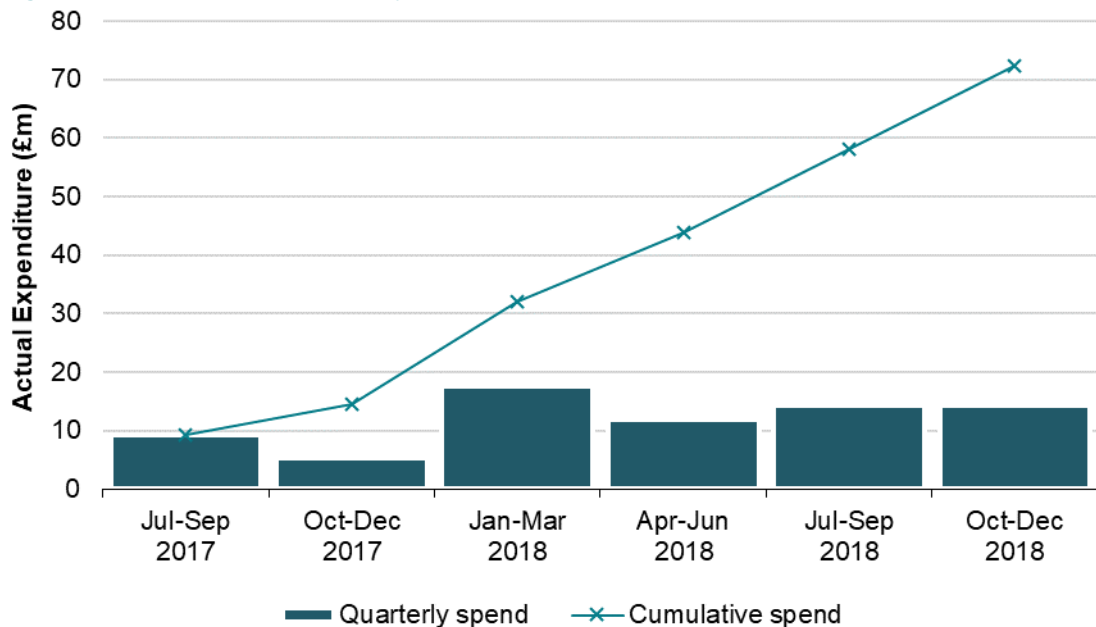
### Intervention status

- 4.1 As set out earlier, the evaluation so far covers one intervention supported by the Cardiff Capital Region Wider Investment Fund: the **Compound Semiconductor Cluster** project. Delivery of the project is ongoing.
- 4.2 Any other interventions that are funded by the Investment Fund by the end of 2019 will be in scope of evaluation (although none are anticipated at this stage). These would be covered in the Final Report, and if they are brought forward early enough, may feature in the One Year Out Report later in 2019.

### Expenditure

- 4.3 Data on expected and actual expenditure has been provided to the National Evaluation Panel by the CCR. Planned expenditure (as set out in the original business case) was £412.9m, consisting of £37.9m from the Wider Investment Fund, and £375m in private funding from IQE.
- 4.4 The pattern of spend over time is set out in Figure 4-1. Total project spend to the end of December 2018 totalled £72.4m (with spend of £14.2m between October and December 2018).

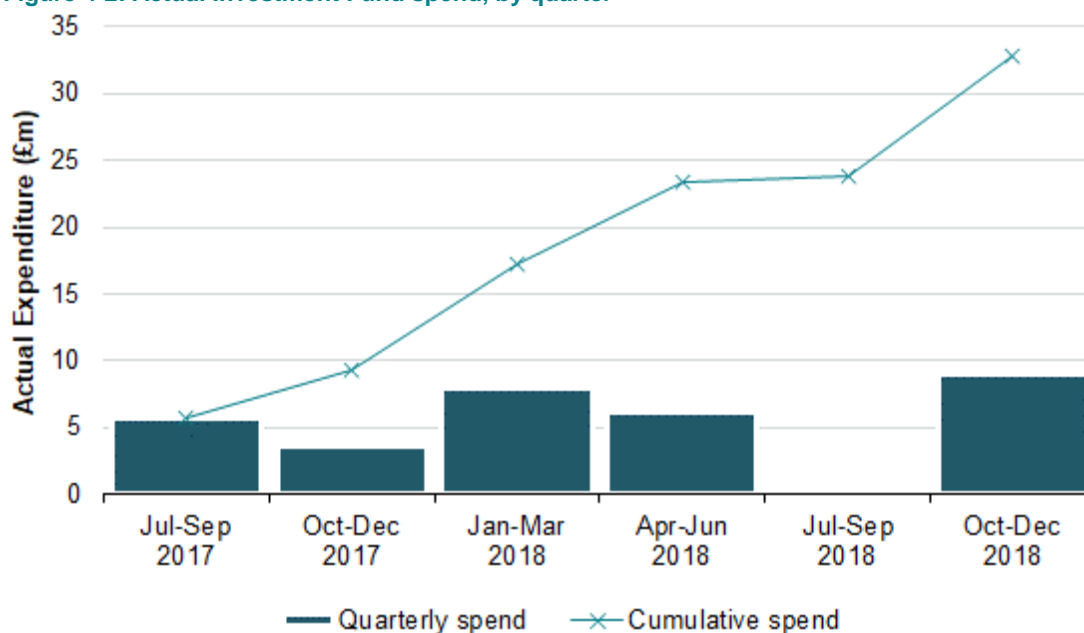
Figure 4-1: Overall actual spend, by quarter



Source: SQW analysis of monitoring data provided by CCR

- 4.5 The pattern of Wider Investment Fund spend is set out in Figure 4-2. Total WIF spend to date is £32.9m, 45% of total project spend<sup>9</sup>. The remaining £39.5m of spend on the Compound Semiconductor Cluster project relates to investment by IQE to equip the facility.

Figure 4-2: Actual Investment Fund spend, by quarter



Source: SQW analysis of monitoring data provided by CCR

- 4.6 Summary data on planned and actual expenditure, for the Compound Semiconductor Cluster project, is set out in Table 4-1. As shown, at the point of contracting the work, the full Investment Fund expenditure for the project was expected to be spent by the end of December 2018. However, £5m of Investment Fund monies were unspent as of December 2018.

Table 4-1: Planned and actual expenditure for the Compound Semiconductor Cluster project

Planned expenditure	
WIF planned expenditure – total	£37.9 m
WIF planned expenditure to end December 2018	£37.9 m
WIF planned expenditure to end December 2018 as % of total	100%
Actual expenditure	
Actual WIF expenditure to end December 2018	£32.9 m
Actual WIF expenditure to end December 2018 as % of total	86.7%
Variance	
Variance between planned and actual WIF expenditure to end December 2018 (planned <u>minus</u> actual)	£5.0 m
Variance as % of planned WIF expenditure to end December 2018	13.3%

Source: CCR monitoring workbook (completed by CCR)

<sup>9</sup> This includes payments to IQE as well as direct costs for dilapidations.

## Activity, outputs and intermediate outcomes

- 4.7 Data on expected and actual outputs (and in some cases intermediate outcomes) have been provided to the National Evaluation Panel by the CCR for the Compound Semiconductor Cluster project. Drawing on this data and consultation with the project manager in the Cardiff City Deal team, the box below provides an overview of the key messages at this Baseline Report stage on the progress in activity, and the resulting outputs and intermediate outcomes for the Compound Semiconductor Cluster project.

### Compound Semiconductor Cluster project

#### Activity

Activity to date has involved:

- the establishment of the Special Purpose Vehicle to progress the acquisition of the former P&T building
- conclusion of the lease with IQE
- capital works to develop the building into cleanrooms and other facilities for occupation as a compound semiconductor foundry

#### Outputs/outcomes

Several different outputs were expected to result from the Compound Semiconductor Cluster project, some as direct outputs of the project, and others as direct outputs resulting from IQE taking occupancy of the facility. By the end of September 2018:

- As expected, 4.52 hectares of land had been assembled and acquired for development
- 4,425 sq m of floorspace had been developed, considerably more than the 1,966 sq m that was expected by the end of September 2018. This additional delivery was due to IQE developing the space differently from the way originally envisaged: IQE have lifted all maintenance space onto a mezzanine and all ventilation onto a second floor, essentially creating twice as much space as the CCR expected, by adding a floor above every clean room.
- 42 new jobs had been created on-site, compared with 38 expected by the end of September 2018.
- 156 jobs had been safeguarded within IQE. This is marginally higher than the 150 that were expected to be safeguarded in total.
- 470 jobs had been safeguarded within Newport Wafer Fab Ltd. This is below the 550 safeguarded jobs that were expected by the end of September 2018. In practice, it is thought that the full number of jobs has been safeguarded, but the CCR has not yet been given data from IQE to confirm around 70 ancillary posts as having been safeguarded.
- 3 apprentices worked 42.5 hour weeks for 17 months, and 2 worked 42.5 hour weeks for five months. There are no apprentices on site currently, due to the temporary hiatus on developing new clean rooms (as mentioned above).

Further outputs are expected before the One Year Out and Final Reports.

The main outcome evidenced through monitoring data relates to the floorspace occupied by IQE. At the end of September, IQE occupied 1,475 sq m of floorspace (ahead of planned occupancy of 983 sq m, and reflecting the additional floorspace that has been delivered – as highlighted above).

## Key messages at the baseline stage

- 4.8 The key messages at the baseline stage on delivery progress are as follows:
- **Delivery of the Compound Semiconductor Cluster project is well underway.** At the end of 2018, WIF spend (and project spend overall) was somewhat behind profile,

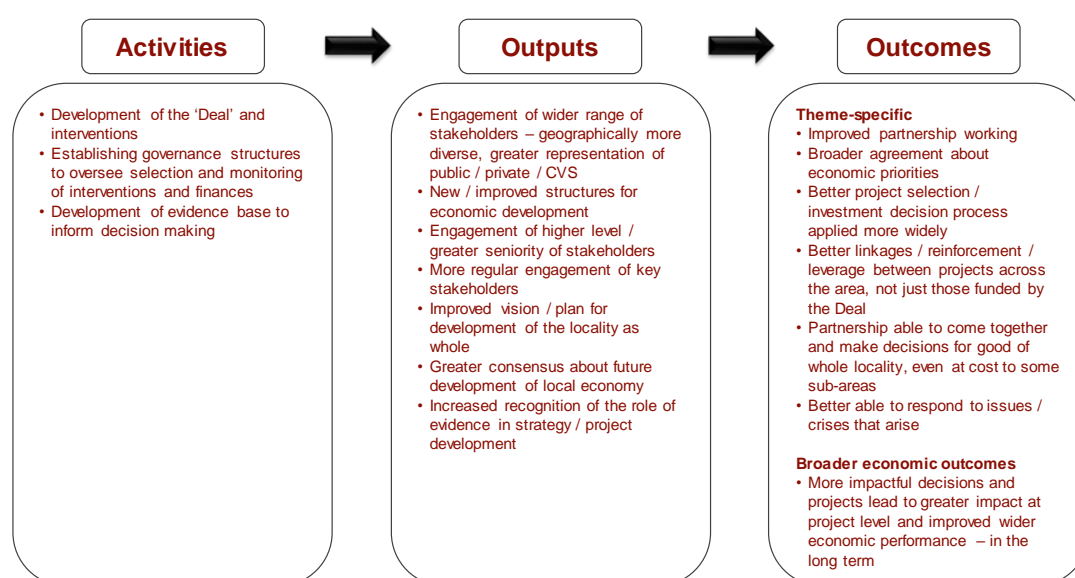
although it is anticipated that this will be made up. In consultation, it was noted that the original budget profile reflected the 'fastest pace' at which IQE was likely to expand, and that the CCR had always intended to adopt a flexible approach to delivery, within the context of an investment that would ultimately make a return to the Investment Fund.

- **Floorspace outputs (and, consequently, floorspace occupancy outcomes) have been greater than planned** so far, due to the way in which the layout of the foundry has been designed.
- To date, **job creation has been slightly ahead of that originally anticipated.** However, some stakeholders noted in consultation that while the direct job outputs were welcome, the core economic rationale for the project is not direct job creation, but the longer-term contribution that the project will make to the development of the regional semiconductor industry.
- There are some gaps in data (relating to safeguarded jobs outputs that need to be reported by third parties): these will need to be reviewed at later stages of reporting.

## 5. Local capacity and partnership baseline

- 5.1 The National Evaluation Framework indicated that the evaluation for the Gateway Review of the Investment Funds would include an assessment of the effects of each fund (i.e. the Wider Investment Fund in the CCR) on local capacity development and partnership working, to complement the evidence from the impact and progress evaluation activity. This is expected to be particularly important for the first Gateway Review, where quantitative benefits may not yet have been realised (or fully realised) and where expenditure/activity is on-going or recently completed, yet where a strong partnership and local capacity should increase confidence about future delivery.
- 5.2 The type of activities, and the nature of the benefits – in terms of outputs and outcomes – that are the focus of this research were identified in the National Evaluation Framework, and are summarised at Figure 5-1.

Figure 5-1: Local capacity development and partnership working logic model



Source: SQW

- 5.3 The final evaluation report will consider the extent to which the outputs and outcomes identified in the logic model have been realised, with the initial research for this report in late 2018 and early 2019 used to identify a baseline on perspectives on capacity development and partnership working, and any evidence that the outputs and outcomes have emerged at this stage (to be updated in the final report for late-2020). This has involved:
- an **online survey** of stakeholders to gather quantitative data on perceptions on local capacity and partnership working both at the time of the approval of the Cardiff Capital Region City Deal in 2016 and any observed effects of the Investment Fund at this point



- in-depth **qualitative consultations** with senior stakeholders to probe on in more depth on the contribution of the Investment Fund to capacity development and partnership.

## Evidence from the online partner survey

- 5.4 The paragraphs below provide an overview of the key messages and findings from the online survey; the full (anonymised results) are set out in Annex B.

### *Respondent characteristics*

- 5.5 The online survey was completed by 31 respondents in the CCR (a response rate of 39% based on the 79 stakeholders who were sent the survey), of which four were only partial responses.<sup>10</sup> All of the respondents were people who would be expected to have a good knowledge of the strategic economic context: 16 represented industry, ten respondents were from local authorities, and the remainder were from universities (three), chambers of commerce (one), and other public bodies (one).

- **Almost half of the respondents, 15 individuals, reported that they were involved in the governance and oversight of developing and delivering the £495m Wider Investment Fund, and/or the interventions it supports.** A further nine respondents were ‘interested stakeholders’. Six respondents were directly involved in the implementation (i.e. the management, delivery) of the Investment Fund and/or projects supported by the Fund. One respondent was involved in contributing match funding to interventions being developed for and/or supported by the Fund.
- **Nearly all respondents, 29 individuals, said that they had some awareness of the interventions being developed for and/or supported by the Fund.** Eleven respondents indicated that they were fully aware of all of the interventions supported and details about them; seven were aware of the breadth; and 11 had an in-depth awareness of some of the interventions. Two respondents reported that they were unaware of any interventions.
- **Almost a third of the respondents, 10 individuals, were fully aware of the progress of all the interventions sponsored by the Investment Fund.** Eighteen respondents had some awareness of the progress of some interventions, but not all. One respondent was unaware of any intervention progress to date, and two respondents did not answer the question.
- **Most of the respondents, 22 individuals, had been involved in economic development in the CCR in 2016 or earlier.**

### *Perspectives on local economic development capacity ...*

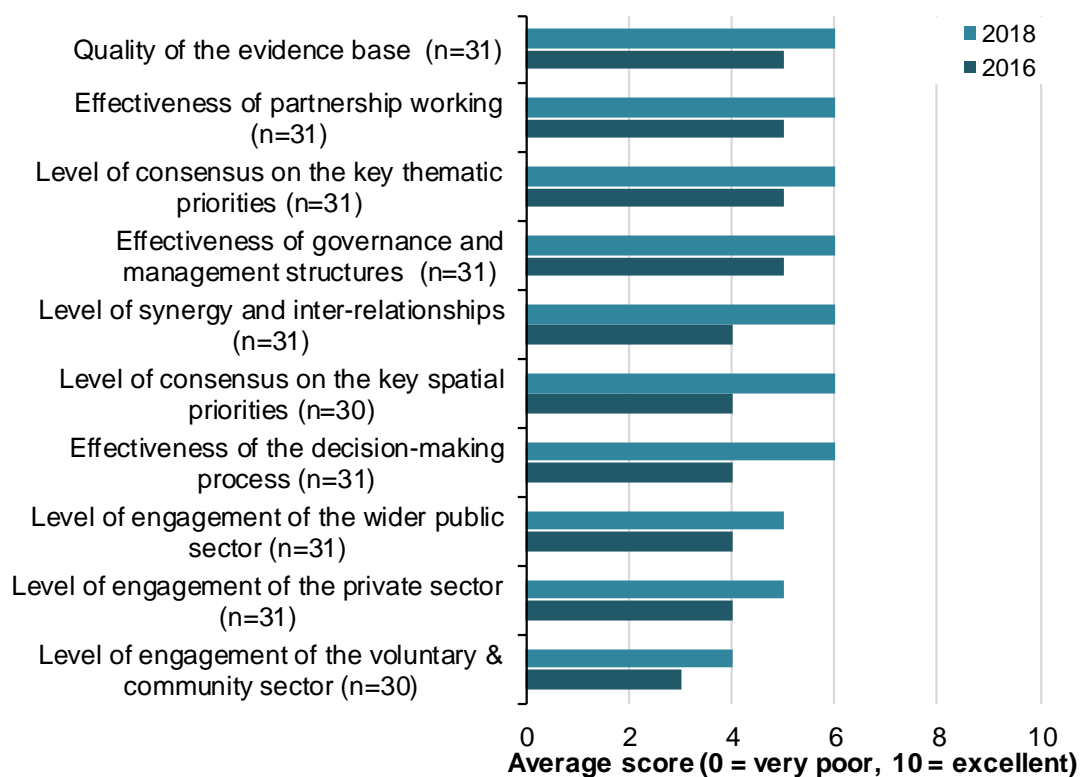
- 5.6 Respondents were asked to provide their perspectives on the performance of the area on a range of factors associated with local capacity both when the Cardiff Capital Region City Deal

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<sup>10</sup> Three individuals completed eight questions out of 13, and one individual completed ten questions.

and the £495m Wider Investment Fund was agreed in 2016 as the baseline point<sup>11</sup>, and currently (late-2018). The results are shown in Figure 5-2.

**Figure 5-2: Average scores for different aspects of local economic development capacity in the Cardiff Capital Region in 2016 and 2018**



Source: SQW analysis of LGI Cardiff Capital Region survey

- 5.7 **The average score for all indicators has improved over the two-year period.** The biggest change in scores was in terms of the “level of synergy and inter-relationships between key economic development projects”, “level of consensus on the key spatial priorities for economic development strategy and activity”, and the “effectiveness of the decision-making process for economic development interventions”, all which increased from four to six from 2016 to late-2018.
- 5.8 The survey responses suggest that the picture is improving across all of the categories. However, it is evident that there is scope for further improvement in the future, particularly in relation to levels of engagement.

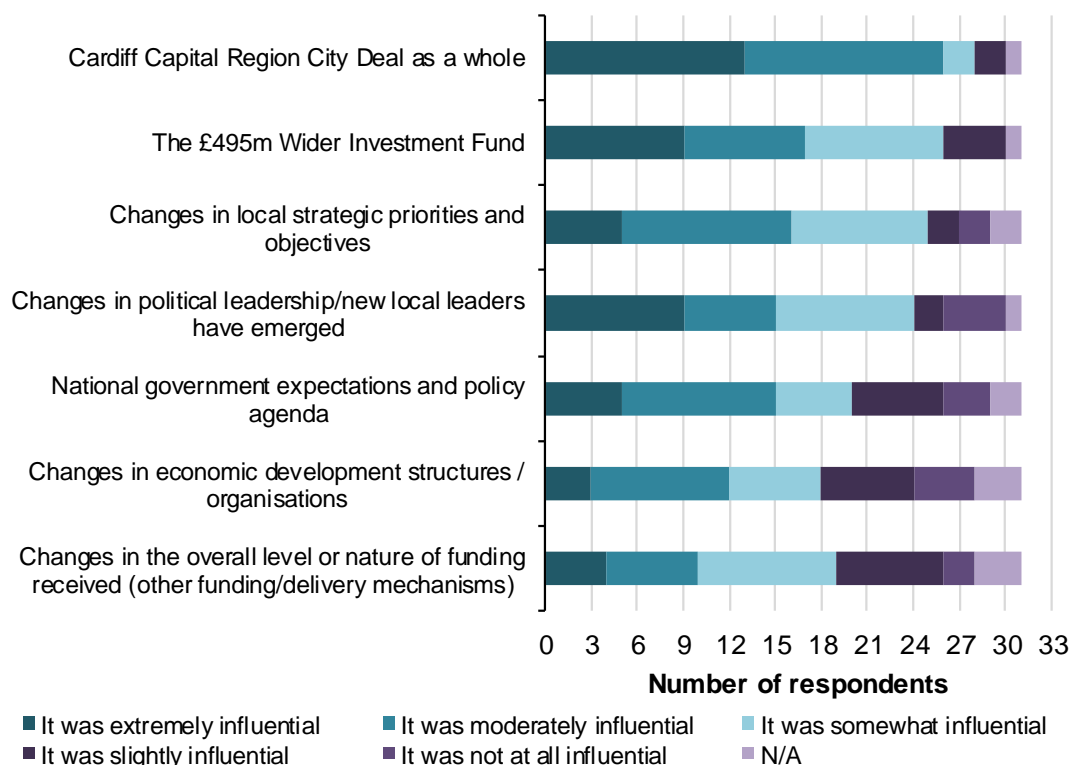
### ... and factors influencing changes

- 5.9 Respondents were asked about how different factors had influenced the changes in local economic development capacity (Figure 5-3). Of the 31 respondents: 26 stated that the Cardiff Capital Region City Deal as a whole has been either moderately or extremely influential; and **17 reported that the £495m Wider Investment Fund has been either moderately or extremely influential in driving changes.**

<sup>11</sup> If the respondent was not around at that point, they were asked to consider the time they first became involved in economic development in the area. This was the case for nine respondents who reported their first involvement in economic development in Cardiff Capital Region in 2017 or later.

5.10 Other factors cited as influencing the changes from 2016 to late-2018 included engagement with other bodies outside Wales, the Welsh Government, and increased engagement from the private sector. One respondent commented that the “new programme director was the catalyst for a refocus of the programme against wider strategic objectives and funding opportunities.”

**Figure 5-3: Factors influencing change in local economic deployment capacity**



Source: SQW analysis of LGI Cardiff Capital Region survey (n=31)

5.11 Several examples were provided in terms of how the £495m Wider Investment Fund has influenced local economic development capacity. These included increased collaboration between sectors, local authorities and the Welsh Government. Very few negative influences on economic development capacity were cited, but one respondent noted it was taking too long to identify projects to support, whilst another felt that the Fund was too process-driven, which had limited impacts to date.

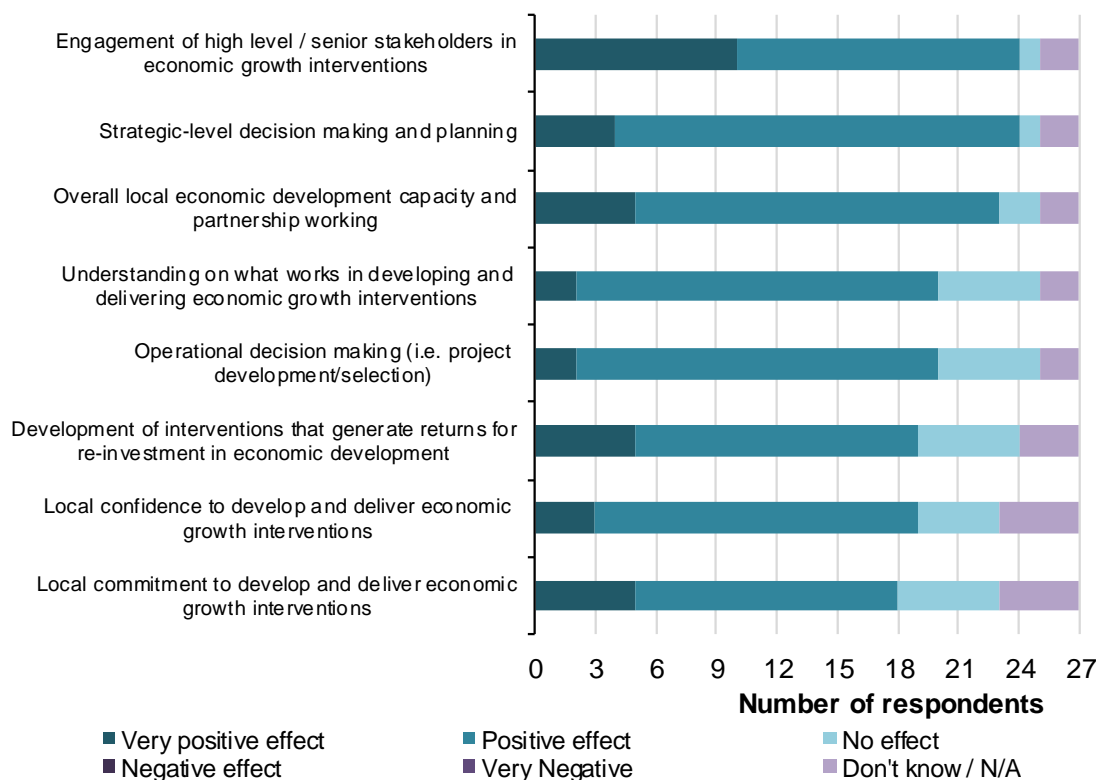
5.12 When asked for wider influences on economic development capacity, respondents highlighted increased/improved collaboration, including through the wider City Deal. However, some respondents noted that a lack of consensus and joined up approach were negative influences on economic development capacity, suggesting there is room for improvement here. The other negative influence on economic development capacity noted by respondents related to funding cuts for local authorities.

**Other effects of the Investment Fund**

5.13 Respondents were asked specifically about the effects of the Investment Fund on various elements of local economic development capacity (Figure 5-4). Almost 80%, 24 individuals, of the 31 respondents stated that the Fund has had a positive or very positive effect on the engagement of high-level stakeholders in economic growth interventions, and strategic-level decision making and planning. There was similarly positive feedback from 23 individuals on

overall local economic development capacity and partnership working. No respondents identified any negative effects from the Investment Fund on any of the elements of economic development capacity set out below.

**Figure 5-4: What effect do you believe that the development and delivery of the £495m Wider Investment Fund has had to date on the following in Cardiff Capital Region ...**



Source: SQW analysis of LGI Cardiff Capital Region survey (n=27)

5.14 Respondents were also asked to identify whether they observed any other direct effects of the development and delivery of the Investment Fund on other local economic development capacity conditions at this point, either positive or negative. A small number of respondents noted positive effects on economic development capacity:

- *“It’s early days for the fund but there is a buzz in the air and people are starting to think of the region as an economic growth area”.*
- *“Helping to focus on deliverable projects, concentrating on collaboration and cross-Council activities”.*
- *“The proposals now being brought forward by the Director will create that regional capacity and will have a positive impact on our ability to deliver interventions at a regional level to meet the CCR objectives”.*

5.15 **No respondents identified negative effects on economic development capacity as a result of the Fund, but a few did identify ways in which the Fund could be better delivered.** Three respondents noted that more should be achieved in relation to promotion of the Fund, two noted a need to be clearer about how the whole region will benefit from the Fund, two noted the need to engage small businesses more, and one noted that the partnership environment does not encourage honest reflection.

## Evidence from the in-depth 'strategic' consultations

- 5.16 In-depth qualitative consultations were completed with 12 stakeholders involved in local economic development. The consultations were framed around the logic model set out in Figure 5-1, and the relative influence of the Wider Investment Fund and other factors in delivering against these outputs and outcomes at this Baseline Report stage. The consultations also sought to gather qualitative evidence on any expected 'cumulative' effects of the activity delivered across the Investment Fund, and alignment with other key economic development interventions and agendas in the area. The key findings are set out below.

### Capacity development

- 5.17 Several consultees noted that some of the most significant benefits of the Wider Investment Fund have been in **engagement and partnership development**. This was particularly cited in relation to a **shared agenda across the ten local authorities**, with consultees noting that the structures put in place to support the City Deal (including the Regional Cabinet) have enabled stronger joint working and collaboration. It was acknowledged that in principle this *could* have happened without the Wider Investment Fund (although the previous history of joint regional working was patchy). However, the WIF was seen as a 'galvanising' force, as follows:

- The 'investment fund' approach offers **an opportunity to "do things differently"**, in contrast to a traditional model of grant allocation. This was particularly cited with reference to the potential to take a fresh approach to investment in innovation and technology in support of longer-term economic growth, as well as (and alongside) a more conventional 'supply side' approach to infrastructure delivery (*"it's not just about infrastructure and it's not all about grant"*).
- Linked with this, **the fact that all the local authorities have a financial stake in the WIF, and will benefit from returns to the Fund, has helped local authority leaders to support investments in other parts of the region**. The local authority leaders and chief executives with whom we consulted all noted their support for the CSC project, recognising it as a new way to fund interventions and seeing the potential for wider regional benefits that may be focussed outside of their own areas. This was cited as representing an important *"change in mindset"* and a *"big cultural change."*
- **The successful delivery (to date) of the CSC project itself had demonstrated what could be achieved**, providing *practical* evidence of joint working. Some consultees noted that some partners had been sceptical at the outset, but the effectiveness of the work to date had helped to bring partners together and support consensus building.

- 5.18 However, **while consultees considered that the WIF had helped to drive greater consensus across the partners, it was recognised that it remains 'early days'**, reflected in the gradual progress towards additional project selection. One consultee commented that *"the process grinds a bit"*, and that keeping partners on board could be challenging. Nevertheless, several related positives were identified through the consultations:

- It was noted that **a more collaborative approach across the ten authorities had been maintained despite several changes of leadership** within the local authorities. The governance structures that have been put in place were seen as helpful in this regard, particularly the operation of the CCR Regional Cabinet and the allocation of lead thematic roles to individual leaders and chief executives. Some consultees provided examples of ways in which improved inter-authority collaboration had led to increased joint working beyond the WIF and City Deal. For example, recent direct engagement between two of the Valleys authorities and UK Government ministers in support of measures to improve connectivity was seen as resulting from the preceding work on the City Deal.
- There was evidence of **greater sharing of expertise across the local authorities**. Within the operation of the WIF, Monmouthshire had led much of the work on the structuring of the CSC investment deal, reflecting experience that the authority has in this area; outside the CSC project, Cardiff has provided support to Blaenau Gwent in property-related regeneration.
- There was a view that **the Wider Investment Fund has helped to drive a stronger use of evidence in decision-making**, reinforced by the fact that the local authorities have a greater (collective and financial) stake in the outcome.

5.19 Consultees considered that there has also been **more regular and higher calibre engagement with the private sector**, particularly via the Regional Economic Growth Partnership (the 'owner' of the *Industrial and Economic Plan*) and the Business Council. Nevertheless, it was noted that the overall group of people involved in decision-making remains relatively narrow, with limited involvement from wider civic society. More broadly, it was generally acknowledged (reflecting some of the comments made in the online survey) that **there is still work to be done in engaging with the wider business community and the general public** about the work and benefits of the City Deal and the Wider Investment Fund. This reflects the responses to the online survey, highlighted above.

### **Anticipated cumulative effects and alignment**

#### *Cumulative effects*

5.20 As recognised in the National Evaluation Framework, although there is no 'programme' approach in the implementation of the Investment Funds, the delivery of interventions when taken together may generate impacts greater than would be the case if they had been delivered individually. The evaluation is not seeking to quantify these effects, as a wide range of non-Investment Fund activity will also influence the impacts, and interventions will be delivered over different time-scales. However, at this baseline research stage, consultations with strategic stakeholders sought to identify in qualitative terms if any 'cumulative effects' are anticipated and how they will be realised. Whether any of these effects have in practice been realised will be considered (qualitatively) in the final report.

5.21 Consultees noted that **the Wider Investment is intended to have a cumulative impact greater than the sum of its individual interventions – although as there has so far been only one investment approved, no cumulative effects can yet be observed or even theorised as yet**. Stakeholders especially cited the intention to operate the WIF as an

evergreen fund which would 'mandate' all investments to contribute to the City Deal's overall private sector leverage target as well as ensuring discipline in project selection and management. Consultees also noted that the development of the investment strategy remained at an early stage, although the new *Industrial and Economic Plan* was important in setting a 'direction of travel'.

### Alignment

- 5.22 The strategic consultations also considered the alignment of the Investment Fund align with other key economic development interventions and agendas in the area, and any benefits expected or realised from this alignment.
- 5.23 Consultees noted that **the initial investment in the CSC aligns with a longer-term strategy of supporting the growth of the compound semiconductor industry in South Wales**, reflected in previous investment by Cardiff University and the establishment of the Compound Semiconductor Applications Catapult. This formed an important part of the strategic rationale for the project in the first place, and was explicitly set out in the original City Deal. The second (although not yet approved) investment in the Central Station redevelopment in Cardiff aligns with Cardiff's broader strategy for city centre development and with the development of the Metro.
- 5.24 Consultees also highlighted the way in which the CSC project has sought to drive change in regional partners' approach to economic development. As well as the adoption of the 'fund management' approach outlined above, this relates to **partners' wider approach to investment and risk beyond the Wider Investment Fund itself**. For example, since the CSC project was approved, Monmouthshire County Council has established its own £50 million investment fund, which aims to support projects that will deliver economic and social benefit alongside a financial return to the Council.

### Key messages at the baseline stage

- 5.25 The key messages at the baseline stage on local capacity and partnership working are as follows:
- **There is a general view that the Wider Investment Fund (and the City Deal more broadly) have had a positive impact on local economic development capacity.** In particular, it appears to have improved partnership working and collaboration: while only one WIF investment has been fully approved to date, the process of determining and implementing this appears to have been important in building confidence in progressing future deals.
  - **The design of the Wider Investment Fund appears to be important in driving demand for better evidence and 'discipline' in funding decisions**, particularly given that all the authorities have a financial stake. There should be valuable learning from the first investment to inform the structuring of future interventions, and there is some evidence that this has also informed the local authorities' other activities.

- **There is scope for further engagement with partners in the wider business community and among the community sector and public.** There is widespread recognition that while the 'story' is positive so far, it is not widely known about.
- Linked with this, **it remains 'early days' for the Wider Investment Fund:** partnership and capacity has grown as a result, but as one consultee pointed out, the CSC project is just the first investment in what will need to develop as a wider transformational programme.



## 6. Delivery plan

### Reporting schedule

6.1 The remaining reporting milestones are as follows:

- a draft Locality one-year out report in November 2019, and a final Locality one-year out report in December 2019
- a draft Locality final report in October 2020, and a final Locality final report in December 2020

6.2 The review, sign-off and circulation process is as follows:

- For the one-year out report, the draft report will be shared with the Locality for review and comment; a final version (taking into account the comments) will then be sent to the Locality for sign-off, and CLGU (on behalf of UK Government) for information.
- For the final report, the draft report will be shared with the Locality and CLGU for review and comment; a final version (taking into account the comments) will then be sent to the Locality for sign-off, and CLGU (on behalf of UK Government) for endorsement. When CLGU is content that its comments have been taken into account, it will provide an 'endorsement' in writing of the final report, endorsing that the report is considered a "robust piece of evidence that will help inform Ministerial decision-making", not endorsing its content or findings specifically.

### Ongoing evaluation activity

#### **Monitoring**

6.3 CCR will continue to collect monitoring data to inform the One Year Out Report, and subsequently the Final Report.

#### **Impact evaluation**

6.4 For the One Year Out report, a second wave of consultations with IQE and the intervention lead organisations will be completed. These will be completed later in 2019. These will then be repeated again in 2020, alongside a second wave of the consultations with firms in the sector/associated sectors and wider stakeholder consultations and a second review of data and documents.

#### **Progress evaluation**

6.5 In terms of progress evaluation, a mid-year data review will be undertaken in June 2019, followed by a 'fuller' review of monitoring data in the autumn. Project managers have been consulted for the baseline report, and these will be repeated in autumn, for an updated narrative account of progress. All three of these tasks – the mid-year data review, a 'fuller'

monitoring data analysis and consultations – will be repeated again in 2020 ahead of the Final Report.

### **Governance**

- 6.6 This Baseline Report will be considered by the CCR Regional Cabinet meeting on 10 June 2019. The One Year Out Report and Final Report will also be considered and approved by the Regional Cabinet following consideration by the CCR City Deal Programme Director.

### **Risks**

- 6.7 A risk assessment for the evaluation is set out in Annex D: this updates the risk assessment in the Evaluation Plan. One change has been made since the Evaluation Plan:
- The likelihood of the risk of **changes to projects in scope** has been reduced to Low (from Medium) reflecting elapsed time since the Evaluation Plan and the fact that no other projects have been approved in the interim.

## Annex A: Logic model

<b>Logic model title</b>	Compound Semiconductor Cluster		
<b>Logic model type</b>	Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity		
<b>Interventions / projects covered by logic model</b>	Compound Semiconductor Project		
<b>Theory of change</b>			
<p>Investment Fund monies will be used to help support the early development of compound semiconductor activity in South Wales, with a long-term ambition to develop a cluster. Monies will be used specifically to redevelop a facility (a former LG site between Cardiff and Newport) to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. In the absence of public support, it is expected that the market would not come forward with such a facility due to its specialist nature, and that IQE may have had to look overseas to base its production. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.</p> <p>It is expected that the facility, and IQE's location in South Wales, will act as an anchor in the region for high end compound semiconductor production, increasing knowledge of commercialisation, production and application (affecting existing firms in semiconductors/applications and would-be investors into the region). In some cases this will help address path-dependency issues. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&amp;D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).</p> <p>Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee contributes to enhancements in capacity, networks and knowledge in the region in relation to compound semiconductors (including links between companies and with the research base); and these enhancements and links help other semiconductor firms in south Wales to move up the value chain, and start to attract other new companies and activities. In the long-term this provides, alongside other activities, for the basis of the early development of the cluster.</p> <p>Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.</p>			
<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Outcomes</b>
<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> <li>£38.4m</li> </ul> <p><u>Other inputs (including staffing and in-kind)</u></p>	<ul style="list-style-type: none"> <li>Construction activities in relation to development of a clean room facility for the</li> </ul>	<ul style="list-style-type: none"> <li>Ha land acquired (LS)</li> <li>Ha land assembled for commercial development</li> <li>Commercial floor space developed (5,900 sq m)</li> </ul>	<p><b>Theme-specific outcomes</b></p> <ul style="list-style-type: none"> <li>Private sector leverage up to the value of £375m for kit out of the facility (LS)</li> <li>Secure a £50m investment from the Compound Semiconductor Catapult (LS)</li> <li>Increase in premises with access to connectivity infrastructure (one)</li> <li>Positive property market sentiment survey</li> </ul>

<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• production of compound semiconductors at the former LG site between Cardiff and Newport</li> <li>• Establishment of a Special Purpose Vehicle for the site</li> </ul>	<ul style="list-style-type: none"> <li>• Construction years of employment</li> <li>• No. of learners enrolling/completing course (i.e. apprentices in construction) (LT)</li> <li>• Direct creation of new jobs at the site (501) – achieved over time</li> <li>• Safeguarding jobs (156 at head lessee company, 550 jobs at wafer fabrication plant)</li> </ul>	<ul style="list-style-type: none"> <li>• Uplifted commercial sale value (£6m)</li> <li>• Land value uplift</li> <li>• Floorspace occupied by firms at the facility</li> <li>• Growth in employment of business located in the facility by number of employees</li> <li>• Growth in turnover of business located in the facility</li> <li>• Improved business survival rate of business located in the facility</li> <li>• Increased expenditure on business R&amp;D (tenant + subsequently in wider sector)</li> <li>• Increase in exports (tenant + subsequently in wider sector)</li> <li>• New/improved processes adopted (tenant + subsequently in wider sector)</li> <li>• New/improved products entering the market (tenant + subsequently in wider sector)</li> <li>• Intellectual Property (IP) registered (e.g. patents) within the cluster</li> <li>• Improved attractiveness as a location for inward investment</li> </ul> <p><b>Broader outcomes</b></p> <ul style="list-style-type: none"> <li>• Return on investment up to the value of £37.9 million (LS)<sup>12</sup></li> <li>• Indirect and induced jobs of 1,088 (LS)</li> <li>• Enhanced local innovation ecosystems (e.g. networks, links, knowledge)</li> <li>• Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)</li> <li>• Improved productivity of firms in the cluster, i.e. in terms of GVA per worker</li> </ul>
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Expected timescales for inputs / activities / delivery of outputs and outcomes			
<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> <li>• 2017-18</li> </ul> <p><u>Other inputs (incl. staffing and in-kind)</u></p> <ul style="list-style-type: none"> <li>• None</li> </ul>	<p>2017-18</p>	<ul style="list-style-type: none"> <li>• Achieved on completion of the project and tenant moving into the facility.</li> <li>• Project delivery, including site occupation, phased so outputs achieved incrementally over time</li> </ul>	<ul style="list-style-type: none"> <li>• Impacts to be realised over time. Some will be realised on or soon after completion of the project e.g. investment leveraged, improved attractiveness of the site, development of floorspace.</li> <li>• Others will be realised as the principal beneficiary develops its business</li> <li>• Yet others will take longer, e.g. development of the ecosystem and outcomes relating to the wider sector.</li> </ul>

<sup>12</sup> In the Evaluation Plan, the return on investment was stated in the logic model as £33,108,000. This reflects the total rent payable after 11 years. However, it is anticipated that all Investment Fund monies invested in the foundry itself will be repaid through either: a) IQE's decision to purchase the facility; b) an extended lease; or c) market sale of the building in the unlikely event that neither a sale to IQE nor an extended lease are concluded.

***Relationship to other interventions***

Other Investment Fund logic models: Unknown at this stage – further interventions (and logic models) to be confirmed.

Other non-Investment Fund activities: wider development of the Compound Semiconductor sector in Cardiff e.g. EU funding for Cardiff University's Institute for Compound Semiconductors

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## Annex B: Online survey results

- B.1 In late 2018, SQW conducted an e-survey to capture feedback from a range of stakeholders involved in economic development in the CCR on the impact of the CCR City Deal Wider Investment Fund (the £495 Wider Investment Fund). The survey closed on 14 January 2019 and in total, 31 responses were received; 4 were partial, hence the 'n' number for some questions below is 27. The full results from the survey are presented below.

**Table B-1: Please identify your involvement with the £495 Wider Investment Fund. Where more than one applies, please identify the most relevant/important in relation to the £495 Wider Investment Fund.**

Type of involvement with the Infrastructure Fund	Number of respondents
Involved in the governance and oversight of developing and delivering the £495m Wider Investment Fund, and/or the interventions being developed for and/or supported by the Fund	15
Involved in the implementation (i.e. project development and appraisal, management, delivery) of the £495m Wider Investment Fund and/or the interventions being developed for and/or supported by the Fund	6
Involved in contributing match funding to interventions being developed for and/or supported by the £495m Wider Investment Fund	1
Stakeholder interested in and / or influenced by the activities/outcomes of the £495m Wider Investment Fund, but not involved in its governance, funding or implementation	9

Source: SQW analysis of LGI the CCR survey (n=31)

**Table B-2: How aware are you of the interventions being developed for and/or supported by the £495m Wider Investment Fund?**

Level of awareness of the interventions supported	Number of respondents
Full awareness i.e. aware of all of the interventions supported and details about them	11
Breadth awareness i.e. aware of all interventions but limited view of the details of each	7
Depth awareness i.e. aware of some of the interventions supported in detail, but not all interventions	11
No awareness i.e. not aware of the interventions supported	2

Source: SQW analysis of LGI the CCR survey (n=31)

**Table B-3: How aware are you of the progress of these interventions?**

Level of awareness of project progress	Number of respondents
Full awareness i.e. aware of the progress of all interventions	10
Some awareness i.e. aware progress of some of the interventions, but not all	18
No awareness i.e. not aware of the progress of the interventions	1

Source: SQW analysis of LGI the CCR survey (n=29)

**Table B-4: In which year did you first become involved in economic development in the CCR?**

Year	Before 2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Number of respondents</b>	6	0	0	1	0	6	9	5	4

Source: SQW analysis of LGI the CCR survey (n=31)

**Table B-5: At this point (i.e. in 2016/when you first became involved), on a scale of 0-10 (where 0 is very poor, and 10 is excellent), how would you characterise the performance of the CCR including all its constituent districts in relation to the following ...**

Category	0	1	2	3	4	5	6	7	8	9	10	Average
The effectiveness of partnership working in the delivery of economic development strategy and activity (n=31)	0	2	3	6	4	3	5	5	1	1	1	5
The effectiveness of governance and management structures in the delivery of economic development strategy and activity (n=31)	0	3	3	4	3	7	7	2	0	1	1	5
The effectiveness of the decision-making process for economic development interventions (n=31)	0	2	6	3	5	6	4	3	1	0	1	4
The level of consensus on the key spatial priorities for economic development strategy and activity (n=30)	1	1	7	2	5	5	5	2	1	0	1	4
The level of consensus on the key thematic priorities for economic development (n=31)	1	1	6	3	2	6	7	2	2	0	1	5
The quality of the evidence base underpinning economic development (n=31)	1	1	4	5	4	6	3	4	2	0	1	5
The level of synergy and inter-relationships between key economic development projects	1	4	5	3	5	8	3	1	0	0	1	4
The level of engagement of the private sector in economic development strategy and activity (n=31)	2	4	4	7	4	3	3	2	1	0	1	4
The level of engagement of the voluntary and community sector in economic development strategy and activity (n=30)	3	5	6	4	5	5	1	0	0	0	1	3
The level of engagement of the wider public sector, in economic development strategy and activity (n=31)	2	7	3	2	3	4	5	3	1	0	1	4

Source: SQW analysis of the CCR survey

**Table B-6: How would you characterise the performance of the CCR now (i.e. in late-2018) on these same factors ...**

Category	0	1	2	3	4	5	6	7	8	9	10	Average
The effectiveness of partnership working in the delivery of economic development strategy and activity (n=31)	0	0	1	3	3	1	7	6	6	2	2	6
The effectiveness of governance and management structures in the delivery of economic development strategy and activity (n=31)	0	0	2	2	1	5	5	10	3	1	2	6

Category	0	1	2	3	4	5	6	7	8	9	10	Average
The effectiveness of the decision-making process for economic development interventions (n=31)	0	0	2	2	4	2	8	8	1	3	1	6
The level of consensus on the key spatial priorities for economic development strategy and activity (n=30)	0	0	2	2	5	1	12	4	2	1	1	6
The level of consensus on the key thematic priorities for economic development (n=31)	0	0	1	2	4	2	10	6	3	1	2	6
The quality of the evidence base underpinning economic development (n=31)	0	0	1	4	5	4	6	3	4	3	1	6
The level of synergy and inter-relationships between key economic development projects (n=31)	0	1	0	4	4	4	9	6	1	1	1	6
The level of engagement of the private sector in economic development strategy and activity (n=31)	0	1	4	3	4	2	7	3	5	1	1	5
The level of engagement of the voluntary and community sector in economic development strategy and activity (n=30)	2	2	3	2	8	5	6	1	0	0	1	4
The level of engagement of the wider public sector, in economic development strategy and activity (n=31)	1	3	1	1	8	3	4	5	4	0	1	5

Source: SQW analysis of the CCR survey

**Table B-7: If you reported any changes in local economic deployment capacity in the previous question, how influential were each of the following in driving this change? If you did not report any change for one of the below, please press N/A.**

Drivers of change	It was not at all influential	It was slightly influential	It was somewhat influential	It was moderately influential	It was extremely influential	N/A
the CCR City Deal as a whole	0	2	2	13	13	1
The £495m Wider Investment Fund	0	4	9	8	9	1
Changes in the overall level or nature of funding received (other funding/delivery mechanisms)	2	7	9	6	4	3
Changes in political leadership/new local leaders have emerged	4	2	9	6	9	1
Changes in economic development structures / organisations	4	6	6	9	3	3



Drivers of change	It was not at all influential	It was slightly influential	It was somewhat influential	It was moderately influential	It was extremely influential	N/A
Changes in local strategic priorities and objectives	2	2	9	11	5	2
National government expectations and policy agenda	3	6	5	10	5	2
Other factors (please specify)	7	0	3	3	3	15

Source: SQW analysis of the CCR survey (n=31)

**Table B-8: Overall, what effect do you believe that the development and delivery of the £495m Wider Investment Fund has had to date on the following in the CCR ...**

	Very negative effect	Negative effect	No effect	Positive effect	Very positive effect	Don't know / N/A
Strategic-level decision making and planning	0	0	1	20	4	2
Operational decision making (i.e. project development/selection)	0	0	5	18	2	2
Local confidence to develop and deliver economic growth interventions	0	0	4	16	3	4
Local commitment to develop and deliver economic growth interventions	0	0	5	13	5	4
Understanding on what works in developing and delivering economic growth interventions	0	0	5	18	2	2
Engagement of high level / senior stakeholders in economic growth interventions	0	0	1	14	10	2
Development of interventions that generate returns for re-investment in economic development	0	0	5	14	5	3

Source: SQW analysis of the CCR survey (n=27)

## Annex C: Consultees

C.1 The following stakeholders were consulted as part of this Baseline Report:

- Professor Gillian Bristow (Cardiff University)
- Neil Brierly (Currie & Brown; Chair of CCR Business Council)
- Peter Fox (Leader, Monmouthshire County Council)
- Frank Holmes (Gambit Corporate Finance LLP; Chair of Regional Economic Growth Partnership)
- Leigh Hughes (Bouygues UK; Chair of CCR Employment and Skills Board)
- Anthony Hunt (Leader, Torfaen County Borough Council)
- Paul Matthews (Chief Executive, Monmouthshire County Council)
- Wyn Meredith (IQE)
- Andrew Morgan (Leader, Rhondda Cynon Taf County Borough Council)
- Professor Kevin Morgan (Cardiff University)
- Paul Orders (Chief Executive, Cardiff Council)
- Alison Ward (Chief Executive, Torfaen County Borough Council)

## Annex D: Risk Matrix

### Common risks across Localities

Risk	Likelihood / Impact	Mitigating actions
<b>Common across Localities</b>		
Poor quality monitoring data from Localities	M/H	<p>The Locality Plans build in a six-monthly review of monitoring data. This is to enable issues to be identified at an early stage and so addressed in advance of the final report to inform the Gateway Review.</p> <p>NEP will not be verifying monitoring data but will review it for consistency against our consultations with project managers and previous sets of data.</p> <p>It is possible that data changes over time due to shifts in definition. We should be sighted on this through the review process set out above and because the data definitions are being taken from wider definitions areas use to report on their Growth Funds.</p>
Localities delay providing monitoring data in time for the final report to inform the Gateway Review	M/M	<p>We will agree dates with Localities when data should be supplied, well in advance of the key date.</p> <p>The six-monthly process set out above should mean that if there are delays with the final set of data then the final report to inform the Gateway Review could be written using the older data. This would not be ideal.</p>
Report contents do not match client needs	L/ H	<p>The report would build from the outline in the National Framework.</p> <p>Standard templates will be developed to ensure consistency of reporting across all Localities.</p> <p>We would agree the templates and key headings with the client.</p>
Change in projects in scope	L/M	<p>It is possible that some of the projects identified in the Plans for impact evaluation will slip and so no longer be suitable. It is also possible, although probably less likely, that new projects are approved and come in to scope. Such changes would be picked up through the six monthly catch up meeting in each Locality.</p> <p>After the one year out point, no new projects would be included. The thinking being that there would be insufficient time for them to begin and have an impact that could be evaluated in the time remaining.</p>
Localities delay signing off reports	M/H	<p>This could occur due to governance structures or where a Locality is concerned that the report does not present favourable findings. To address these possibilities we will agree with each Locality key dates around their schedule of meetings on which:</p> <ul style="list-style-type: none"> <li>• Reports will be made available to them</li> <li>• Comments are expected back.</li> </ul> <p>Each Locality will also be provided with a note of comments received on the draft report, including comments from the academic panel, and how we have responded to those comments.</p>

Risk	Likelihood / Impact	Mitigating actions
Low response rates from participants	M/ H	We would work through project managers to develop the most appropriate way to encourage survey responses, e.g. not just that a reminder should be sent but who should send this.
Loss of electronic data in transfer from project to SQW	L/ M	We would develop a protocol for the transfer of data. This is likely to include files being sent with password protection, and the password being telephoned through.
IT failure	L/ M	SQW systems are fully backed up with data held in two offsite data centres. In the event of failure we can switch to the secondary centre and systems and files be restored.
Unexpected unavailability of team members	L/ M	Staff have confirmed availability to undertake the work in the required timescales.  In a team member becomes unavailable through sickness etc., we can identify other experienced SQW researchers with similar experience drawing from our range of 40 employees and using our internal time booking software.

Source: National Evaluation Panel

## Locality specific risks

Risk	Likelihood / Impact	Mitigating actions
Changes in evaluation representatives in the CCR	M / M	SQW and the CCR will work together to ensure a smooth handover – especially in terms of knowledge and understanding of the context and approach for the evaluation.
Limited evaluation evidence if further interventions are not funded ahead of 2020	L / M	The evaluation is already set to focus on the Compound Semiconductor Cluster project in particular. Even without any other interventions to evaluate, the evaluation should have sufficient evidence (if the Compound Semiconductor Cluster proceeds as expected, and alongside evidence from the complementary workstreams) to present a robust evidence base for the Gateway Review.

## Impact evaluation risks

Risk	Likelihood / Impact	Mitigating actions
Lack of engagement by IQE	M / H	The CCR and SQW to work together to ensure that IQE understand the importance of the evaluation, are available for consultations when needed, and are responsive to other requests e.g. in relation to data to support the evaluation.
Changes in staff members at IQE	M / M	SQW and the CCR will work with IQE to ensure that new staff understand the role of the evaluation. Speaking to IQE at the baseline stage will ensure that people involved at the early stage are able to provide evaluation evidence, even if subsequent phases of the work are with newer staff members.

<b>Risk</b>	<b>Likelihood / Impact</b>	<b>Mitigating actions</b>
Low response rate from the wider sector	M / H	the CCR to 'warm up' contacts ahead of SQW approaching firms for consultations, making it clear what the evaluation is for and the importance of their contribution to this. Also, engagement will be limited to the baseline and final reporting stages, to avoid consultation fatigue.
KTN data not updated	M / L	SQW will consult with KTN to clarify if/when new data will be available. If it looks unlikely to be updated a consultation will be undertaken with KTN, in addition to the consultation planned anyway with the Compound Semiconductor Catapult, to get their perspective on the growth of the sector qualitatively.
Difficult in identifying appropriate industrial estates to compare the site against	L / M	SQW will work with sub-contractors Savills to identify appropriate industrial estates along the M4 corridor for comparison purposes. If this proves difficult, a wider geography will be considered in order to complete the task.
Delays in the Compound Semiconductor Cluster project being delivered and IQE occupying the facility	L / H	the CCR will keep SQW informed of progress with the project and any potential delays. It is apparent at the time of writing that the project has proceeded as expected, with this therefore unlikely to be an issue.

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>The report sets out the draft proposed Locality Evaluation Report for the CCR. It further sets out the baseline report (1 of 3) by SQW into progress with CCR City Deal, which will inform the Gateway Review by UK Govt in 2021.</p>
<p><b>Proposal: Local Evaluation Framework and Baseline Report</b></p>	<p><b>Date Future Generations Evaluation form completed: 28 May 2019</b></p>

Page 429




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 report describes the evaluation process. In the main the proposal relates to the work needed to prepare for review – mainly around data readiness and working with others to achieve goals. Ultimately, successfully completing the Gateway Review will see our City Deal continue to be supported and investment being aimed at priority economic interventions.</p>	<p>Ensuring there is a high state of readiness and a strong sense of self-awareness – through data capability and an awareness of the importance of place-based interventions.</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?
	The Baseline report further illustrates progress made to date towards the core City Deal targets.	
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal relates to building resilience through understanding and being able to measure and assess the impact of our interventions – some of which might have an effect on natural eco-systems	Consideration to embedding circular economy principles in relevant aspects of procurement processes
<b>A healthier Wales</b> People’s physical and mental wellbeing is maximized and health impacts are understood	It is possible that aspects of the assessment process – might in time extend to wellness and wellbeing indicators.	Building our own self-awareness will be a key part of the evaluation process – wellness is likely to feature strongly within this
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The Gateway Review is about understanding the rate of economic progress and how this is contributes to community resilience and viability.	Data capability, place analysis and having systems and platforms capable of answering the key questions about the scale and extent of change will inform our understandings of progress and advancements made.
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	City Deal seeks to position our region for better economic output and global competitive advantage. This latter reflects upon economic betterment, social justice and environmental sustainability.	Further work will be needed on a proposal by proposal basis (and in conjunction with the Investment Framework) to embed wellbeing goals at the heart of economic activity, including support from the private and business sectors.
<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.	

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 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.	Examples are offered by small countries that have proactively sought to demonstrate how economic impact translates to improved inclusion, sustainability and a kind of growth that serves a social good. These examples and best practice will be followed and integrated.

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The report sets out the work needed in the short-term to both guide and reflect more accurately, better outcomes in the long-term</p>	<p>More work is needed around business and improved civic engagement</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The Economic Growth Partnership will take a lead for commissioning the data capability work – in order that approach is rightly, industry-led and ready to inform industrial strategy development</p>	<p>The Regional Business Council, is developing a plan to more comprehensively engage and interact with the wider business community</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The report will see an approach embedding across the region and involving organizations that can help inform data capability and approach – Universities and ONS in the main</p>	<p>A communications plan will be established to ensure a more wide-ranging approach is taken to civic involvement. My perfect metro is a good example of inventive ways of building engagement.</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>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>		
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The proposal seeks the data competency and the evidence base to inform sound decision-making</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>The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.</p>	<p>None arising at this time.</p>	
Disability	<p>The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.</p>	<p>As above</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?
Gender reassignment	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	As above	
Marriage or civil partnership	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	As above	
Pregnancy or maternity	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Race	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Religion or Belief	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Sex	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		

<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>
Sexual Orientation	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.		
Welsh Language	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	Not at this time but the situation will be kept under review.	

Page 434

**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		
Corporate Parenting	Not directly relevant		

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

- ONS data
- SQW and National Evaluation Framework
- Glasgow Evaluation Framework

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

*Establishing the data and evidence is a first step. Once set out and a process is in place – issues and challenges will become clear and can be acted upon.*

**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 each report is received through the evaluation and locality assessment phases**



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# 2019 Audit Plan – Cardiff Capital Region City Deal Joint Cabinet

Audit year: 2018-19

Date issued: May 2019

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# Contents

## 2019 Audit Plan

Summary	4
Audit of accounts	4
Performance audit	9
Fee, audit team and timetable	10
Future developments to my audit work	12

## Appendices

Appendix 1 – respective responsibilities	13
Appendix 2 – other future developments	15

# 2019 Audit Plan

## Summary

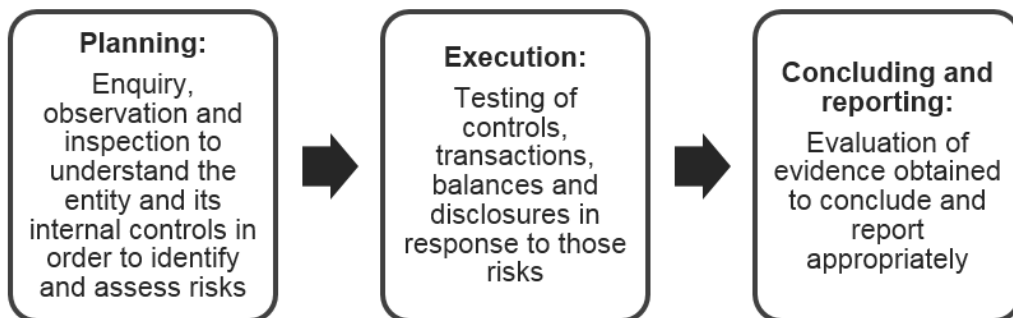
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
  - examine and certify whether your financial statements are 'true and fair';
  - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
  - audit and assess whether you have discharged the duties and met requirements of the Measure; and
  - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not the Cardiff Capital Region City Deal Joint Cabinet (the Joint Cabinet) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).



Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#), along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<b>Significant Risks</b>	
<p><b>Risk of Management override of controls</b> The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>

Financial audit risk	Proposed audit response
<p><b>Risk of late certification of the Joint Committee accounts</b></p> <p>The Joint Committee's draft financial statements will consolidate the operating results and balances of the Committee and its subsidiary, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd). The accounts for CSC Foundry Ltd are prepared by officers of Monmouthshire County Council and are independently audited by a private sector accountancy practice.</p> <p>Our '2017-18 Audit of Financial Statements Report' presented to the Joint Cabinet on 17 December 2018, highlighted that we were unable to complete our audit of the Joint Committee's 2017-18 financial statements in line with the statutory deadline of 30 September 2018. This was because, as at that date, the independent audit of CSC Foundry Ltd was ongoing, with a number of technical accounting issues still to be resolved. The nature of these issues required material changes to the consolidated financial statements.</p> <p>In response to the recommendation contained in the above report, officers of Cardiff and Monmouthshire Councils have been working together to put arrangements in place to ensure that all reasonable steps are taken to meet the deadlines for compiling the draft consolidated financial statements and the early completion and audit of the CSC Foundry Ltd Accounts.</p> <p>However, there remains a risk that the audit of the subsidiary accounts is not completed in sufficient time to allow the final results to be consolidated in the Joint Committee's financial statements prior to the earlier statutory deadline of 15 September 2019.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• review the arrangements established to minimise the risk of the late certification of CSC Foundry Ltd.'s financial statements;</li> <li>• liaise with the auditors of CSC Foundry Ltd to confirm that their audit has been undertaken in compliance with International Standards on Auditing (ISA's) and to identify the level and nature of any unadjusted errors in the CSC financial statements; and</li> <li>• test the appropriateness of journal entries and other adjustments made in the preparation of the draft and final version of the Joint Committee's consolidated financial statements.</li> </ul>

Financial audit risk	Proposed audit response
<b>Other areas of audit attention</b>	
<p><b>New accounting standards</b></p> <p>IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated.</p> <p>IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.</p>	<p>My audit team will assess the likely impact of the new IFRSs and as part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018-19 CIPFA Code.</p>
<p><b>Consideration of relevant Related Parties</b></p> <p>The Joint Committee received quarterly performance reports monitoring the Annual Business Plan, including reports from the accountable body's Internal Auditors. The first audit reported in July 2018 covered governance, transparency and the effectiveness of decision making and included a recommendation to: '<i>Establish and maintain a register of declared interests</i>' covering both the annual declarations made by each Regional Cabinet member and also any additional declarations made in Regional Cabinet meetings. Should any declarations include bodies the Cabinet member has control or influence over, then the sum of any transactions between the Joint Committee and these bodies will need to be identified and disclosed.</p>	<p>My audit team will assess the collation of Related Party disclosures to confirm sufficient review of all declarations made, has established where control and influence exists and then identified all transactions needing disclosure</p>

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Joint Cabinet prior to completion of the audit.
- 11 For reporting purposes, I will generally treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- the draft financial statements have been subject to a robust quality assurance review by officers of the Accountable Body;
  - working papers and other information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
  - any planned Internal Audit work is complete and management has responded to issues that may have affected the financial statements; and
  - we are able to liaise with the external auditors of CSC Foundry Limited during the course of their audit of the company's 2018-19 financial statements.
- 13 My proposed audit fee for this work is set out in [Exhibit 3](#) and represents my current estimate of the time and work required to discharge my statutory duties. However, I only charge the costs actually incurred in completing my audit work, therefore, if the actual cost incurred in completing the work is less than the proposed fee, the Joint Cabinet will only be charged the lower amount.

## Statutory audit functions

- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Performance audit

- 17 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
  - offering insight on the extent to which resources are used wisely in meeting people's needs; and
  - identifying and promoting ways by which the provision of public services may be improved.
- 18 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.
- 19 In my audit plan for 2018, I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 20 In 2018-19 I undertook a review focusing on the Joint Committee's evolving value for money and governance arrangements. My 2019-20 work will continue to assess if the Joint Committee is putting in place proper arrangements to secure value for money in the use of resources. We will discuss the specific focus of our work with the Director of the City Deal and Accountable Body officers.

## Fee, audit team and timetable

### Fee

21 Your estimated fee for 2019 is set out in [Exhibit 3](#).

#### Exhibit 3: audit fee

The 2018-19 audit fee totals £26,901 as follows:

Audit area	Proposed fee (£) <sup>1</sup>	2017-18 Actual Fee £
Audit of accounts <sup>2</sup>	12,110	15,302
Performance audit work <sup>3</sup>	14,791	14,996*
Other audit work <sup>4</sup>	nil	55,000
<b>Total fee</b>	<b>26,901</b>	<b>85,298</b>

#### Notes:

<sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.

<sup>2</sup> Payable November 2018 to October 2019.

<sup>3</sup> Payable April 2019 to March 2020.

\*We are currently in the process of clearing the output of our 2018-19 review with the City Deal so are unable to specify the actual fee at this stage.

<sup>4</sup> Other audit work relates to our review of the governance arrangements in place to support the decision to fund the semi-conductor project.

22 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Accountable Body Corporate Director, Resources.

23 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

### Audit team

24 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my team

Name	Role	Contact number	E-mail address
Ann-Marie Harkin	Engagement Director and Engagement Lead Financial Audit	02920 320562	<a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
Phil Pugh	Financial Audit Manager	02920 320645	<a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
Jon Martin	Financial Audit Team Leader	02920 872259	<a href="mailto:jon.martin@audit.wales">jon.martin@audit.wales</a>
Sara-Jane Byrne	Performance Audit Manager	07786 111385	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Ian Phillips	Performance Audit Lead	02920 320678	<a href="mailto:ian.phillips@audit.wales">ian.phillips@audit.wales</a>

25 There is one potential conflict of interest that I wish to bring to your attention. This relates to the Audit Manager of my financial audit team whose wife previously worked with, and remains, a friend of the Chair of the Joint Cabinet's mother. However, in my opinion as the work of the Audit Manager does not require any direct contact with the Chair outside of the Joint Cabinet meetings, I do not believe that this impacts on our objectivity and independence. With the exception of this, I am not aware of any other potential conflicts of interest that I need to bring to your attention.

## Timetable

26 I will provide reports, or other outputs as agreed, to Cardiff Capital Region City Deal Joint Cabinet covering the areas of work identified in this document. My key milestones are set out in Exhibit 5.

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
<b>2018 Audit Plan</b>	January 2019 to April 2019	May 2018
<b>Financial accounts work:</b> <ul style="list-style-type: none"> <li>Audit of Financial Statements Report</li> <li>Opinion on Financial Statements</li> <li>Financial Accounts Memorandum</li> </ul>	April to August 2019	September 2019 September 2019 September 2019
<b>Performance work:</b> <ul style="list-style-type: none"> <li>VFM arrangements</li> </ul>	To be discussed	March 2020
2020 Audit Plan	December 2019 to February 2020	March 2020

## Future developments to my audit work

- 27 Details of future developments including changes to key International Financial Reporting Standards (IFRS) are set out in [Appendix 2](#).



# Appendix 1

## Respective responsibilities

### Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Cardiff Capital Region Joint Cabinet has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Cardiff Capital Region Joint Cabinet's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure),
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Cardiff Capital Region Joint Cabinet's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;

- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Cardiff Capital Region Joint Cabinet from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

## Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

# Appendix 2

## Other future developments

### A. Forthcoming key IFRS changes

Exhibit 6: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

### B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

### C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with the Brexit vote of 2017, the United Kingdom will potentially cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period.

The Auditor General has commenced a programme of work looking at the arrangements that the public sector in Wales, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report<sup>1</sup> on preparations in Wales for a 'no-deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

<sup>1</sup> [www.audit.wales/publication/preparations-wales-no-deal-brexite](http://www.audit.wales/publication/preparations-wales-no-deal-brexite)



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**10 JUNE 2019**

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## **APPOINTMENT OF CHIEF OPERATIONS OFFICER**

### **REPORT OF CHAIR OF CCR CITY DEAL APPOINTMENTS COMMITTEE**

#### **AGENDA ITEM: 15**

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

1. To present to Cabinet the outcome of the recent recruitment process for the fixed-term post of Chief Operations Officer and to seek confirmation and ratification of the appointment of the successful candidate.

#### **Background**

2. Following Cabinet approval of the City Deal Office Resourcing Plan on 18 February 2019, a recruitment process was held. There were 9 applicants for the post and 4 were longlisted; 1 subsequently withdrew. Following the undertaking of a rigorous assessment centre process – led and overseen by Pyschonnaisance in conjunction with Cardiff Council HR – one candidate was selected to proceed to interview with the Appointments' Panel.
3. This interview took place on 30 May 2019, with the Panel comprising Cllr Hunt (Torfaen, Chair), Cllr Poole (Caerphilly), Cllr David (Bridgend), Cllr Murphy (Monmouthshire) and Cllr O'Neil (Merthyr). The Panel's recommendation was to appoint the candidate, 342842, to the post of Chief Operations Officer on a fixed term/ secondment basis.
4. Regional Cabinet is now asked to confirm and ratify this appointment. The post will be hosted by Cardiff Council, consistent with the other roles within the City Deal Office.

#### **Reasons for Recommendations**

5. The reasons for the recommendations are:
  - For Regional Cabinet to endorse and ratify the recommendation of the Appointments Committee.

## **Financial Implications**

6. This report requests Regional Cabinet to confirm and ratify the recommendation of the Appointment Panel for the post of Chief Operations Officer. On 18<sup>th</sup> February 2019, Regional Cabinet received the City Deal Director's Establishment of the City Deal Office – Restructure and Resourcing Plan – 2019/20-2020/21, which, in conjunction with the Proposed 2019/20 Joint Committee Revenue Budget report of the same day, set out and gained approval of the resources required to fund the City Deal Office's amended staffing structure for the period up to the end of March 2021. This post is included in this costed structure.
7. As stated in the above mentioned reports, Regional Cabinet should note that the amended structure is not able to be supported by the current funding model over the longer-term. Therefore, if a decision is taken to continue with the proposed structure of the City Deal Office post 2020/21, then consideration will need to be given to the funding mechanism beyond that stage.
8. Further, potential costs payable at the termination of any secondment agreements will need to be considered at the point at which such agreements are ratified by the Accountable Body.

## **HR Implications**

9. The post of Chief Operating Officer will be hosted by Cardiff Council, but the successful candidate will remain an employee of their current employer and be seconded to the post. A secondment agreement will be completed between the employer, host organisation and the individual which will include a paragraph stating clearly that no employment relationship exists. The employer will invoice the City Deal for the costs of the secondment.

## **Legal Implications**

10. Legal and HR advice should be taken on the terms of the proposed secondment agreement.

## **RECOMMENDATIONS**

14. Regional Cabinet is asked to:
  1. Confirm and ratify the recommendation of the Appointment's Panel in respect of the appointment of candidate 342842, on a secondment basis, to the fixed term post of Chief Operations Officer.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**10 June 2019**