

Pecyn Dogfennau Cyhoeddus



- 1 Cabinet ar y Cyd Cytundeb Ddinesig Prifddinas Ranbarth Caerdydd - 15fed Gorffennaf 2019.
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Bargen Ddinesig Prifddinas-Ranbarth Caerdydd Cyfarfod Cabinet Rhanbarthol

10.30am-12.30pm ddydd Llun 15 Gorffennaf 2019
Ystafell Ebwy, Tŷ Penalltau, Cyngor Bwrdeistref Sirol Caerffili
Parc Tredomen, Ystrad Mynach, CF82 7FQ

Agenda

1. Croeso ac Ymddiheuriadau
2. Datgan Buddiannau
3. Cofnodion y cyfarfod diwethaf a gynhaliwyd ar 10 Mehefin 2019
4. Cynllun Busnes Blynyddol 2019-20 – Adroddiad Perfformiad Chwarter 1
Adroddiad Cyfarwyddwr P-RC
5. Adolygiad SAC o Drefniadau Llywodraethu ar gyfer Prifddinas-Ranbarth
Caerdydd ar gyfer Blwyddyn Archwilio 2018-19
Adroddiad Cyfarwyddwr P-RC
6. Cyngor Busnes Prifddinas-Ranbarth Caerdydd – Cynllun Busnes 2019/20
Adroddiad Cyfarwyddwr P-RC
7. Cronfa Cryfder mewn Lleoedd – Ton 2
Adroddiad Cyfarwyddwr P-RC
8. Adroddiad ar Ymyriadau Digidol ym Mhrifddinas-Ranbarth Caerdydd
Adroddiad Cyfarwyddwr P-RC
9. Portffolios Cabinet Rhanbarthol wedi'u Diweddarau
Adroddiad Cyfarwyddwr P-RC

**Kellie Beirne
Cyfarwyddwr P-RC
15 Gorffennaf 2019**

Cardiff Capital Region City Deal Regional Cabinet Meeting

10.30am-12.30pm on Monday 15 July 2019
Ebbw Room, Penallta House, Caerphilly County Borough Council,
Tredomen Park, Ystrad Mynach, CF82 7FQ

Agenda

1. Welcome and Apologies
2. Declarations of Interest
3. Minutes of the last meeting held on 10 June 2019
4. 2019-20 Annual Business Plan - Quarter 1 Performance Report
Report of CCR Director
5. WAO Review of Governance Arrangements for the Cardiff Capital Region for
Audit Year 2018-19
Report of CCR Director
6. Cardiff Capital Region Business Council - 2019/20 Business Plan
Report of CCR Director
7. Strength in Places Fund Wave 2
Report of CCR Director
8. Report on Digital Interventions in Cardiff Capital Region
Report of CCR Director
9. Updated Regional Cabinet Portfolios
Report of CCR Director

Kellie Beirne
CCR Director
15 July 2019

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



REGIONAL CABINET MEETING: 10 JUNE 2019

Regional Cabinet Members Present:

Cllr Nigel Daniels, Leader	-	Blaenau Gwent Council
Michelle Morris, Managing Director	-	Blaenau Gwent Council
Cllr Hywel Williams, Deputy Leader	-	Bridgend Council
Cllr David Poole, Leader	-	Caerphilly Council
Christina Harrhy, 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
Cllr Peter Fox, Leader	-	Monmouthshire Council
Paul Matthews, Chief Exec	-	Monmouthshire Council
Cllr Mark Whitcutt, Deputy 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 Neil Moore, Leader	-	Vale of Glamorgan Council
Rob Thomas, Chief Exec	-	Vale of Glamorgan Council

Officers:

Chris Lee	-	Accountable Body
Liz Weale	-	Accountable Body
Hrjinder Singh	-	Accountable Body
Gareth Gates	-	Accountable Body
Jonathan Parsons	-	Bridgend Council
Rhian Kyte	-	Caerphilly Council
Kellie Beirne	-	City Deal Office
Rhys Thomas	-	City Deal Office
Nicola Somerville	-	City Deal Office
Matt Swindell	-	City Deal Office
Alistair Milburn	-	Effective Communications
Alyn Owen	-	Merthyr Tydfil Council
Victoria Robinson	-	Vale of Glamorgan Council

Invited Guests:

Phil Pugh	-	Wales Audit Office
Sara-Jayne Byrne	-	Wales Audit Office
Angharad Penny-Evans	-	Welsh Government

1. Welcome and Apologies for Absence

Cllr Morgan welcomed colleagues to the meeting, welcoming Cllr Neil Moore and Chris Lee to their first Regional Cabinet meeting in their respective new roles as Leader of the Vale of Glamorgan Council and Section 151 Officer for the Cardiff Capital Region City Deal.

At the commencement of the meeting, Cllr Andrew Morgan handed over to Kellie Beirne to Chair the initial part of the Annual General Meeting.

ANNUAL GENERAL MEETING MATTERS

2. To Elect the Chairperson for the Regional Cabinet 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

Kellie asked colleagues for nominations for the Chair for the Regional Cabinet for the year 2019/20. Cllr Fox nominated Cllr Morgan to continue as the Chair for a further year, noting continuity and consistency were important for the initial years of City Deal as the development of processes and moves to delivering new proposals gathered pace, which nomination was seconded by Cllr David Poole.

It was noted that the Joint Working Agreement stipulated that the Chair would rotate amongst the Council's on an annual basis. Colleagues agreed to waive this stipulation for the present municipal year.

RESOLVED that:

- (i) the JWA stipulation on rotation of the Chair of the Regional Cabinet would be waived for the present municipal year ;
- (ii) Cllr Morgan should be re-appointed as Chair of the Regional Cabinet for the year 2019/20.

3. To Appoint the Vice 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

Kellie asked colleagues for nominations for the Deputy Chairpersons for the Regional Cabinet for the year 2019/20.

Councillors Peter Fox and Huw Thomas were nominated by Cllr Poole to continue in their roles from the previous year in support of Councillor Morgan; seconded by Cllr Morgan.

RESOLVED that:

- (i) Councillors Peter Fox and Huw Thomas would be re-appointed as Vice Chairpersons for the Regional Cabinet for the year 2019/20.

FORMAL MEETING MATTERS

4. Declarations of Interest

Cllr Morgan asked that all Members declare any relevant interest, in accordance with the Members Code of Conduct.

Cllr David Poole advised that he had an interest in Agenda Item 10 concerning the Strength in Places Fund item, and would leave the room when the report was due to be heard.

No further declarations of interest were made at this time.

5. Draft Minutes of Regional Cabinet held on 18th February 2019.

The draft minutes of the meeting held on the 18th February 2019 were accepted as an accurate record.

6. 2018-19 Annual Business Plan - Quarter 4 Performance Report

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding the 2018-19 Annual Business Plan - Quarter 4 Performance Report for consideration and approval. The Regional Director informed the meeting that the recommendation 1, as written in the report, required amendment and should have ended after the words, 'Appendix 5'.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

1. Noted the overall progress at Quarter 4 2018/19, including the budget position reported at Appendix 5.
2. Considered and deemed acceptable to approve the Quarter 4 performance report.
3. Authorised the 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.

7. 2018/19 Joint Committee Revenue Budget Final Out-Turn and Proposal to Create Earmarked 'Reserves'

The Regional Cabinet considered a report on behalf of Chris Lee, Section 151 Officer, Cardiff Capital Region City Deal regarding 2018/19 Joint Committee Revenue Budget Final Out-Turn and Proposal to Create Earmarked 'Reserves' for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

- a) Noted the final out-turn position against the Joint Committee Revenue Budget for the year ending 31st March 2019;
- b) Approved 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) Following the approval of recommendation (b), delegated 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) Following the approval of recommendation (b), approved 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) Following the approval of recommendation (d), delegated 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.

8. 2018/19 Unaudited Statement of Accounts including Annual Governance Statement

The Regional Cabinet considered a report on behalf of Chris Lee, Section 151 Officer, Cardiff Capital Region City Deal regarding the 2018/19 Unaudited Statement of Accounts including Annual Governance Statement for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

1. Authorised 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. Noted that having had an opportunity to review and provide comments, the unaudited Statement of Accounts for the year ended 31st 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.

9. Proposals for a Strategic Development Plan (SDP)

The Regional Cabinet considered a report on behalf of Councillors David Poole and Neil Moore regarding Proposals for a Strategic Development Plan (SDP) for consideration and approval. Discussion was had regarding the points raised in paragraphs 9 and 10 of the report.

RESOLVED: it was agreed that the Cardiff Capital Region Joint Cabinet noted the content of this report and subject to the following points, the draft template report at Appendix 1 was 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. The draft report be amended such that (i) Option C (Costs split on the basis of Strategic Planning Panel Member Votes) in Appendix 2 (Options Paper on cost apportionment for SDP) be stated as the recommended way forward as regards sharing costs, with provision built in for review and (ii) and that as regards recommendation 4 of the draft template report, this should be amended such that 1 member from each constituent Council is nominated to represent their Council and their vote is weighted to reflect the figures given in the table set out in recommendation 4 of the draft report (that is, weighted votes).

Rhian Kyte left the meeting.

10. Strength in Places Fund – WAVE 1 – CS Connected

Cllr David Poole had earlier declared an interest in this item and left the meeting at this time.

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital Region Director regarding Strength in Places Fund – WAVE 1 – CS Connected for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

- 1) noted 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) endorsed the approach – as described in this report – to developing the full business case and detailed proposal;
- 3) agreed to receive the full business case and detailed proposal at the Regional Cabinet meeting in September 2019 ahead of its submission to UKRI.

11. Investment and Intervention Framework and Toolkit

The Regional Cabinet considered a report on behalf of Councillors Peter Fox and Huw Thomas regarding Investment and Intervention Framework and Toolkit for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

1. approved 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. endorsed 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. approved 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. Approved 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. Approved the proposed revised Regional Cabinet Portfolio Roles as set out in Appendix 5 to this report.

IT WAS FURTHER AGREED; that with Regards Recommendations 4 and 5, a further report would be submitted to Regional Cabinet noting the appointments made and allocation of portfolios.

6. Approved 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, delegated 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, Page 15 of 15 commercial and technical advice in order to assess a project that is being considered for CCRC 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. Noted and endorsed the work of the Cardiff Capital Region City Deal Director in undertaking a review of the process and procedures for Declarations of Interest.

12. Proposal for MIPIM 2020

The Regional Cabinet considered a report on behalf of the Chair of the Regional Business Council regarding Proposal for MIPIM 2020 for consideration and approval.

IT WAS FURTHER NOTED; that the figure of £47k quoted in Paragraph 5 is incorrect. The cost breakdown was £30k in Regional Business Council contributions and £17k in additional costs (travel, accommodation, etc.)

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

- 1. Noted the overview of experience, key benefits and lessons learnt from MIPIM 2019.
- 2. Agreed 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. Agreed 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.

13. Local Evaluation Plan for the Cardiff Capital Region & Baseline Report for First Evaluation of the Wider Investment

The Regional Cabinet considered a report on behalf of Kellie Beirne, Cardiff Capital

Region Director regarding Local Evaluation Plan for the Cardiff Capital Region & Baseline Report for First Evaluation of the Wider Investment for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet:

1. Noted and endorsed 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. Noted 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. Noted 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.

14. 2019 Audit Plan – Cardiff Capital Region City Deal Joint Cabinet

The Regional Cabinet considered a report on behalf of Wales Audit Office regarding 2019 Audit Plan – Cardiff Capital Region City Deal Joint Cabinet for consideration and approval.

Phil Pugh declared a personal interest in this item. Phil Pugh referred to Paragraph 25 of the report where this declaration is stated. Councillor Andrew Morgan declared a personal interest (but not prejudicial) noting a previous professional relationship and ongoing friendship between Mr Pugh's wife and his Mother. Both remained present in the meeting.

RESOLVED: it was agreed that the Cardiff Capital Regional Joint Cabinet noted the contents of the Report of Wales Audit Office.

15. Appointment of Chief Operations Officer

Rhys Thomas of the City Deal Office declared a personal interest in this item and left the meeting whilst this item was discussed.

The Regional Cabinet considered a report on behalf of the CCR City Deal Appointments Committee for consideration and approval.

RESOLVED: it was agreed that the Cardiff Capital Region Joint Cabinet confirmed and ratified 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.

Cllr Morgan thanked colleagues for attending and the meeting concluded.

15 JULY 2019

2019-20 ANNUAL BUSINESS PLAN - QUARTER 1 PERFORMANCE REPORT

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM: 4

Reason for this Report

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

Background

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

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

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

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

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

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

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

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

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

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

Legal Implications

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

Wellbeing of Future Generations

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

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

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

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

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

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

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

Financial Implications

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

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

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Joint Cabinet:

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

Kellie Beirne
Cardiff Capital Region Director
15 July 2019

Appendices:

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

Appendix 1 - Annual Business Plan Balanced Scorecard

73% of Activities on Schedule

27% of Activities In progress with some issues

0% of Activities Failing to Progress

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

Appendix 2(a) - Detailed Work Programme Update

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

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

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

Theory of change

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

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

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

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

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

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

Broader outcomes

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

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

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

Relationship to other interventions

Other Investment Fund logic models:

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

Other non-Investment Fund activities:

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

Appendix 3: AGS 2018/19 Action Plan

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

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

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

Action No	Assurance Statement	Agreed Action	Responsible Officer/s	Target Date	Progress Update
1	Statement 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	Qtr 4	On Target - Initial discussions have taken place with Internal Audit (Investigations) that are leading on this matter, with a view to agreeing an appropriate roll-out within City Deal.
2	Statement 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	Qtr 2	On Target - Refresher session scheduled to be delivered on the 15 th July.
3	Statement 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	Qtr 3	On Target - Completion of the City Deal Office restructure will provide the capacity to allow the next stage of the Risk Management Strategy to be developed.

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

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

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

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

Wider Investment Fund Top-Slice

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

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

Approved Projects (Revenue & Capital)

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

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

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

Status of Delivery Pipeline and Revenue & Capital Resources Available

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

Revenue Resources Available

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

Capital Resources Available

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

Funding Strategy

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

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

Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 9219286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal Setting out substantive performance and progress against the approved annual business plan for 2019/20.
Proposal: Quarter 1 Performance	Date Future Generations Evaluation form completed: 2nd July 2019






Page 26

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Reporting progress in this way contributes to a growing sense of self awareness.	Proposals to improve progress against each of the projects currently in progress – are set out in the report. This report does not seek to simply report progress – but to address the actions needed to drive it.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	References to 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.

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

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

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

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

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

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

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

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

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

The impacts of this proposal will be evaluated on:	
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15 JULY 2019

**WAO REVIEW OF GOVERNANCE ARRANGEMENTS FOR THE
CARDIFF CAPITAL REGION FOR AUDIT YEAR 2018-19
REPORT OF CCR CITY DEAL, DIRECTOR**

AGENDA ITEM: 5

Reason for this Report

1. To set out the findings of the WAO Review of Governance arrangements for Cardiff Capital Region City Deal (CCRCD) in 2018-19 and the corresponding response to the Proposals for Improvement.

Background

2. WAO undertook a review to determine the fitness for purpose of CCRCD's governance and accountability arrangements supporting robust, transparent and effective decision-making (Appendix 1). The review work helps fulfil the duty placed upon the Auditor General to satisfy himself that the Regional Cabinet has proper arrangements in place for securing economy, efficiency and effectiveness in the use and application of resources. The review to inform findings for the audit year 2018-19 was undertaken during the period October 2018-February 2019 with the full co-operation of the City Deal Office and its partnerships.
3. The review findings are fair and reflect well, the state of maturity of partnerships and collaborations, the arrangements in place and how they are evolving and important developments such as the Industrial Growth Plan and the Investment and Intervention Framework. It is further pleasing to see key areas of progress highlighted. The main review findings are set out on page 4 of the report and can be summarised as follows:

- overall, CCRCD’s governance and accountability arrangements are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency;
- CCRCD’s governance arrangements are still developing and strengthening;
- the Industrial and Economic Plan helps to provide CCRCD with a clear strategic vision;
- CCRCD has put in place risk management and performance management arrangements, but there is scope to ensure these operate consistently;
- CCRCD should improve its transparency and wider accountability; and
- CCRCD is developing a more rigorous and structured process for selecting and deselecting projects, but it recognises that consideration of the Well-being of Future Generations (Wales) Act 2015 needs to be strengthened.

4. Corresponding ‘Proposals for Improvement’ are set out on Page 5 of the report. Whilst many of these areas have been captured in the Annual Business Plan for 2019/20, the table below captures the proposals in full, along with corresponding activity and enhancements needed to address them in full:

Proposals for Improvement	Action to address
<p>P1 The CCRCD needs to improve its transparency. For example:</p> <ul style="list-style-type: none"> • ensure agendas, related papers, reports and minutes are published in a timely manner on the CCRCD website for Regional Cabinet, Regional Transport Authority and Joint Scrutiny Committee meetings, subject to the proper withholding of confidential or exempt information; • signpost forthcoming meetings of the Regional Transport Authority and the Joint Scrutiny Committee on the CCRDC website in accordance with them being public meetings; • Regional Cabinet needs to ensure there is open challenge and debate in a public domain; and 	<p>Forward work planner now in place with all dates and times of meeting established and set.</p> <p>Action established to ensure all CCRCD Regional Transport Authority & Scrutiny Reports and Agendas are published and available on CCR Website</p> <p>Regional Cabinet holds bi-monthly briefings to facilitate discussion, learning and development on key topics and issues.</p>

Proposals for Improvement	Action to address
<ul style="list-style-type: none"> • consider how it can improve public access to its public meetings. 	<p>The City Deal Office has moved to Tredomen and all cabinet meetings now take place at Tŷ Penallta. This is accessible by public transport and provides a fixed and known location, in order to improve accessibility. Meeting content and decisions are now live-tweeted. Live-streaming arrangements will be put in place in 19/20.</p> <p>Website is updated and a review of publication processes has been undertaken with a procedure in place for report compilation, sharing and release. A second phase of this process will commence with appointment of a Communications Lead who will further review web operations.</p>
<p>P2 CCRC to consider whether a scheme of delegation will improve existing arrangements to facilitate decision-making.</p>	<p>Target for scheme of delegation changes contained in Annual Business Plan 19/20, implementation by QTR3 with early changes brought forward within the approved report on the Investment and Intervention Framework.</p>
<p>P3 To further consider how the Regional Transport Authority, the Regional Business Council, the Regional Economic Growth Partnership, the Regional Skills Partnership and the Joint Scrutiny Committee collaborate and share information.</p>	<p>Informal 'partnership meetings' are currently held. These will now be formalised into a schedule to better facilitate flow and information-sharing. The development of the 'SharePoint' portal will assist with this further.</p>
<p>P4 Clarify arrangements about declarations and conflicts of interests for both members and officers.</p>	<p>Work on Declarations of Interest set out in the Investment and Intervention Cabinet Report (June 2019).</p>

Proposals for Improvement	Action to address
P5 Although we recognise that the Joint Scrutiny Committee is still relatively new, the CCRCDC must ensure it fully embraces the important role scrutiny plays in ensuring effective accountability and challenge.	Four meetings of the Scrutiny Committee have now been held. A full work programme is in place with focussed themes and priorities.
P6 Although the CCRCDC is not a 'public body' within the meaning of section 6 of the Well-Being of Future Generations (Wales) Act 2015, the CCRCDC should give thorough consideration as to how it helps its constituent public bodies meet the sustainable development and wellbeing duties of that Act.	There is now a separate framework in place (from October 2018) that accompanies every cabinet report on assessment of implications for Future Generations. In addition, a system of routine monitoring will be put in place for the impact assessment of all major projects on Future Generations as part of the new Investment and Intervention Framework.

Annual Governance Statement (AGS)

5. The Cardiff Capital Region City Deal (CCRCDC) prepares its Annual Governance Statement (AGS) 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 meets the disclosure requirements of the Accounts and Audit (Wales) regulations 2014, as amended in 2018.
6. The 2018/19 draft AGS was approved by Regional Cabinet at its meeting on 10 June 2019 and submitted to Wales Audit Office to commence its review as part of the wider audit of the 2018/19 draft Statement of Accounts. In summary, the draft AGS concluded:
 - 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 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.

- 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.*

7. Monitoring of progress against Proposals for Improvement will be undertaken through the Annual Business Plan and quarterly performance monitoring.

Reasons for Recommendations

8. To highlight the findings of the WAO review and corresponding actions to be taken or already underway to address and fully implement them.

Financial Implications

9. The 'Annual Governance Statement' section of this report provides details of how the Cardiff Capital Region City Deal discharges its duties under the Accounts and Audit (Wales) regulations 2014, as amended in 2018. The 2019/20 approved budgets contain an appropriate level of resource to support the 'Actions to Address' outlined in this report.

Legal Implications

10. The WAO report on the Review of governance arrangements for the Cardiff Capital Region City Deal (CCRCD) for 2018/19 sets out the WAO's conclusions about the CCRCD's governance and accountability arrangements, together with proposals for improvement. It is important that the report is submitted to Members for consideration. As stated in the body of this report, monitoring of progress against the proposals for improvement shall be undertaken through the Annual Business Plan and Quarterly performance monitoring.

Wellbeing of Future Generations

11. 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 set by each Council and in so doing assist to achieve the national well-being goals.

12. 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 national well-being goals;
 - work in collaboration with others to find shared sustainable solutions;
 - involve people from all sections of the community in the decisions which affect them.

Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken which is attached at Appendix 2.

General Advice

In considering this matter and in developing the proposals 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.

Recommendations

13. It is recommended that the Cardiff Capital Region Cabinet:-

- (I) Note the findings of the WAO Review of the Governance Arrangements of the CCRCDC for the Audit Year 18-19 and endorse the corresponding actions put in place/already underway to address and implement them in full.

Kellie Beirne
Cardiff Capital Region City Deal Director
15 July 2019

Appendices

Appendix 1 – WAO Review of Governance Arrangements for CCRCDC in Audit Year 2018-19

Appendix 2 – Well-being of Future Generations Assessment



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Review of governance arrangements – **Cardiff Capital Region City Deal**

Audit year: 2018-19

Date issued: May 2019

Document reference: 1280A2019-20

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infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

The team who delivered the work comprised Ian Phillips and Sara-Jane Byrne under the direction of Huw Rees.

Contents

Cardiff Capital Region City Deal's (CCRCD) governance and accountability arrangements are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency.

Summary report 4

Detailed report

CCRCD's governance and accountability arrangements are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency 6

CCRCD's governance arrangements are still developing and strengthening 6

The Industrial and Economic Plan helps to provide CCRCD with a clear strategic vision 7

CCRCD has risk management and performance management arrangements in place but there is scope to ensure these operate consistently 8

CCRCD should improve its transparency and wider accountability 9

CCRCD is developing a more rigorous and structured process for selecting and deselecting projects, but it recognises that consideration of the Well-Being of Future Generations Act needs to be strengthened 10

Summary report

Summary

What we reviewed and why

- 1 We undertook a review to determine whether the Cardiff Capital Region City Deal's (CCRCD) governance and accountability arrangements support robust, transparent and effective decision making. We did the review to help fulfil the Auditor General's duty to satisfy himself that the Cardiff Capital Regional Cabinet (Regional Cabinet) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 2 The CCRCD was the first city deal arrangement in Wales. The level of investment and the potential outcomes are significant. It is important that the Regional Cabinet has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. As part of achieving that, having strong governance arrangements to support the CCRCD is crucial.
- 3 In December 2018, we issued a report following our review of the arrangements that supported the CCRCD's first investment decision. In that report we recognised that aspects of the agreed Assurance Framework were not in place at the time of the decision, as it was taken at the early stages of the partnership. We identified some lessons arising from making the first investment. In this report, we set out our findings about the governance and accountability arrangements which have evolved since the first investment decision.
- 4 We undertook the review during the period October 2018 to February 2019.

What we found

- 5 Overall, we found that: CCRCD's governance and accountability arrangements are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency. We reached this conclusion because:
 - CCRCD's governance arrangements are still developing and strengthening;
 - the Industrial and Economic Plan helps to provide CCRCD with a clear strategic vision;
 - CCRCD has put in place risk management and performance management arrangements, but there is scope to ensure these operate consistently;
 - CCRCD should improve its transparency and wider accountability; and
 - CCRCD is developing a more rigorous and structured process for selecting and deselecting projects, but it recognises that consideration of the Well-Being of Future Generations Act needs to be strengthened.

Proposals for improvement

Exhibit 1: Proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
P1	<p>The CCRCD needs to improve its transparency. For example:</p> <ul style="list-style-type: none"> ensure agendas, related papers, reports and minutes are published in a timely manner on the CCRCD website for Regional Cabinet, Regional Transport Authority and Joint Scrutiny Committee meetings, subject to the proper withholding of confidential or exempt information; signpost forthcoming meetings of the Regional Transport Authority and the Joint Scrutiny Committee on the CCRDC website in accordance with them being public meetings; Regional Cabinet needs to ensure there is open challenge and debate in a public domain; and consider how it can improve public access to its public meetings.
P2	CCRCD to consider whether a scheme of delegation will improve existing arrangements to facilitate decision-making.
P3	To further consider how the Regional Transport Authority, the Regional Business Council, the Regional Economic Growth Partnership, the Regional Skills Partnership and the Joint Scrutiny Committee collaborate and share information.
P4	Clarify arrangements about declarations and conflicts of interests for both members and officers.
P5	Although we recognise that the Joint Scrutiny Committee is still relatively new, the CCRCD must ensure it fully embraces the important role scrutiny plays in ensuring effective accountability and challenge.
P6	Although the CCRCD is not a 'public body' within the meaning of section 6 of the Well-Being of Future Generations (Wales) Act 2015, the CCRCD should give thorough consideration as to how it helps its constituent public bodies meet the sustainable development and wellbeing duties of that Act.

Detailed report

CCRCD's governance and accountability arrangements are at a formative stage and the indications are that they will support robust and effective decision making, but scope remains to improve transparency

CCRCD's governance arrangements are still developing and strengthening

6 In reaching this conclusion we found that:

- many of the arrangements that were not in place at the time of the first investment decision are now in place in accordance with the Joint Working Agreement and Assurance Framework. For example, the advisory bodies are in place and their momentum is starting to grow, and the joint scrutiny committee has been set up and met twice.
- working relationships between partners are improving.
- interviewees praised the Programme Director's performance in the role, in particular the drive she has provided.
- CCRCD recognise that the City Deal office (previously the Programme Office) is under-resourced. The Regional Cabinet has recently agreed that the capacity of the City Deal office be strengthened, and a number of new posts have been created and are now being advertised.
- the Accountable Body has identified that a scheme of delegation may be beneficial to enable the Programme Director to take delegated decisions, further developing the Delegations Policy that is in the Joint Working Agreement. We note that the CCRCD 2019-20 Annual Business Plan has identified developing a scheme of delegation as an action.
- the Chairs of the advisory bodies meet periodically but links between the respective bodies (and the Regional Transport Authority and the Joint Scrutiny Committee) could be strengthened further. For example, by building on those meetings, sharing meeting papers and keeping each other fully sighted of their respective work programmes.
- Cardiff Council's internal audit function did a light touch review in July 2018 to provide assurance that an adequate structure of governance arrangements within the CCRCD in respect of the Accountable Body and Programme Management Office was in place and operating effectively. Internal audit gave an assurance rating of 'effective with opportunity for improvement' for aspects of the governance framework. Internal audit made four recommendations relating to risk management, scrutiny, transparency, registers of interest, contract management and procurement. The CCRCD

has developed an action plan to address these recommendations. The recommendations were included in the quarter one performance report, and an update against the action plan was included in the quarter three annual business plan update to Regional Cabinet.

- the nature of the City Deal is such that there is significant involvement with private organisations and third parties. It is important, therefore, that there is a clear and robust process for declaring and managing conflicts of interest. The agendas for the Regional Cabinet, Joint Scrutiny Committee and Regional Transport Authority include declarations of interest as a standing agenda item. However, for the Regional Cabinet and Regional Transport Authority (RTA) this item currently only covers members' interests whereas the Joint Scrutiny Committee relates to both officers and members.
- the declarations of interest of each member of the Regional Cabinet are included on the CCRCD website under the Regional Cabinet link. We note that currently the declarations of interest for all members of the Regional Transport Authority are not included on the City Deal website. The CCRCD website does not include any information about the joint scrutiny committee and its members.
- there is scope to clarify the process around declarations of interest. Paragraphs within the Joint Working Agreement about codes of conduct are contradictory. In paragraph 3.56 it states the CCRCD Councils will 'act with regard to each Council's own employer and member codes of conduct...' and paragraph 3.59 sets out similar wording, yet paragraph 10.17 sets out that 'the Joint Committee shall adopt the Accountable Body's...codes of conduct...'. We recognise that in practice there may not be much difference between these codes, but for the avoidance of confusion, it would be sensible to resolve this and ensure everyone is clear of expectations in terms of declaring interests. This should cover both officers and members. Internal audit recommended that a register of interests is developed. We are not aware that this has been done.

The Industrial and Economic Plan helps to provide CCRCD with a clear strategic vision

7 In reaching this conclusion we found that:

- CCRCD recently launched an Industrial and Economic Plan following agreement by Regional Cabinet. Leveraging private sector investment and maximising public sector funding initiatives form a key part of this to increase the CCRCD's overall funding as well as promoting the region internationally to attract investment in the region.
- our fieldwork identified that there was confidence and enthusiasm that the Industrial and Economic Plan would provide a clear strategic vision, which had previously been lacking. It is evident that the Regional Economic Growth Partnership has played a significant role in developing this plan.

- CCRC partners recognise the Welsh Government's emerging plans around regional economic development and the importance of having a joined up strategic approach. Discussions are ongoing with Welsh Government officials. It is important that the CCRC work closely with the Welsh Government to minimise any duplication and ensure that public monies are used efficiently and effectively for the benefit of the region.
- it is apparent that CCRC partners are thinking regionally and spatially rather than simply putting forward individual council projects. There is a concerted will amongst the CCRC to challenge themselves that projects are in the best interests of the region and that business cases are robust. We are aware, for example, that a number of projects have been challenged by the advisory panels and not taken forward due to concerns about the quality of the business cases.

CCRC has put in place risk management and performance management arrangements, but there is scope to ensure these operate consistently

8 In reaching this conclusion we found that:

- there are quarterly and annual performance reports that go to Regional Cabinet. The Programme Director has improved the format of the quarterly reports so that they are more focused. Our observation of the 18 February 2019 Regional Cabinet meeting found that members were appreciative of the changes. However, we found that there was little discussion or debate during the meeting of the substantive issues in the quarterly performance report.
- it is part of the Joint Scrutiny Committee's Terms of Reference to monitor any CCRC project's progress against its programme plan. However, to date, the Joint Scrutiny Committee has not yet received any performance or progress reports. It has only met twice since it was established in October 2018.
- quarterly performance monitoring reports are issued to the UK and Welsh Governments.
- the Annual Governance statement reported a limited level of assurance for identifying and managing risks. CCRC produced an Action Plan in relation to its Annual Governance Statement which stated that the Programme Director was to lead on putting in place the appropriate arrangements in respect of Strategic Risk Management. This was subsequently done, and quarterly performance reports now include a Strategic Risk Log. The Quarter 2 and Quarter 3 2018-19 quarterly performance reports set out that it is expected that CCRC's risk management approach will be further developed over the longer term.

CCRCD should improve its transparency and wider accountability

9 In reaching this conclusion we found that:

- the CCRCD website has been refreshed and improved. However, we found several examples where meeting information has not been published on the website. For example, the Regional Cabinet meetings of 30 June 2017 and 14 July 2017, any Regional Transport Authority meetings (apart from the inaugural meeting and the meeting of 5 March 2019) and any joint scrutiny committee meetings are not included on the website. It is difficult, therefore, for members of the public to find out what took place at these meetings.
- in the 'upcoming events' section of the CCRCD website, typically only Regional Cabinet meetings are signposted. However, as at March 2019, there are no upcoming events signposted. We would expect that dates of future key meetings are publicised. We are aware that there is a meeting of the Joint Scrutiny meeting on 26 March for example. As Regional Transport Authority and Joint Scrutiny Committee meetings are also public meetings, information should be provided as to when those meetings are going to be held to facilitate public participation and awareness. It is a statutory requirement that meetings of the Regional Cabinet, Regional Transport Authority and the Joint Scrutiny Committee be open to the public, except for those agenda items where confidential or exempt information is properly being considered.
- there is a will amongst CCRCD partners to ensure greater transparency going forward.
- meetings of the Regional Cabinet are open to the public, but the location of some meetings has not been conducive to this. The CCRCD needs to consider how it can improve public access to its meetings.
- the Regional Cabinet is essentially the decision-making body of the CCRCD. It is where decisions will be made about which projects will be taken forward, potentially involving large sums of money. We are aware that briefings are often held in private before meetings. This is not unusual, and we recognise the need for Regional Cabinet members to be able to have some discussion in private. However, the Regional Cabinet needs to ensure that there is open challenge and debate in a public domain and that it does not just become a 'rubber stamping' mechanism.
- project level lines of accountability can only be properly judged once more projects are taken forward and their progress monitored. However, it will be important to be clear exactly who is responsible for what, including each of the three proposed streams of the divided investment fund, and how progress and accountability will be monitored.
- the Joint Scrutiny committee will also provide greater public accountability. The CCRCD Programme Director recognises that the Joint Scrutiny Committee will play an important role in pre-decision scrutiny, looking at

projects before they are decided upon by Regional Cabinet. This role has not yet been tested. The Industrial and Economic Plan is due to be considered at the next Joint Scrutiny Committee meeting, yet this has already been agreed and launched.

- the CCRCDC will be subject to an HMT Gateway review in December 2020, the supporting work for which is ongoing by consultants. We understand the CCRCDC was the first City Deal of the second cohort of UK-wide city deals to agree its evaluation framework with the consultants. We have shared our report into the arrangements supporting the first investment decision with HMT and will also share this report with them. We will keep in contact with HMT.

CCRCDC is developing a more rigorous and structured process for selecting and deselecting projects, but it recognises that consideration of the Well-Being of Future Generations Act needs to be strengthened

10 In reaching this conclusion we found that:

- CCRCDC has engaged external legal expertise to help develop a common investment and intervention framework that we understand will include criteria to help to determine whether a project will progress or not. We also note that CCRCDC is working with external advisors on the use of the HMT five case business model.
- the chairs of the advisory bodies told us that their respective bodies have been robust in challenging projects, and the quality of reports they have been asked to consider.
- the City Deal Office is proposing that the £495 million investment fund is split into three streams comprising an innovation fund, an infrastructure fund and a challenge fund. The aim is to provide greater structure and rigour to the use of the funding in line with the key objectives of the City Deal. The Regional Cabinet has not yet agreed this proposal, but it was evident from our interviewees that advisory bodies, officers and members have been engaged in developing this approach. The proposed three stream investment fund should strengthen the project approval process by helping to identify viable projects.
- CCRCDC partners are aware of the Well-being of Future Generations (Wales) Act 2015. They have completed a Future Generations Assessment to accompany the Industrial and Economic Growth Plan. While, as we understand it, the CCRCDC is not a 'public body' within the meaning of section 6 of the Well-Being of Future Generations (Wales) Act 2015, the CCRCDC should give thorough consideration as to how it helps its constituent

public bodies meet the sustainable development and well-being duties of that Act in proposed projects and investments to maximise the opportunity the Act provides. It needs to become an integral part of CCRCD's thinking. The Future Generation Commissioner's office has developed [a series of resources](#) including the Future Generations Framework, which CCRCD partners may find useful to inform their Future Generations Assessments. The City Deal Director acknowledges this is an area for improvement.

- activity is accelerating as more projects are now being considered. It is positive that the CCRCD is keen to ensure that they are considered against a robust assessment framework in relation to its priorities. We will continue to maintain a watching brief as projects are determined through the CCRCD's processes.

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Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal WAO Governance Review 18/19 and response to Proposals for Improvement
Proposal: WAO Governance Review	Date Future Generations Evaluation form completed: 8 July 2019






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 51

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report assesses City Deal progress in this respect	The inclusion of WFG goals and priorities within the new Investment Framework. The report does recognize the self-assessment of the City Deal office which is to do more to further embed WFG principles into all aspects of decision-making. Establishing this within the IIF is a key way forward on an investment-by-investment basis.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The report assesses City Deal progress in the round and whilst not directly relevant to the wellbeing goals, does include commentary which is indirectly related	Economic resilience is critical given the need to withstand future economic shocks. As more projects are developed, this will be assessed on an individual business case

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	As above	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	As above	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above	The Investment Framework will be formally evaluated through Gateway Review starting in and around Dec 2020-March 21
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	As above	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	As above	The IIF embeds inclusive growth and a new cabinet portfolio has been created to reflect this

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 does not make a proposal – it notes the WAO findings and describes how changes will be implemented. Any changes will have due regard to sustainability duties and aims and these will be further assessed on a project and investment basis.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>As above</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The report recognizes the need to broaden involvement and the response sets out how this will begin to be achieved</p>	<p>An engagement and communications plan is being prepared which will have regard to specific issues and sustainable development principles.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The report does not make a proposal – it notes the WAO findings and describes how changes will be implemented. Any changes will have due regard to sustainability duties and aims and these will be further assessed on a project and investment basis.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>As above</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	Not directly relevant – this is more relevant to projects and specific proposals		
Disability	There is an issue around accessibility to meetings		Assess locations and venues of meetings and how they are advertised to amximise attendance. This wil be explored as part of move to live-streaming of meetings
Gender reassignment	Not directly relevant – this is more relevant to projects and specific proposals		
Marriage or civil partnership	Not directly relevant – this is more relevant to projects and specific proposals		
Pregnancy or maternity	Not directly relevant – this is more relevant to projects and specific proposals		
Race	Not directly relevant – this is more relevant to projects and specific proposals		
Religion or Belief	As above.		
Sex	As above		
Sexual Orientation	As with all of the section above.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	We will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting			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 analysis through WAO assessment

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?

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 56

What are you going to do	When are you going to do it?	Who is responsible	Progress
Monitor progress through delivery of the Annual Business Plan and quarterly reporting			

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:	Quarterly through 19/20
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JULY 2019 MEETING

CARDIFF CAPITAL REGION BUSINESS COUNCIL - 2019/20 BUSINESS PLAN

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM: 6

Reason for this Report

1. To provide Regional Cabinet with the annual Business Plan for the Regional Business Council for 2019/20 which includes an update on activity in 2018/19.
2. To endorse the investment ask of £24,100 to undertake the activities, noting the in-kind contributions of the Business Council members and the additionality to be achieved through sponsorship support.

Background

3. The Regional Business Council is a key part of the City Deal governance apparatus and performs an important two-fold role: to ensure the voice and views of business shape and permeate City Deal strategy and delivery; and, to ensure that opportunities galvanised and catalysed by City Deal, can be accessed and led by business. The Regional Council has been in operation for over eighteen months. The Council has wisely spent the initial period, 'bedding in' – working as a team, building relationships and developing its purpose, approach and key priority areas. The Regional Business Council comprises a diverse and wide-ranging membership, covering HE, FE, Business and Industrial representatives and trade bodies.
4. The Regional Business Council has identified again this year the significance and importance of the Cardiff Capital Region having a presence on a global platform at MIPIM 2020. Whilst it is captured in the Business Plan for completeness, it should be noted that a separate report to Regional Cabinet was approved on MIPIM 2020 at its meeting of the 10th June 2019.
5. The growing synergies across the work of the Regional Business Council, Regional Economic Growth Partnership, and the Regional Skills Partnership are a further positive feature of the City Deal partnership landscape and again, these connections and overlaps are important and must be optimised. With the period of the formal commencement of the Gateway Review drawing ever closer, the current business plan is limited to the present financial year, at the end of which, outcomes can be reviewed, with a view to establishing a more medium-term approach and outlook for the Regional Business Council once the 'one year out' report is produced.

6. The Business Plan for 2019/20 (Appendix 1) provides a full year of proposed activity. The main investment and activity area set out in the Plan is the MIPIM event in March 2020, which is accompanied by small-scale but critical complementary activity, under the priority work programme headings of:
- **Communication, Engagement and Visibility** – developing core messages, extending reach and developing the business profile of the CCR
 - **Doing business in the CCR** – setting out why the CCR isn't just open for business but why it is a great place in which to do business
 - **Promoting Challenge-led Investment** – working with partners in UK and Wales Governments and businesses across the region, to develop and enhance capability to competitively secure new and additional investment
7. The Business Plan further sets out a range of small-scale investment asks, that sit under the above headings and in addition to MIPIM, include sponsorship of and participation at Wales in London in 2020; marketing and brand development and the undertaking of workshop activity with bodies such as InnovateUK and others, in order to make wider investment opportunities and the new ways of securing investment known, visible and accessible to business, industry and entrepreneurs. It also includes a focus on sector groups to complement the activity set out in the Industrial Growth Plan; support bid submissions to UKRI and develop knowledge transfers partnerships through connections at Innovate UK.
8. The Plan is coherent, organised around priority themes and sets out the in-kind resources, input and contributions from Regional Business Council members. This is important since the ability to leverage the skills, assets and expertise of the wider business community is one of the key benefits of its establish. It recognises feedback from the first Baseline Report from SQW and places a focus on enhanced and increased 'Business to Business' engagement.

Reasons for Recommendations

9. The reasons for the recommendations contained in this report are:
- To provide Regional Cabinet with the Business Plan for the Regional Business Council in 2019/20;
 - To establish the resourcing plan with which to deliver activity in 2019/20;
 - To in-build the flexibility to review the Business Plan and work programme, to respond flexibly to a fast-changing environment.

Legal Implications

10. It is important to recognise, the Regional Business Council ('RBC') has been established by third parties. It is understood that the RBC is not a separate legal entity in its own right, rather it is an unincorporated association. That is forum /body of persons who meet from time to time with the objectives set out in the annual business plan. It is understood that the RBC is considering what form its structure should take and further developing its constitution (rules) and terms of reference. The legal status of the RBC is important in terms of considering the mechanics of awarding any funding. Normally if the CCRCD was to award funding to a third party, then acting through the Accountable Body, the CCRCD would require the third party to enter into

a contract or grant agreement, which would set out the terms and conditions as to how the monies awarded could be used. This is important as the CCRCD must ensure that any City Deal monies spent comply with the HMT and WG funding conditions, so in turn it needs to ensure that relevant conditions are passed on to third parties. As unincorporated associations have no separate legal identity, the RBC as a body cannot enter into such a contract or grant agreement. The contract or grant award would have to be made with an individual officer or officers of the association, for example the Chair (which can expose that individual to potential personal liability). If any sums are paid to the Chair on behalf of the RBC then terms and conditions (reflecting the relevant WG funding conditions and dealing with other matters such as 'conflict of interests') should be attached.

11. Arrangements with the RBC should be kept under review as the RBC develops its own rules and makes further decision as to its proposed structure.
12. The arrangement with the RBC could potentially be viewed as a services arrangement but the aggregate value of the arrangement to date (including the proposal for 2019/20 and the value of the arrangement in 2018/19) appears to fall below threshold and a direct award could be made, if satisfied as to best value. This is an issue, however, that will require further consideration when considering arrangements in future financial years.
13. The report provides details of the RBC's planned activities for 2019/20. Any proposed activities must be in line with state aid rules, the WG and HMT grant funding conditions that attach to the CCRCD Wider Investment Fund and all other legal requirements.

Financial Implications

14. The attached report seeks approval of £24,100 to support the activities of the Regional Business Council (RBC) in 2019/20, as set-out in their Business Plan attached at Appendix 1. The report outlines that this approval is in addition to the £50,000 approved by Regional Cabinet earlier in the year, to work in partnership with Cardiff Council to secure a space, position and profile at MIPIM 2020.
15. Regional Cabinet's approved 2019/20 Annual Business Plan, includes a range of budgets required to support the planned activity for that year, including the work of regional bodies. An initial allocation of £15,000 was set aside in respect of the RBC, subject to the receipt and approval of its Business Plan, with further resources available within the wider Programme Development & Support budget to increase this amount, if required.
16. As the costs associated with the RBC's Business Plan will be met from HM Treasury grant, it is important that the terms and conditions attached to this funding are observed at all times. In summary, these state that:
 - 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;

- 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.
17. The report provides details of RBC's aims and how its planned activities in 2019/20 will contribute to supporting the wider objectives of the Cardiff Capital Region City Deal. To assist with compliance, all goods and services will need to be procured through Accountable Body arrangements and be managed directly by the City Deal Office.

Wellbeing of Future Generations

18. 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 objectives set by each Council and in so doing assist to 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 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 2.

Equality Act 2010

20. 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.
21. **An Equality Impact Assessment** has been undertaken and is attached as part of the wider Future Generations assessment appended to this report. Regard should be had to the same in reaching a decision on this matter. The purpose of the Assessments is in order to ensure that the Council has properly understood and assessed the potential impacts of the proposals in terms of equality, so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty.

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Joint Cabinet:

1. Approve the Business Plan of the Regional Business Council 2019/20 and associated expenditure of £24,100 representing the contribution required of the City Deal to realising the objectives set out in the plan.
2. Note the in-kind contributions and sponsorship targets of £31,000 to be made by the Regional Business Council – representing good leverage and exemplifying the value of the commitment and engagement of the Regional Business Council.

Kellie Beirne
Cardiff Capital Region Director
15 July 2019

Appendices

Appendix 1 – Regional Business Council, Business Plan 2019/20
Appendix 2 – WFG Assessment

Foreword – Introducing a Council, Made by Business, for Business

I am pleased to present the Cardiff Capital Region Business Council Business Plan for 2019/20 – setting out our plans and priorities for the period ahead. Whilst the final publication of this document is later in the year than anticipated, it comes at a point at which the Business Council is generating real momentum and is clear about its priorities and supported by a system in which political direction; delivery; wider partnerships; and, the role of the City Deal Office is aligned. In addition, in the last year, significant momentum has been gained. With the development of sector analysis, informing key pillars and priorities, the publication of the Industrial Growth Plan and recently, the launch of the Investment Fund and Framework – the foundations are in place to enable the Business Council to promote the region and its asks and offers.

The business plan represents our programme of work in 2019/20 and captures the activities we will undertake and specifically, the way in which we will support key sectors, existing businesses and play our part in supporting the Investment Framework. The plan reflects a programme of core activity from June 2019 to March 2020, with a number of the planned activities already in train. A number of our Board attended, as part of their day-to-day roles MIPIM in Cannes, (le Marche international des professionnels immobilier), enhancing global visibility and reach of the region at an international-class real estate event. This plan reflects the way in which MIPIM, as a key demonstration of our ambition and drive for the region, embodies and exemplifies all three of the Key Priority Areas you will see captured in this Plan:

- ***Communication, Engagement and Visibility*** – developing our core messages, extending our reach and developing the profile of the CCR
- ***Doing business in the CCR*** – setting out why the CCR isn't just open for business but why it is a great place in which to do business
- ***Promoting Challenge-led Investment*** – working with partners in UK and Wales Governments and businesses across the region, to develop and enhance capability to competitively secure new and additional investment

As Chair of the RBC, I am delighted with the way in which our small group of representatives is getting the key messages out there. Recent evidence of this is in the series of B2B workshops run across the region and the high-levels of engagement this has engendered. A further example, is the convening of sectoral groups to promote cluster support. Again, the Business Council is supporting the Strength in Places bids with liaison with the Medical Devices sector and Compound Semiconductors. Further support has been given to the Clean Growth work and more of this is planned. As a council we have chosen to focus on key industry sectors which can drive key value to the Capital region, and as borne out in the Industrial Growth Plan namely;

- Med Tech (incl Life Sciences)
- FinTech
- Energy and Environment
- Compound Semi-Conductors

By focussing on these key areas, the business council can target its efforts to drive real value. To do this, we must remain flexible to embrace new opportunities; to adapt to the changing needs of business and the volatile setting that surrounds us and ready and able to capitalise on both public sector and market-driven opportunities.

Our programme of work seeks to make a contribution to the economic success of the City Deal and more, widely, the whole of the Cardiff Capital Region. In this very short period, we hope, it begins to demonstrate how the RBC can contribute in a key way, to the kind of broad based economic development that enables good growth – smart, sustainable and for all.

Neil Brierley,
Chair – Cardiff Capital Region, Business Council

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1. Introduction

As we move into our second year of operation we will build on the core tenets that we developed in our first year of operation. Our core tenets being;

- **Our value-set** – we are committed to be open, inclusive and opportunity-driven – ensuing we raise the profile of the business community and ensure they feel engaged, informed and understand the routes and mechanisms through which they are best supported. Core to this is a focus on ensuring businesses don’t just survive the testing climate of today – they are equipped and prepared to thrive for tomorrow;
- **Our purpose** – to strengthen the profile of the business voice and input into the City Deal, in order that whilst it is politically-led, it is business and industry driven and delivered. We want to ensure that investment in growth is informed and shaped by business, for business;
- **Our focus** – is on the drivers for productivity from the contribution made by big industry to that made by the smallest of businesses. We will focus specifically on communications and marketing ‘reach’ and internationalisation and how we can ensure the mechanisms are in place to support businesses to participate in an increasingly competitive investment space; and,
- **Our business** – will be to help position the region’s competitive strengths, forging new partnerships, links and connections and ensuring business connections to the Welsh Government’s Economic Action Plan and the UK Government’s Industrial Strategy.

We will continue to refresh and develop our thinking. The ability to adapt and respond against a backdrop of economic volatility and uncertainty will be critical.

By applying these aims to our core industry sectors the business council will work to ensure that successful delivery of the Cardiff Capital Region City Deal.

2. Economic context

Central Government in its Industrial Strategy for the whole of the UK, sets out the five foundations of prosperity:

- 1) Ideas – innovation-led economy
- 2) People – good jobs and better earning power
- 3) Infrastructure – upgrading foundations
- 4) Business environment – a great place to do business
- 5) Places – sharing prosperity

Similarly, in its Economic Action Plan for Wales, businesses seeking the support of Wales Government will enter into an ongoing dialogue, through a new and innovative ‘Economic Contract’. This will place an onus on businesses to commit to:

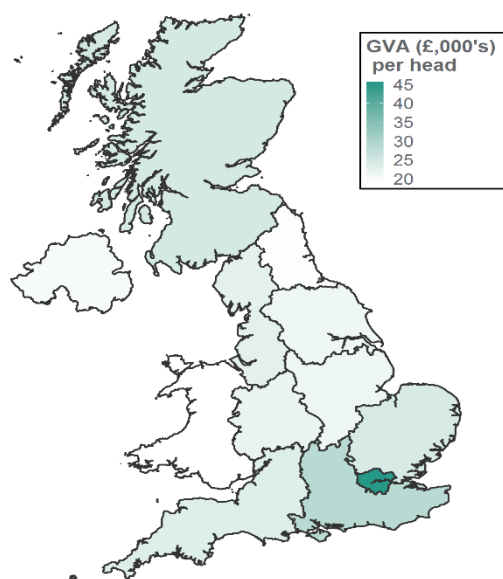
- Growth potential
- Fair work
- Promotion of health, skills and learning
- Progress in lowering the carbon footprint

Allied to this, Calls to Action identify key areas for work with businesses, ensuring commitments and activities are capable of demonstrating – efforts targeted at decarbonisation; innovation; growing exports and trade; delivering high quality and productive employment and skills and R&D intensity.

The Cardiff Capital Region City Deal is a £1.3bn investment programme aimed at fundamentally re-building the pillars of productivity in a ‘lagging economy’ region. Whilst the region has some strong economic advantages – both in terms of place based and sectoral strengths, as the diagram below demonstrates – it has the lowest levels of GVA per head in the UK and two of the ten Local Authority areas making up the Cardiff Capital Region, remain at the bottom of the UK Competitiveness Index.

Gross Value Added (2016)

UK NUTS1 Regions



The objectives of the City Deal are thus, to:

- Raise GVA by 5%
- Create 25,000 new jobs
- Leverage some £4bn of private investment

Within this there are two important features. The first is the mantra for 'good growth' – growth that does good because it is genuinely smart, inclusive and sustainable. The second, is the potential created around the UK Government's target to raise spend on R&D by 2.4% of GDP by 2027. This represents an ambitious step-change and would see the UK on par with other OECD countries. This is significant for Wales and the CCR for four reasons:

- 1) Wales accounts for only 2% of all UK business spend on R&D
- 2) Firms that are investing in R&D have higher productivity (13%) than businesses where there is no investment in R&D
- 3) Whilst Wales is only slightly behind the vast majority of English regions, it has more micro-businesses innovating and with innovation potential, than both Scotland and Northern Ireland, but is hugely undersubscribed when it comes to take up of R&D tax credits
- 4) Exit from the EU will be an important factor on the horizon when it comes to influencing R&D businesses' decisions to invest in the Cardiff Capital Region

3 Our Core Priorities

There are a number of Wales and Central Government Programmes and levers, aimed at promoting business innovation activity – R&D Tax Credits, Patent Box, Smart Cymru, Small Business Research Initiative (SBRI) and the Industrial Strategy Challenge Fund calls by funding bodies such as InnovateUK. We continue to develop our relationship with InnovateUK's Manager for Wales, the Head of Government Partnerships and Challenge Directors and a major focus of our work will be to engage key stakeholders, investment bodies and other partners, to promote the opportunities that can assist in supporting business innovation in the CCR. We will work with Innovate UK, WG Innovation Team, Universities and others, to ensure that businesses have clear signposting and full access to the information, advice and support they require.

In addition, it is clear that much of the above information has little visibility within the business community. The fact that a number of the investment sources and opportunities are now 'challenge-led and driven' and thus, competitive across city regions and place, requires real work to highlight and communicate and ensure businesses are equipped. Equally, marketing the region as not just a great place to do business, but as a space that embraces innovation and has core innovation strengths, is a further critical task. Our 'brand' and identity needs a core value proposition and our work seeks to make a contribution to this.

In addition we recognise that there are major barriers to progress for all businesses across the region. The two that have been highlighted to the Regional Business Council, repeatedly, are: access to patient finance and addressing significant skills gaps and shortages.

Arising from this our priorities for 2019/20 and highly likely to remain a feature beyond are:

- 1) Communication, Engagement and Visibility**
- 2) Doing business in the Cardiff Capital Region**
- 3) Promoting challenge-led investment**

By applying these to our core industry sectors it will allow true value to be delivered by the Business Council to the Capital Region Deal.

4 Successes in 2018/19

The business plan for 2018/19 was brought forward and approved in September 2019, which set the course for part-year delivery against targets. Notwithstanding this, key areas of progress can be identified not least of which is the continued pro bono contributions, expert advice and support of the RBC team who volunteer in making this Council a success due to their passion for the region.

- Successful development of business for MIPIM 2019 for participation by the CCRC

- Support to team at MIPIM including events, network creation and the host for launch of the Industrial and Economic Growth Plan and input into the MIPIM debrief
- Development of key lines of communication, in particular enhancements to the CCR website
- Development of key relationships with Universities, Innovate UK and bodies such as CBI, FSB and IoD
- Supported consultation on key processes and developments such as the Industrial Growth Plan, Skills work and impact of businesses on exiting EU in conjunction with Innovate UK
- Created a sector focus and sector support teams to back and assist the focus of the Industrial and Economic Growth Plan

4 Work Programme 2019/20

The following areas and activities below set out our substantive work programme for 2019/20.

- 1) Communication, Engagement and Visibility** – we are committed to extending the reach of the CCR and specifically, the CCRC and strengthening business engagement and involvement. We will:

Do what	By when	With whom & how	With what investment?
Cardiff Capital Region Workshops	End of July 2019 Second set – by end of February 2019	With local council business partnerships and for a in key locations – across the region	£3.6k In kind contribution of member time - £10k
Sponsor and promote CCRC at Wales in London Week in March 2020	End of March 2020	March 2020. Participate in and promote the region through panel sessions, roundtable and marketing at Wales in London Week 2020	£2.5k In kind contribution of £3k
Participation in MIPIM 2020	End of March 2020	Partnership across CCR, Invest in	£50k contribution – agreed on 10 June by Regional Cabinet

Do what	By when	With whom & how	With what investment?
-developing key messages -investment asks and offers -key events -B2B event -inter-region event with South West of England -run series of workshops with DIT		Cardiff and Regional Business Council	
TOTAL INVESTMENT REQUIRED			£69.1K
IN-KIND CONTRIBUTIONS OF CCRBC			£13K
INVESTMENT ASK OF CITY DEAL			£6.1K (£50K already approved)

2) **Doing business in the Cardiff Capital Region** – we want to establish ‘brand value’ of the Cardiff Capital Region and its City Deal, creating and spreading awareness and developing its international profile and presence. We will:

Do what	By when	With whom and how	With what investment
Marketing and Communications support	March 2020	Work with City Deal office to develop and align key messages for the business community Co-develop marketing and engagement plan for the Investment Framework	£3k
Invest in CCR Investor Flagship Event	March 2020	On back of Wales in London Week, hold an event in CCR to promote the region	£5k

Do what	By when	With whom and how	With what investment
		as a key business location	£3k in kind support and development and planning time
Themed lunch in London	March 2020	To develop a focus around a key sector and convene lunch with London based investors, networks and Global Welsh	£10k to be secured through industry sponsorship
Sponsorship of key industry awards and events – Estnet, British American Project and Fast Growth 50	March 2020		£10k
TOTAL INVESTMENT REQUIRED			£31K
IN-KIND CONTRIBUTIONS OF CCRBC and SPONSORS			£13k
INVESTMENT CONTRIBUTION OF CITY DEAL			£18k

3) Promoting Challenge-led Investment – there is a clear need to ensure businesses are supported and equipped to compete in an investment space that is governed by the ability to respond to challenge calls and to compete for challenge prizes, such as the £6.4bn annual Industrial Strategy Challenge Fund. We will:

Do what	By when	How and with whom	With what investment
Establish sectoral groups to support and promote opportunities through the SIF bids for CS Cluster and Medical Devices and Diagnostics	End of March 2020	To promote and support opportunities through CS Connected and emerging life Sciences Cluster	£3k in kind support through expertise and leveraging partner assets

Do what	By when	How and with whom	With what investment
To establish a case for a Knowledge Transfer Partnership and submit to Innovate UK	End of March 2020	Co-develop an investment case for knowledge mobilisation support	Unknown at this stage and will be developed as a discreet proposal
Support the City Deal Clean Growth Project	End of March 2020		In kind support of energy specialists of £2k
TOTAL INVESTMENT REQUIRED			£5k
IN KIND CONTRIBUTIONS OF CCRBC			£5k
INVESTMENT CONTRIBUTION OF CITY DEAL			£0

TOTAL INVESTMENT REQUIRED TO DELIVER THE PLAN –£92.1K

TOTAL 'IN KIND CONTRIBUTIONS AND SPONSORSHIP TARGET' – £31K

TOTAL INVESTMENT ASK FROM CITY DEAL TO DELIVER THE PLAN - £24.1k (NOTING EXISTING APPROVAL OF MIPIM 2020 OF £50K)

5 Next Steps

The above Work Programme and wider Business Plan sets out our undertakings and activities in the short-term. This will provide further progression on our first year and build for the medium-term and it is anticipated that forthcoming Business Plans, whilst likely to continue the themes and priorities featured in this inaugural plan, may be subject to change and adaptation. The City Deal now has its key pillars and foundations in place and we look forward to working as part of the wider Business, Industry, Education and Government team, to accelerate delivery and enable great things to happen in the region.

We take feedback seriously about the need for enhancing business engagement and hope that this plan, goes some way to addressing that. As we move closer to a Gateway Review, we commit to the region as full partners and will work hard to ensure industrial leadership and a strong business voice.

As the Business Council, for the Cardiff Capital Region, we commit to promoting and optimising the opportunities that can help grow strong and prosperous places, support good growth and leverage our existing distinctive assets, companies, entrepreneurs and businesses. In time, we will focus more closely on opportunities to widen the scope of our work and develop deeper

frameworks, building on the solid foundations that our sister body, the Economic Growth Partnership is creating.

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Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal Setting out the wider RBC Business Plan for 2019/20
Proposal: Regional Business Council Business Plan 2019/20	Date Future Generations Evaluation form completed: Julky 2019




Page 72

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposal relates to building the brand, comparative advantage and profile of the region in a global context	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.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Not directly applicable at this early stage, however some of the work with IUK will involve encouraging businesses to engage more fully with Grand Challenges of the Industrial Strategy Challenge Fund. One of these challenges is Clean Growth 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?
	opportunities for business to pioneer the green and clean growth agendas.	
A healthier Wales 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.	
A Wales of cohesive communities 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 through the various events and initiatives
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Attending MIPIM to promote the CCR will see us play a stronger part in developing the economic wellbeing of our region and country, thus impacting social and community objectives. It will help make our country feel more connected and outward looking.	Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives.	

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/ WiL Week and other events and activities 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 events will be 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 events.</p>	<p>The RBC will demonstrate the 'reach' of its engagements</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>The RBC is a non-public body seeking to demonstrate its commitments to sustainability and wider wellbeing goals, through its work with the CCR CD.</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 proposal is about attendance and support for national and international events. 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 expectation is that the plan will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.	As above	
Gender reassignment	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 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 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 expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Religion or Belief	The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Sex	The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Sexual Orientation	The expectation is that this will yield opportunity, new connections and networks that if leveraged comprehensively – should foster opportunity for all.		
Welsh Language	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.	

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

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

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

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

- Evidence and data from other cities, regions and countries
- Evidence from Cardiff Council and their previous endeavours
- New data emerging from the ISCF and Innovate UK about engagement

Page 77

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 plan for beyond 2018/19 will continue to be shaped over the coming weeks and months. 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.

The impacts of this proposal will be evaluated on:	Before end of March 2019
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15 JULY 2019

STRENGTH IN PLACES FUND – WAVE 2

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM: 7

Reason for this Report

1. To inform Regional Cabinet of the workshop with the Life Sciences sector convened by the City Deal Office to gauge interest in progressing a Strength in Places Fund (SIPF) Expression of Interest in the area of Medical Devices and Diagnostics.
2. To report on the outcomes of the region-wide workshop and to seek Regional Cabinet's approval in relation to taking forward a first stage Expression of Interest to Wave 2 of the SIPF and the associated timescales.
3. To seek Regional Cabinet's approval to commit up to £50,000 to towards the package of costs that are required to assemble an 'industry-led' project team (as required by the SIPF) with access to the required resources to pull together a compelling Expression of Interest.

Background

4. In November 2018, the Chancellor in his autumn statement announced a funding commitment to a second round of the SIPF (c£236m). Wave 2 of SIPF Fund opened in April 2019 with consultation events taking place across the UK up until the end of June. 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 Devices 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, Renishaw and Creo Medical as well as start-ups and a range of thriving SMEs such as Gwalia Healthcare, Bond Digital Health, TrakCel and Purolite. The benefits of bringing together such a cluster straddle all parts of the region with more than 6% of the region's GDP coming from the Life

Sciences sector – higher than other regions of the UK. (See Appendix 1 for Regional Distribution of Devices and Diagnostics companies.) Scope also exists to extend the submission area into both the Bristol area and Swansea. An initial meeting was held and strong interest expressed across Councils, Universities and the life sciences sector.

5. A second workshop with broader representation of industry, Welsh Government and academic partners was organised and held on 1 July 2019 at the Life Sciences Hub in Cardiff to progress the opportunity for a consortium to be brought together to push forward a strong proposition from the Cardiff Capital Region for Wave 2 of the Fund.
6. The workshop, attended by 35 delegates, concluded there was indeed a desire to push forward with a proposal with strong 'lead' support from industry (Creo Medical) and academia (Cardiff University) with further backing from the Life Sciences Hub and a number of other businesses and partners who wished to form a small project team and steering group. It is proposed that plans are now confirmed to develop the necessary skills, resources and arrangements to develop the Expression of Interest required for submission on 9 October 2019.

Issues

7. To facilitate this, Creo Medical based in Chepstow, has pledged financial support (up to a maximum of £100k if matched by others) to ensure that the best project team is assembled with access to the required resources to pull together a compelling Expression of Interest and to more widely, create the conditions for cluster development. This is important since strong Industrial Leadership is a pre-requisite and must be demonstrated through the EOI. The Life Sciences Hub has also pledged £25k to support the costs of a bid writer as part of the project team. Other companies and organisations have also committed to in-kind contributions in the way of help, advice, expertise and support up the value of £25k. It is suggested that the CCR also commits up to £50k to the fund from the Wider Investment Fund Project Development budget. This would confirm CCR City Deal's 'local leadership' support for the EOI and demonstrate the necessary political will and backing to the process.
8. Given Wave 2 of the SIPF expects to make allocations of up to £50m to successful industry-led consortia, it is important that the opportunity is progressed. Whilst a 'fighting fund' of c£200k would appear to be a significant sum, it must be borne in mind that the Devices and Diagnostics Cluster is fledgling. A much smaller investment was made by CCR and consortium partners in convening the Wave 1 bid for the Compound Semiconductor Cluster submission to SIPF. However, this recognised the significant amount of information, data and networks readily available – mainly as a result of work on the business case for the Compound Semiconductor Foundry. The Medical Devices Cluster and Diagnostics Cluster is not in the same place. Although the number of companies is growing and the scope and scale of working is developing at a fairly quick rate, the inter-connections, alignments and coherence at cluster-scale are not well developed. There is currently no sense of identity and whilst opportunities exist – there

is a significant amount of work to do to build profile and presence. In addition to specialist bid-writing support and programme development expertise, urgent work needs to be done to establish the connections, build a brand and develop a marketing plan, bring together the network and commission an independent assessment of economic impact over the medium-term.

9. Table 1 below provides a high-level break down of the anticipated costs. Much of this relates to the direct development of the EOI itself, which is to be submitted by 9 October 2019. However, as first stage 'seed-corn' awards will not be announced until June/ July 2020 – it is important there is a wider and more medium-term focus on maintaining momentum and continuing to build capacity; collaboration and identity over this period in order to give coherence to the Devices and Diagnostics Cluster.

Table 1

Proposed Activity	Approximate Investment	Duration
Secure bid writing expertise	£40,000 (includes in-kind support)	Up until October 2019 – submission of EOI
Establish project management, Cluster co-ordinator, secretariat and support arrangements for on-going industry and academic liaison	£40,000 (includes in-kind support)	Up until June 2020 – seed fund announcement
Establish and support project steering group	£10,000	Up until June 2020 – seed fund announcement
Create the monthly 'Medical Monday' network event	£20,000	Up until June 2020 – seed fund announcement
Develop the Cluster brand, identity and marketing materials	£20,000	Up until June 2020 – seed fund announcement
Commission Economic Impact Assessment work	£25,000	Up until October 2019 – submission of EOI
Analysis of Skills requirements in conjunction with Regional Skills Partnership	£20,000	Up until June 2020 – seed fund announcement
Development of collaborative R&D programme, including international links for CCR Medical businesses	£25,000	Up until June 2020 – seed fund announcement

10. It is proposed that the initial project budget will be managed by Creo Medical. This will satisfy the 'lead role' requirements for SIPF and will be done on an open book accounting basis, jointly overseen and monitored by the small core group of contributors – all of whom will be part of the Project Team and Steering Group – including CCR City Deal. This will allow the necessary freedoms and flexibilities, but will provide accountability to CCR City Deal through an open, rigorous and transparent approach. In effect, this will mean City Deal 'grants' £50,000 to Creo Medical supported by a simple grant agreement setting out Terms and Conditions in line with standard HM Treasury provisions.

Reasons for Recommendations

11. To seek Regional Cabinet's endorsement of the approach outlined to developing an industry-led Expression of Interest to Wave 2 of the Strength in Places Fund. Submitting a second stage bid to the Wave 2 Fund demonstrates backing for priority sectors, has the opportunity to benefit all parts of the region, make inter-regional links and exemplifies ambition and opportunity to UKRI. In addition, the strong offers of support from industry and the Life Sciences Hub indicate the beginnings of a long-term partnership which could persist and develop, beyond the success or otherwise of the Strength in Places Fund bid.

Financial Implications

12. The attached report seeks approval to commit up to £50,000 towards an industry-led Expression of Interest (EOI) to Wave 2 of the Strength in Places Fund. The reports outlines the significant interest and strong level of support identified within the region to take forward the EOI, with circa £150,000 of commitments already pledged by a number of key stakeholders to-date.
13. It is proposed that Creo Medical will be the legal entity which undertakes the 'led role' for co-ordinating, developing and submitting the bid on behalf of the region. In addition, it will be responsible for receiving, holding and accounting for all financial contributions received to towards bid development costs. The proposed arrangements will need to ensure that any VAT implications are fully understood and costs are structured accordingly.
14. CCR City Deal's financial contribution can be met from the approved 2019/20 Programme Development & Support budget, subject to the necessary financial and administrative arrangements being agreed and put in place. It is envisaged that this will take the form of 'grant agreement', which amongst other matters, will seek to ensure that:
 - funding is to 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;

- the CCR City Deal element of funding is utilised in a manner which complies with the European Commission's State Aid Rules and that any goods and/or services acquired through this funding are purchased in a competitive and sustainable way so as to demonstrate best value in the use of public funds;
 - that accounting records will be made available on an 'open book' basis, to satisfy the requirements of openness, transparency and accountability, in respect of public monies.
15. If the EOI is successful, it is envisaged that Creo Medical will also take responsibility for receiving and administering the £50,000 'seed-corn' funding that is being made available to work up the next stage of the process. This next stage may include an 'investment ask' from the CCR Wider Investment Fund, in which case it will be necessary to prepare a business case in-line with the requirements of the Investment & Intervention Framework.
 16. 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 potential resource implications and the associated timescales.

Legal Implications

17. In this case it is proposed that the CCRCDC progresses an opportunity to form a consortia that is applying, via an expression of interest ('EOI'), for UK Research and Innovation Strength in Places funding. The consortia in its application will set out its proposals. It is understood that the detail of the proposals is yet to be developed. It is proposed that City Deal provides £50,000 funding from the CCRCDC Wider Investment Fund to assist in the assembly of an 'industry led' project team to develop the proposed Expression of Interest (as detailed in the report). Detailed consideration will be required to be given to the terms attached to any funding provided by CCRCDC to any third party, including how the monies could be used and how partners/end beneficiaries are selected. This is important as the CCRCDC must ensure that any City Deal monies spent comply with the HMT and WG funding conditions. As part of the development of the EOI legal advice will be required to ensure any legal issues arising are appropriately addressed. At this stage, it is not possible to provide detailed legal advice on the above points as matters appear to be at a formative stage and we lack the detail upon which to advise.
18. 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 CCRCDC perspective, this should include developing the detail 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. A further report, with supporting business case will be required for CCRCDC Regional Cabinet approval before any detailed proposal (which is partially reliant on CCRCDC funding) is submitted.

19. If the EOI is unsuccessful then the report seeks authority for the CCRCD to remain part of the consortium and to resubmit further applications in later rounds.

Wellbeing of Future Generations

20. 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.
21. 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.

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 as an appendix to this report (Appendix 2 Well-being of Future Generations Assessment) for members' consideration. 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>

RECOMMENDATION

It is recommended that the Cardiff Capital Region Regional Cabinet:-

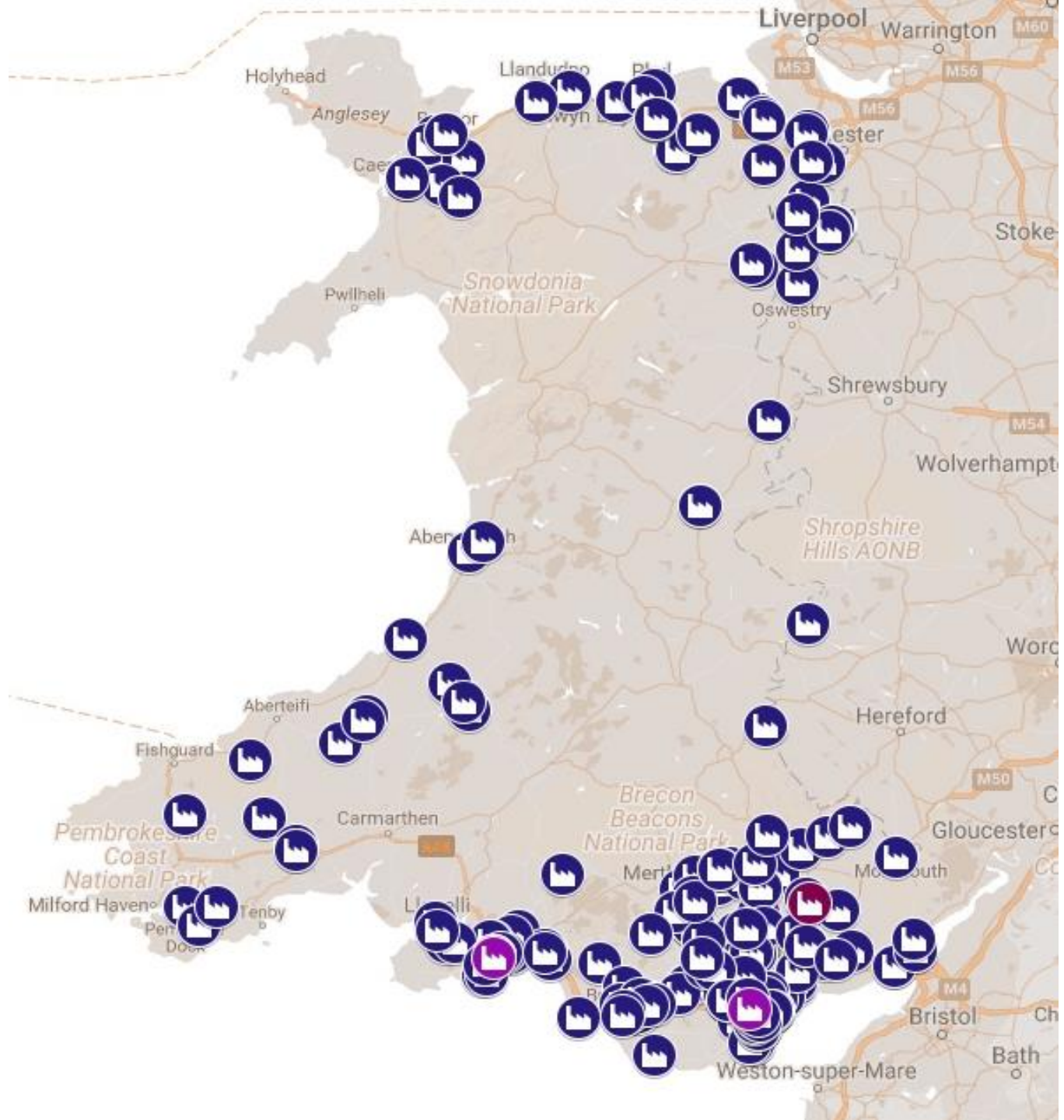
1. Note the progress being made in developing a strong consortium to develop a Wave 2 Strength in Places Expressions Of Interest (“EOI”) around the theme of Medical Devices and Diagnostics.
2. Approve up to £50,000 from the CCRCD Wider Investment Fund’s Programme Development & Support budget to meet the costs associated with the compiling a project team as outlined in the report.
3. Delegate authority to the City Deal Director (in consultation with the Portfolio Member and Joint Committee s151 Officer) to finalise and submit the EOI on 9 October 2019.
4. Agree that if the EOI is successful and Strength in Places Funding is awarded to develop the proposal (‘the Detailed Proposal’) that:
 - a. CCRCD, (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 CCRCD Wider Investment Fund as part of the Detailed Proposal.
5. Agree that if the EOI is unsuccessful, to delegate authority to the CCRCD 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 Director
15 July 2019

Appendices

Appendix 1 – Regional Distribution of Devices and Diagnostics Companies

Appendix 2 – Well-being of Future Generations Assessment

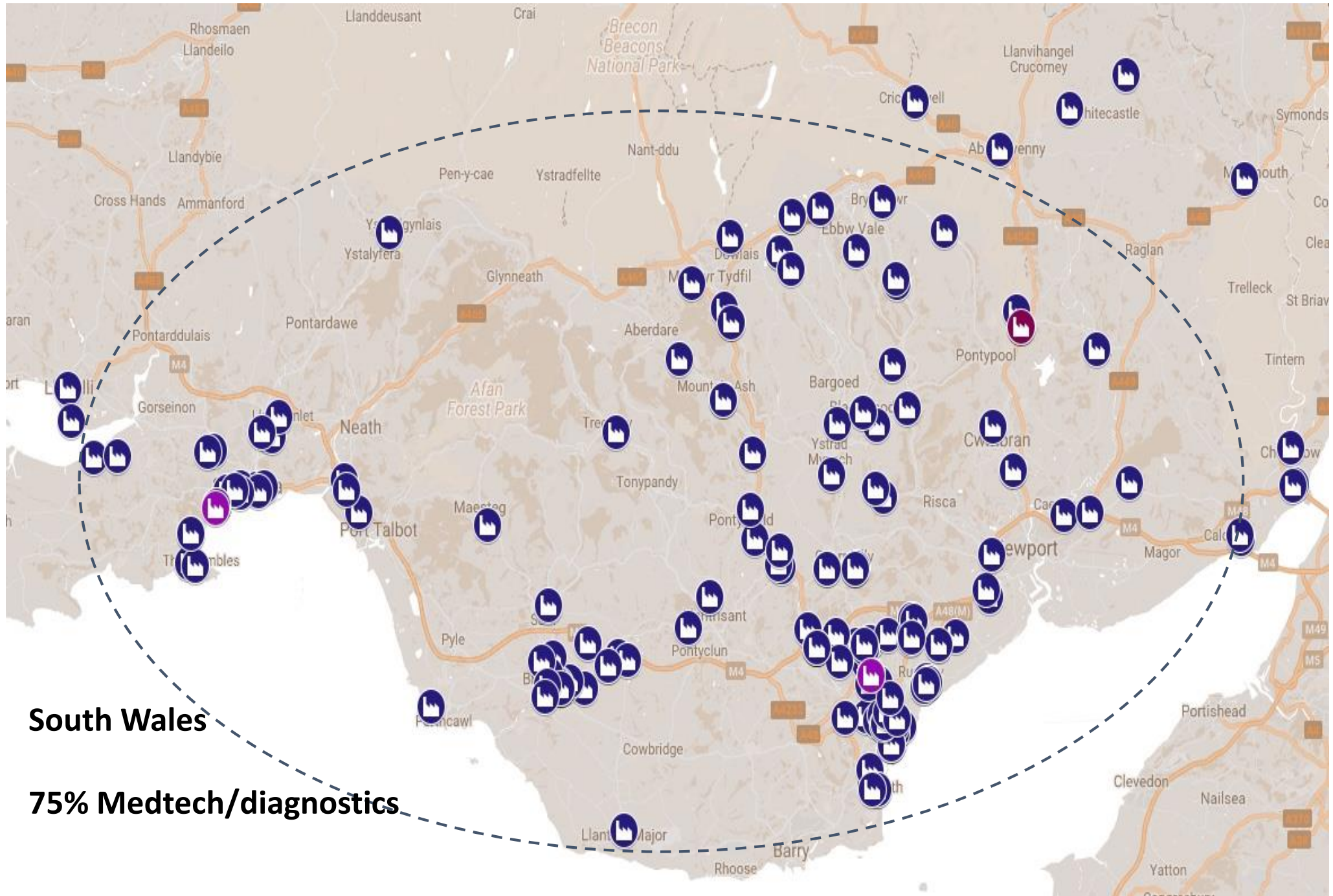


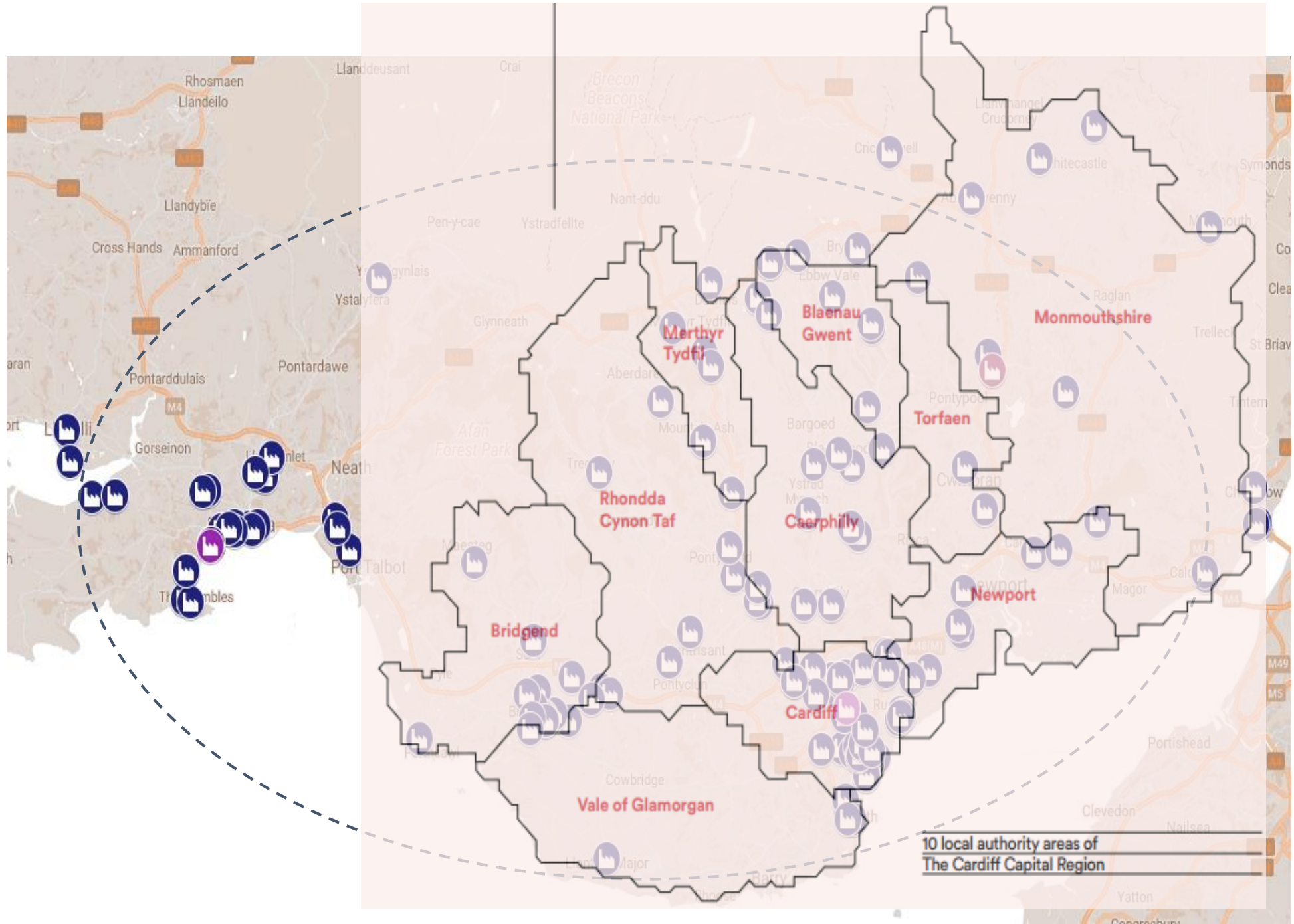
The Welsh Life Science Sector Cluster

“Medtech”

Employees	7300
Turnover £1.3bn	
Businesses	206

6% of UK total





Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal The proposal aims to seek cabinet support for the development of a cluster wide submission to UKRI Strength in Places fund for the growth and development of a Medical Diagnostics and Devices Cluster. It builds upon the first experience of SIPF with the proposed CSC Cluster bid.
Proposal: Strength in Places Wave 2 – Devices and Diagnostics	Date Future Generations Evaluation form completed: 8 July 2019

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 88



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposal seeks to build upon a loose cluster that is starting to shape across the CCR. It is as not yet developed but an industry lead and academic partnership has been identified. There is significant potential in this sector to build wealth and prosperity and grow a focused and comparative strength.	The actions taken to maximize impact are around: <ul style="list-style-type: none"> • Consortium-led approach including CCR City Deal, Cardiff University and industrial partners; • Understanding the main challenge to which to respond in order to ensure scope is accurate
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal reflects an opportunity to ingrain and embed economic resilience and security through targeted investment in an evidenced growth sector. The sector itself is making a contribution to new	Economic resilience is critical given the need to withstand future economic shocks. This has the potential to make a contribution to that.

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?
	technologies which can support and enhance health, wellbeing and the natural environment	
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	The technology developed across the cluster is in the health and life sciences space. This makes a core and direct contribution to social, environmental and economic aims.	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.
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	The clustering of companies across the whole of the CCR offers a chance to link and join-up the business and academic communities as well as develop key anchor points right throughout the region. This can further enforce foundational and local ancillary opportunities.	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The Devices and Diagnostics cluster has been selected on account of it being a potential comparative advantage for CCR	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.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The cluster project will have a strong 'made in Wales' connection.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	This proposal goes to the heart of inclusive growth. 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	The City Deal Skills agenda and its continued development, has specifically highlighted the need to optimize the skills opportunities.

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?
	best qualified – there will be entry-level opportunities to level access to the playing field.	

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 EOI 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 a number of industrial partners.</p>	<p>This will be strengthened through a specific aim around network development.</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>	

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 project supports growth in a long-term high-productivity sector which will not just drive industrial and economic benefits – but social ones too in relation to smart and sustainable and solving some of the wider problems associated with disease detection and treatment of health conditions.</p>	<p>Not at this time</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	<p>Should the EOI be successful - in employment and training terms – resultant 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>
Disability	<p>As above – the proposal relates at this time to developing the conditions to submit the EOI</p>	<p>None arising – situation will be subject to ongoing monitoring should the EOI bear fruit.</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	As above – the proposal relates at this time to developing the conditions to submit the EOI 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.		
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.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	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?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting	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
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends
- Work to date on Precision medicine

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

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

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

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

Page 94

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 – notification in 2020.



15 JULY 2019

REPORT ON DIGITAL INTERVENTIONS IN CARDIFF CAPITAL REGION

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM: 8

Reason for this Report

1. To update Regional Cabinet on developments with and changes to, the package of digital proposals previously agreed as a focus for business case development under the 'Digital Strategy' banner. This includes proposed changes to the configuration of the Local Full Fibre Network (Wave 2) bid and combining both elements, proposes a clear way forward for the role of digital and technology in CCR City Deal.

Background

2. In February 2018 a package of potential proposals was submitted to Regional Cabinet. The report, entitled 'Digital Strategy', set out a range of proposed interventions for possible City Deal investment – subject to business case development. These were: Global Connectivity, Welsh Connectivity, Regional Connectivity, Community Fibre Connectivity, and Regional/Community Wi-Fi, Mobile 5G Access, Sensing CCRC and Open Data.
3. In the time elapsed, a strong view has been articulated that the digital strategy is predicated on an infrastructure plan. Whilst this is important because infrastructure is a bedrock - by itself it is not enough and must be amplified and built upon. However, in the context of the cross-cutting 'cluster' approach identified in the Industrial and Economic Growth – it is likely that a single sector focussed 'digital strategy' will have limited currency. Instead, and as is the aim of the Growth Plan and Investment Framework – the whole economic development approach needs to underpinned, enabled and supported by digital in order to:

- convert good research and ideas into uses, applications and businesses;
 - ensure our economy is more productive and competitive through infrastructure and innovation;
 - back and support priority sectors, clusters and eco-systems;
 - shape skills and talent development that doesn't just get people into work but enables progression in that work;
 - drive a sustainable and resilient future for public services;
 - stimulate and leverage commercial investment in the region;
 - adjust to competitive evolution that is no longer linear – but exponential and disruptive.
4. This proposed refocus is not about digital itself being the 'competitive advantage' – but recognising that unless digital is embedded in all our efforts to grow productivity, competitiveness and prosperity – we will be at a competitive *disadvantage*. In a digital world, the goal must be to capture the enabling and underpinning value – across all sections and sectors of the economy. Digitisation will not just help provide future jobs, it continues to transform all jobs. Businesses can innovate and get ahead through technology. It is the means and not the end. There is broad and proven recognition that the provision of digital services drives economic growth and enables social inclusion and cohesion. We must work across the economy, industry and public services to develop and consolidate structural foundations, to encourage investment and guide innovators as they enter the market.

The work to date on a 'Full Fibre Future'

5. The work commissioned and carried out to date by CCR appointed advisors has been important and of high-value. The plan for infrastructure development prepared by the advisors has been endorsed and accepted by all key stakeholders spanning the market and Welsh Government (WG). Their assessments are spot-on. It has underscored the necessity for a full-fibre backhaul, highlighted that without a plan we are headed for a 'digital desert' and reinforced that issues of inequity prevail with much of the infrastructure development being public sector focussed. The work, including that to inform delivery of LFFN, has also highlighted the fragmented and disparate approach adopted in the region across CCR and WG.
6. The work done by the advisors, at concept level, in terms of the infrastructure and investment needed – stands firm. CCR's 'The Digital Network' draft Outline Business Case is attached at Appendix 1.

7. However, to progress matters, there are two proposed variations to the original plan:

Local Full Fibre Network (LFFN) Bid Wave 2

8. The original approved LFFN bid for Wave 2 cannot proceed as planned. The purpose of the bid - using the public estate (in particular schools) to act as a catalyst for fibre investment in the key economic development areas of the four areas identified (Blaenau Gwent, Torfaen, Monmouthshire and Newport) is problematic. The bid has been the subject of ongoing discussion with DCMS and WG for an extended period. It is clear that the current conditions are not conducive to proceeding in the way originally envisaged – a view shared by all. Not only would it potentially conflict with investments in the Public Sector Broadband Aggregation (PSBA) network; it would come ahead of a planned review of PSBA that Wales Government is commencing in advance of the cessation of the current PSBA contract term. Hence, it would be unwise to invest in infrastructure that the PSBA does not wish to utilise in the short term and so the investment plan needs to be re-prioritised. In addition, in the light of the prolonged period of negotiation, the timescale remaining will not now support the original course of action.
9. The alternative course of action (agreeable to both DCMS and WG) is a more straightforward and whole-region proposal. This is to replace the PSBA copper circuits **across all ten areas** with full fibre circuits (similar to a model supported in North Wales and in fact part of the approach that CCR proposed to DCMS as part of its LFFN Wave 3 bid). The way this would work is for PSBA to identify a list of public sites receiving a copper service. DCMS would invest in the capital works associated with replacing those circuits with full fibre. The fibre brings with it an ability for the surrounding homes and businesses to connect through full fibre by separate intervention. The speed and simplicity of this approach is favoured. All circuits are ordered via PSBA; there is no procurement process and so could be accommodated within a short timeframe, meaning the project would remain on target to draw down the originally agreed sum of £6-7m (with potential for additional funding should it be required). The resultant revenue position is cost neutral as copper is about the same cost on fibre and sometimes less expensive.
10. Homes and businesses then could potentially benefit through fibre acceleration. When deploying the public sector site circuit an additional piece of infrastructure is deployed that enables a local full fibre network to be plugged in to it. This does of course require additional investment. However, the investment threshold for those homes and businesses is significantly reduced making any additional scheme, whether private or public led, more affordable and viable. CCRC effort could focus on such schemes stimulating connectivity from the

public funded nodes established. A draft of the revised DCMS LFFN Wave 2 submission is attached at Appendix 2.

Investment in infrastructure and one shared plan for the region

11. The second change is linked to LFFN and the bigger picture of fibre provision in the region. Seen in isolation, the proposed revised LFFN bid is sub-optimal. It will not directly benefit businesses – and requires secondary separate interventions to do so. However, this is where the leverage lies for CCR. In moving away from the LFFN original bid, there has to be some further advantage and it is agreed that this lies in agreeing a shared bigger picture plan for digital infrastructure provision in the CCR with WG.
12. The work done to date and recommendations are critical to this. The difference in emphasis however, given the re-focussing of the LFFN bid, is that the work completed should now inform one shared plan and business case for the region – owned by both CCR and WG. The second difference is, given the joining of efforts in this way, there is no major call on City Deal resources as ‘outlay’ – as per original assumptions.
13. There is agreement across partners, including WG, DCMS and private providers that the broadband market is a crowded space in commercial areas. The clear view expressed by stakeholders, is that there is no shortage of investment and no overall requirement for City Deal to outlay major funds. Rural connectivity remains a challenge but this is best addressed by UK and Welsh Government initiatives. There is also recognition from WG that in altering the course of the planned LFFN bid, there needs to be an ‘offer’ back to CCR and that offer needs to include eventual realisation of wider and more strategic goals. PSBA is currently a barrier to this and so it is agreed that CCR will inform the PSBA review focussing on addressing issues of cost; single-use and single purpose and the need for opening up provision. The Deputy Minister for Economy & Transport has been engaged in this conversation and is kick-starting the review.
14. The offer for is to address digital infrastructure issues and challenges in the region, in a joined-up way. Whilst the outcome on LFFN is less than ideal, positioned in this more comprehensive way, it can provide a whole region foundation on which to work with WG to co-develop the next stages and layers of the wider plan. This will include:
 - one agreed digital infrastructure plan for region which can be jointly owned and presented to external bodies like DCMS. This will arrest ‘competition’, align objectives and develop a shared understanding around activity, how it is best convened and co-ordinated and what remains to be done;

- shared approach to establishing market and industry intelligence and insights. What are the big problems to be solved to effect the right kind of economic impact, in line with priorities and sector and place-based growth? This will identify ways in which current digital infrastructure is a barrier to growth;
 - WG-led review of PSBA, which CCR can inform and shape to address the current deficiencies and shortcomings – as described above; and,
 - a joint investment plan to make it happen.
15. As stated above, a targeted joint investment plan will no longer be predicated on direct City Deal grant funds or outlay. There are high levels of confidence across all partners and sectors that the money is out there – the issue is directing, co-ordinating and aligning it to best effect. The joint investment plan will therefore be about blending:
- DCMS Rural Gigabit Connectivity Fund - £200m first phase of bigger scheme;
 - the remaining £60m of Superfast Cymru 2 (take up to date has only been in the order of £20m);
 - private providers – for example, the plans for CCR being developed by Next Generation Access;
 - leveraging the Trunk Road concession agreements;
 - a bridge fund to target remaining gaps established jointly by WG and CCR.
16. Evidence from market engagement demonstrates that there is a strong willingness to develop full fibre in the CCR. Whilst the funding streams above can go some way to achieving this – all parties have stated that given the demand-driven model, any further requirement could be addressed through an investment case. There is no expectation of outlay or subsidy – discussions with both WG and CCR have been predicated on repayable bridge loans, Joint Venture and revolving ROI models – money in rather than money out. Should gaps remain in the shared plan, or there be a desire to amplify or accelerate certain areas or sectors, investment could be made through the establishment of a joint fund – through the CCR Infrastructure Fund – as above. It also sets the revised LFFN bid in proper context – laying the foundations and providing the baseline across the whole of the region on which one future-proofed investment-led plan. This is a strategic use of the public estate and driving business and economic delivery and providing closer points of proximity to address domestic and community-level issues.
17. In summary, the work completed to-date reinforces that the ‘why’ and the ‘what’ remains valid and viable. It is the ‘how’ that must change. In addition, there is a need to focus on the market intelligence needed to drive the roll-out of the

approach described in order to tackle the issues based on place, priority sectors and skills for the future. Currently we do not understand the opportunity cost to sectors and businesses and the impact on factors such as R&D. This work must happen quickly and will be carried out across CCR and WG. This means our role in relation to digital infrastructure is less about direct provision and more about setting context for regional economic development – co-ordinating and aligning investment to plan and fillings gaps through a shared investment model to drive local and regional schemes.

18. There are issues to be resolved in this, namely the lead for the LFFN project now it is proposed to be region-wide. It is suggested that this becomes the City Deal Office. In addition to this, the costs relating to the work to date on the LFFN scheme will need to be covered on a whole region-basis via the City Deal Wider Investment Fund project delivery budget. To date, this amounts to £91k and further anticipated costs of £15k.
19. The approach proposed also works in conjunction with the forthcoming Investment & Opportunity Prospectus. This is beginning to build up a picture of the CCR offer – broadband; sustainable transport, sites and premises, housing zones and the skills offer. The other opportunity in this regard is to explore with Transport for Wales the use of Metro stations as potential anchor fibre providers. There are high levels of fibre connectivity attached to Metro and dual capacity fibre within the core valleys lines as well as throughout the Command Centre in Taff's Well.
20. The wider opportunity around digital is to develop beyond the infrastructure part of the plan. The ROI focus on the Infrastructure Plan leaves room for other digital projects and schemes to bid into the Investment Framework. To guide this and ensure the schemes are ones which align with priorities, the Investment and Opportunity Prospectus will place an emphasis on encouraging the schemes that fit with CCR ambition and priorities, filling gaps and providing new opportunities to boost priority sectors; bring research and ideas to life, boost productivity through innovation and Research and Development and build future skills and talent as well as focus on digital future public services.

Reasons for Recommendations

21. The reasons for the recommendations are:
 - in the intervening period, from the first 'digital strategy' report, the context, challenges and opportunities have changed significantly. This report reflects that new positioning and offers a way forward in resolving outstanding issues; provides a proposed course of action around LFFN to fit into this and further develops the wider and richer digital picture for the CCR.

Financial Implications

22. At its meeting of the 12th February 2018, Regional Cabinet approved the Digital Strategy report, along with a budget of £100,000 to prepare an Outline Business Case, including Procurement Support, and associated Branding and Marketing expertise. A further budget of £30,000 was approved to support the ongoing work of the Open Data Working Group.
23. It is understood that the actual costs incurred against these budgets amount to £83,000 resulting in £47,000 of resources being available to fund the re-positioned way forward on digital and technology, including the revised DCMS LFFN Wave 2 bid.
24. The report outlines that costs amounting to £91,000 has been incurred by Newport Council on behalf of the LFFN 2 local authorities and that further costs, estimated to be in the region of around £15,000 will be required to finalise the revised bid. This results in a potential shortfall of £59,000 and can be met from the Wider Investment Fund – Programme Development & Support budget.
25. The report provides a high-level overview of the financial implications that may be associated with the revised bid, namely that;
 - the capital outlay (£6M - £7M) can be fully funded within the DCMS grant allocation;
 - the bid is anticipated to revenue neutral to those public sites that will host services;
 - City Deal Office will need to put in place a level of resource to deliver the project and mobilise operations through the resourcing of the new City Deal office structure – agreed by Cabinet in February 2019.
26. There will be a need for ongoing discussions with Welsh Government to ensure that CCRCD funding is aligned with Welsh Government investment proposals and to minimise the risk of any overlap and duplication, resulting in potential abortive costs crystallising. Instead, the proposed collaborative approach seeks to maximise the use of the public estate, drive business and economic delivery and provide an investment return in-line with the principles of the Investment & Intervention Framework.
27. A draft of the revised DCMS LFFN Wave 2 bid is attached at Appendix 2 and the Recommendations seek approval to delegate authority to the City Deal Director (in consultation with the Portfolio Member and Joint Committee s151 Officer) to finalise the bid within the parameters outlined above. In addition, the bid will need to ensure that it fully complies with the requirements of CCRCD Assurance Framework, as this is a key condition of the funding Terms & Conditions.
28. An update report will need to be brought back to Regional Cabinet to advise on progress in due course.

Legal Implications

29. In finalising the bid proposed detailed legal advice should be sought to ensure all bid conditions can be met within legal constraints and the provision of the JWA, which includes the Assurance Framework.
30. The body of the report refers to placing reliance on a procurement arrangement put in place by WG referred to as PSBA. Before any order is placed it will need to be confirmed that the PSBA arrangement can be relied upon by CCRC and that such way forward meets procurement law requirements.

Wellbeing of Future Generations

31. 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.
32. 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.
33. Regional Cabinet must be satisfied that the proposed decision accords with the principles above
34. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, attached as an appendix to this report (Well-being of future generations assessment) for member's consideration.

35. *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

36. 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.
37. **An Equality Impact Assessment** has been undertaken and is attached as part of the wider Future Generations assessment appended to this report. Regard should be had to the same in reaching a decision on this matter. The purpose of the Assessments is in order to ensure that the Council has properly understood and assessed the potential impacts of the proposals in terms of equality, so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty.

RECOMMENDATIONS

38. Regional Cabinet is asked to:
1. Note the work completed in respect of the original proposed business case for digital infrastructure attached at Appendix 1;
 2. Approve the change in direction set out in this report around digital infrastructure, specifically around the re-positioned LFFN bid;
 3. Note the development of one shared digital infrastructure plan for CCR with Wales Government and the principle of the development of a business case for a joint 'bridging fund' with WG, which will be the subject of a further report following key foundational work and will be submitted as a proposal to the Investment Framework.

4. Approve the emphasis on shaping the wider digital agenda in line with the priorities outlined in the Industrial Growth Plan and via the forthcoming Investment Prospectus.
5. Agree to fund the costs associated with LFFN development to date, noting:
 - a) that the costs of £91,000 expended to date with the further £15,000 needed to finalise the revised bid, which, when offset against the resources available from the original digital business case work, totals £59,000; and
 - b) the revised DCMS LFFN Wave 2 submission attached at Appendix 2;
6. Agree to delegate authority to the City Deal Director (in consultation with the Portfolio Member and Joint Committee s151 Officer) to finalise the re-positioned bid, within the financial parameters outlined in this report;
7. Approve to re-position the lead for the revised LFFN whole-region scheme from Newport City Council to the City Deal Office and note that an update report will be brought back in due course.

Kellie Beirne
Cardiff Capital Region City Deal Director
15 July 2019

Appendices

Appendix 1 – Cube Outline Business Case

Appendix 2 – Revised LFFN bid

Appendix 3 – Well-being of Future Generations Assessment

Cardiff Capital Region City Deal The Digital Network



**Draft
Outline Business Case**

Table of Contents

1	EXECUTIVE SUMMARY	5
2	OUTLINE STRATEGIC CASE.....	10
2.1	STRATEGIC CONTEXT	10
2.1.1	BACKGROUND.....	10
2.1.2	ORGANISATION OVERVIEW.....	14
2.1.3	OTHER RELEVANT STRATEGIES	16
2.2	THE CASE FOR CHANGE.....	19
2.2.1	SPENDING AND INVESTMENT OBJECTIVES	19
2.2.2	DELIVERING FULL FIBRE.....	21
2.2.3	FACILITATE EQUALITY OF ACCESS – RURAL BROADBAND PROVISION	28
2.2.4	STIMULATE INNOVATION THROUGH THE DELIVERY OF ENHANCED WIRELESS INFRASTRUCTURE. (5G, IOT)	33
2.2.5	OPEN DATA.....	39
3	ECONOMIC CASE	45
3.1	INTRODUCTION	45
3.2	CRITICAL SUCCESS FACTORS	47
3.3	LONG LIST OPTIONS	49
3.3.1	FULL FIBRE.....	50
3.3.2	NEXT GENERATION WIRELESS	55
3.3.3	FACILITATE EQUALITY OF ACCESS – RURAL BROADBAND PROVISION	62
3.3.4	OPEN DATA.....	70
3.4	ECONOMIC APPRAISAL.....	75
3.4.1	LONG LIST TO SHORT LIST CRITERIA ASSESSMENT	75
3.4.2	THE PREFERRED OPTION(S).....	78
4	COMMERCIAL CASE.....	80
4.1	BACKGROUND.....	80
4.2	PROCUREMENT STRATEGY	80
4.2.1	BACKGROUND	80
4.2.2	FULL FIBRE.....	80
4.2.3	EQUALITY OF ACCESS – RURAL BROADBAND	86

4.2.4	NEXT GENERATION WIRELESS	87
4.2.5	OPEN DATA.....	89
4.3	SUMMARY AND KEY COMMERCIAL CONSIDERATIONS	89
4.3.1	KEY COMMERCIAL QUESTIONS	89
5	<u>FINANCIAL CASE</u>	92
5.1	INTRODUCTION	92
5.2	INFRASTRUCTURE FUND - CAPITAL EXPENDITURE.....	92
5.2.1	URBAN/ ECONOMIC DEVELOPMENT AREAS	92
5.2.2	NEXT GENERATION WIRELESS (5G/IOT)	95
5.2.3	INFRASTRUCTURE FUND - CAPITAL EXPENDITURE SUMMARY.....	95
5.3	FUNDING SOURCES - REVENUE EXPENDITURE	96
5.3.1	DEVELOPMENT ZONES FIBRE	96
5.3.2	NEXT GENERATION WIRELESS	97
5.3.3	OPEN DATA.....	97
5.3.4	REVENUE EXPENDITURE SUMMARY	98
5.4	CHALLENGE FUND.....	99
5.5	ECONOMIC BENEFITS.....	99
5.6	FINANCIAL SUMMARY	101
	TABLE 1 - KEY UK STRATEGIES	16
	TABLE 2 - KEY UK STRATEGIES	17
	TABLE 3 - KEY WELSH STRATEGIES	18
	TABLE 4 - FULL FIBRE AVAILABILITY (UK 4.1%)	22
	TABLE 5 - PRIMARY RISKS	26
	TABLE 6 - OFCOM BROADBAND DATA	28
	TABLE 7 - NI EXAMPLE BENEFITS	30
	TABLE 8 - PRIMARY RISKS	32
	TABLE 9 - RISKS & MITIGATION	38
	TABLE 10 - OVERARCHING CRITICAL SUCCESS FACTORS	48
	TABLE 11 - DIGITAL INFRASTRUCTURE SPECIFIC SUCCESS FACTORS	49
	TABLE 12 - FULL FIBRE, DO NOTHING	50
	TABLE 13 - FULL FIBRE, DO MINIMUM	51
	TABLE 14 - FULL FIBRE, ASSET INVESTMENT	52
	TABLE 15 - FULL FIBRE PROCUREMENT	54
	TABLE 16 - NGW, DO NOTHING	55
	TABLE 17 - NGW, DO MINIMUM	56
	TABLE 18 - NGW, FTIR	58
	TABLE 19 - NGW, 4G INTERVENTION	60
	TABLE 20 - NGW, 5G & IOT SUPPORT	62
	TABLE 21 – EQUALITY OF ACCESS - DO NOTHING	63
	TABLE 22 – EQUALITY OF ACCESS, DO MINIMUM	64
	TABLE 23 –EQUALITY OF ACCESS, DEMAND STIMULATION	66
	TABLE 24 – EQUALITY OF ACCESS FUNDING STREAMS	68
	TABLE 25 – EQUALITY OF ACCESS, COMMUNITY PROGRAMMES	70
	TABLE 26 - SUCCESS FACTOR MAP	76
	TABLE 27 - OWNERSHIP MODELS	84

TABLE 28 - COMMERCIAL ISSUES	91
TABLE 29 - ESTIMATED DEVELOPMENT ZONE CAPITAL EXPENDITURE PROFILE AND FUNDING SOURCE	94
TABLE 30 - ESTIMATED NEXT GENERATION WIRELESS CAPITAL EXPENDITURE PROFILE AND FUNDING SOURCES	95
TABLE 31 - ESTIMATED DIGITAL PROGRAMME CAPITAL COSTS	96
TABLE 32 - ESTIMATED CONNECTED CITIES PROGRAMME REVENUE COSTS	96
TABLE 33 – NEXT GENERATION WIRELESS PROGRAMME REVENUE COSTS	97
TABLE 34 – OPEN DATA PROGRAMME REVENUE COSTS	97
TABLE 35 - ESTIMATED DIGITAL PROGRAMME REVENUE COSTS	98
FIGURE 1 - CCRCD INVESTMENT SECTORS	19
FIGURE 2 – SCENARIOS FOR THE DEPLOYMENT OF FIBRE AND DUCT INFRASTRUCTURE INTO THE REGION.	23
FIGURE 3 - 4G COVERAGE MAP FOR EE	33
FIGURE 4 - ESTIMATED GROWTH IN IOT	37
FIGURE 5 - PROCUREMENT FRAMEWORK	83

1 Executive Summary

This paper presents an Outline Business Case for digital infrastructure investment in the CCRCD region

Strategic Case

There is broad and proven recognition that the provision of digital services drives economic growth and enables social inclusion and cohesion. There is also a growing recognition that the availability of world class digital connectivity stimulates innovation and the creation of new business streams.

The breadth and quality of digital infrastructure available in Wales has fallen behind that found in many other parts of the UK and the Cardiff Capital Region has significant gaps in service provision and availability. For example;

- There remain a large number of rural sites not able to access superfast (>30Mbops) broadband services. There are over 8000 sites in the region falling beneath the UK Governments stated Universal Service minimum threshold of 10Mbps for broadband services
- The number of business and residential premises with access to full fibre services is <3% in the region. In contrast the City of London has 12.5% availability. Internationally the comparisons are starker with Japan 97%, Sweden 44% and an EU average of 14%.

CCRCD intends to work alongside the UK Government, the Welsh Government and industry to deliver world class, high-quality, full fibre and wireless digital services across the region.

Connectivity is a key aspect of the City Deal that calls for a future-proofed deployment of both fixed fibre and mobile networks that will provide a transformative foundation for both businesses and citizens across the region and beyond.

However, it should be stated that digital connectivity is not an end in itself but a key enabler for the region in its economic investment plan. CCRCD aspires to an intervention, growth and investment prospectus that is underpinned by enhanced digital connectivity.

There are a range of digital connectivity interventions that will support the strategic aims for the region, but these will need to be developed into separate sets of objectives as follows;

- i. Ensure cities and development zones have access to open world class full fibre infrastructure. This will:
 - improve the quality of public service delivery by ensuring all public buildings are digitally connected, facilitating improved efficiency and public access to services

- deliver cost savings to the public sector for digital connectivity
 - stimulate competition and choice in digital services
 - stimulate inward investment in the region by telecommunications industry and hence improve access to services for residents and businesses
 - deliver economic benefits through the usage of digital infrastructure, notably increased efficiency and enhanced productivity
 - directly support and stimulate the digital transformation of services and products
- ii. Facilitate equality of access to broadband services¹ across the region, notably in rural areas. This will deliver the following spending objectives;
- improve the quality of public service delivery by ensuring communities in remote areas have access to services
 - social cohesion and inclusion across the region to sustain communities
 - stimulate economic growth by enhancing opportunities for employment.
- iii. Stimulate innovation through the delivery of enhanced wireless infrastructure by:
- specific projects should be identified that will act as a proof of concept against which decision about further investment by the operators, or in cooperation with CCRCD, can be made. In order to open 5G and IoT use cases and projects to the widest audience, a challenge fund is proposed through which innovation can be stimulated.
- iv. Creation of a fully Open Data environment by:
- making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available to all, without copyright, patents or other methods of control to drive competitiveness and innovation.

¹ It should be noted that there exists a range of Welsh Government and UK Government led initiatives to address the rural connectivity challenge. CCRCD fully supports these Welsh Govt and UK Govt initiatives and would not replicate such programmes. Any intervention in the rural market by CCRCD would, if at all, be on the supply side. It is considered that the most effective way to support this is by the CCRCD providing working capital and equity to potential suppliers addressing this issue.

Economic Case

Options have been considered to address the strategic objectives of the region. Those shortlisted are shown in the table below

Strategic Objective	Original Outline Business Case Theme	Recommended approach
Full Fibre Provision	Regional Connectivity	<ul style="list-style-type: none"> • Fully or partially fund duct and fully open access fibre infrastructure in selected areas • Supply side engagement
	Global Connectivity	<ul style="list-style-type: none"> • Support Welsh Govt Initiative in funding applications and design
	Welsh Connectivity	<ul style="list-style-type: none"> • Sort term programme to reposition and promote IX
Stimulate innovation through the delivery of enhanced wireless infrastructure	5G	<ul style="list-style-type: none"> • Targeted investments in specific projects and use cases • Supply side engagement • Implement Telecoms Infrastructure Review
	Sensing CCRC	<ul style="list-style-type: none"> • Establish innovation framework and targeted investments
	Wi-Fi	<ul style="list-style-type: none"> • Do nothing
Facilitate equality of access – Rural Broadband Provision	Community Fibre	<ul style="list-style-type: none"> • Strategic supply side investments from Challenge Funds • Support UK and Welsh Govt rural initiatives
Open Data	Open Data	<ul style="list-style-type: none"> • Through a form of Challenge funding, develop both private and public sector proof of concepts • Ensure all actions allow the evolution into a DataCo at the earliest opportunity to stimulate demand, skill, jobs and outcomes

Commercial Case

The commercial case defines the recommended procurement routes, service specifications and commercial and contractual considerations. These are different for each stream and shaped by:

- Stakeholders appetite to invest in public sector assets and infrastructure
- Commercial appetite for inward investment
- Ensuring state aid compliance
- Ensuring investments are complementary to the activities of the PSBA
- Complementary to other national and regional schemes

Financial Case

A summary of the proposed expenditure under each is presented in the table below. The table splits out that potentially invested by CCRCD along with leveraged commercial investment. It should be noted that commercial investment is likely to emerge in two waves; an initial direct contribution to the proposed programme plan and then in addition, there will be secondary pull through investment by the commercial sector as subsequent investment will be made to enhance and expand the digital infrastructure facilitated by CCRCD.

There are strong positive economic and social impacts for all interventions. The analysis undertaken has been careful to apply economic multipliers that have been used in other government programmes to support their business case.

The table below summarises the budget spend and investment sources along with associated benefits. It is estimated that the proposed digital initiatives will result in over £128m of direct and pull through commercial investment and an economic stimulus to the region of over £325m over the next 15 years.

£ - millions	CCRCDC Contribution over 5 years	Estimated Leveraged Private Sector Investment over 5 years	Economic Benefit over 15 years
Infrastructure Fund (5year programme)			
Development Zones Fibre	£7.0 (Plus £7.0m grant from DCMS)	£6.0m initial investment, plus > £70m pull through investment (1)	>£220m
Challenge Fund (5-year programme)			
Equity of access; Investment in broadband service providers	£20m	£40m – based on pull through investments and demand stimulation (3)	>£70m
Next Generation Wireless	£7m	£7m (2)	>£20m
Open Data	£5m	£5m (2)	>£15m
Cumulative 5 Year Revenue Costs	£5m		
Total	£44m	>£128m	>£325m

2 Outline Strategic Case

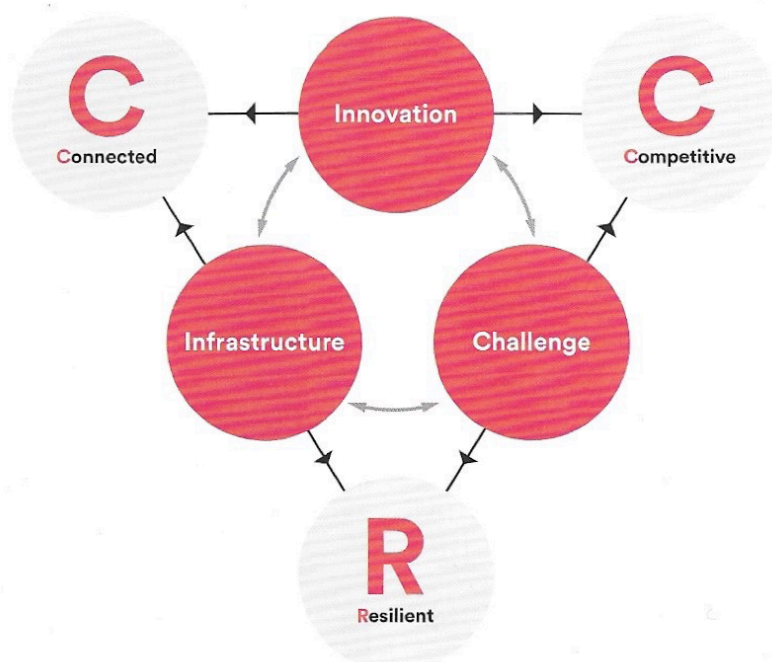
2.1 Strategic Context

2.1.1 Background

The CCRC was established in 2016 based on the key objectives of driving growth, inclusivity and sustainability. It is a region with the main urban centres in Wales, complemented by a wider urban and rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

The region has a highly skilled and educated workforce. However there remain challenges; notably the need for an upturn in productivity and increased participation rates. The region also has challenges in terms of availability of physical and digital infrastructure.

The planned interventions within the City Deal represent a fifteen-year programme with a commitment of £1.2 billion for the region, focussed around three key dimensions, Innovation, Infrastructure and Challenge. Within this framework a requirement has been identified for enhanced connectivity.



Connectivity is a key aspect of the City Deal that calls for a future-proofed deployment of both fixed fibre and mobile networks that will provide a transformative foundation for both businesses and citizens across the region and beyond.

Improving the connectivity within the region is critical² as the region has suffered from a lack of commercial investment in digital infrastructure that consequently has resulted in an underlying gap in

delivery capability compared with other regions of the UK. A continued failure³ to

² Many policy documents and strategic intents from both the UK and Welsh government attest to the criticality.

³ There are numerous case studies that demonstrate that poor digital infrastructure leads to lower GVA and which have been instrumental in the intervention funding in fixed and mobile networks already provided by DCMS, the Welsh Government and

address the issue directly, will have a severe negative impact on the region and lead to:

- Loss in local productivity, employment and reduction in GVA
- A failure to attract inward investment by highly skilled digital intensive industries
- An adverse impact on the delivery of local services, notably education, health and transport
- Environmental challenges
- A widening gap in access to digital services across the region leading to further isolated communities
- Limiting digital transformation across the public and private sector
- The cities and development zones of the region losing competitive advantage.

However it should be stated that digital connectivity is not an end in itself but a key enabler for the region in its economic investment plan. CCRCD aspires to an intervention and growth plan and investment prospectus that is underpinned by enhanced digital connectivity.

Digital connectivity represents the building and enhancing of a critical **enabling** digital environment within which a wider, but completely complimentary, set of strategic aims can be articulated;

1. existing businesses exploiting Digital Infrastructure applications to generate **productivity improvements**
2. existing businesses exploiting Digital Infrastructure applications to **innovate new business models and open new markets**
3. **new business start-ups** capitalising on Digital Infrastructure to operate new digitally dependent business models at lower cost and more flexibly than established businesses
4. economic and employment impacts associated with any new **network build**, including on-going network and application support
5. **Skills development** across digital sectors to drive higher value employment opportunities
6. a rise in **new working practices**, enabled through Digital Infrastructure⁴, communications/conferencing/collaborative tools, applications and delivering additional digital transformation benefits
7. Opening the way for **teleworking to stimulate Rural business models** which positively impacts the environment, maintaining communities, as well as job creation through distributed working

Local Authorities across the UK. Leading edge digital infrastructure is also identified as a key catalyst in driving improvements in productivity and the environment.

⁴ Specifically 'Cloud' based operation and services and Digital Transformation

8. **private household benefits**, via increases in house price and housing wealth
9. **sustaining communities** through remote access to digital services and by allowing rural SMEs to work and conduct business through digital platforms
10. the enablement of **5G** mobile networks and associated Use Cases to accelerate its deployment to lead the way rather than historically being a follower
11. **smart cities/homes infrastructure** offering reductions in energy use, congestion and fuel costs stemming from smart management, smart energy and smart travel systems
12. increased manufacturing productivity secured from the emerging digital revolution in manufacturing (**Industry 4.0**) and connected **Internet of Things (IoT)**

Advanced digital infrastructure also enables many other social benefits, such as;

13. **healthcare benefits** through advances in connected health technologies
14. **environmental impacts** through carbon reduction, travel reduction, home working etc.
15. **Social inclusion and removal of any Digital Divide**

In order to address these issues, the overarching investment objectives around connectivity for CCRC is to deliver a portfolio of digital interventions that seek to create a digital vision, brand and identity for the region as a 'smart' city region able to attract and build on existing assets and human capital and attract private sector partnerships. It will also play a pivotal role in making sure that national related digital interventions and opportunities are built into the regional schemes and projects.

In 2018 CCRCD defined a digital connectivity portfolio of initiatives to underpin its objectives;

- **Global Connectivity:**
Implementation of a transatlantic link to enable the fastest possible connection to the global digital network.
- **Welsh Connectivity:**
Exploitation of the existing Cardiff Internet Exchange (IX).
- **Regional Fibre Connectivity:**
Creation of a strategic site dark fibre network as a public asset. This would support the volume of public, private, research and citizen-based traffic into and around CCRCD.
- **Community Fibre Connectivity:**
A high speed fibre network to connect local communities.
- **Regional/Community WiFi:**
A ubiquitous public WiFi network as a public utility to be maintained by the private sector on an ongoing basis.
- **Mobile 5G Access:**
Implementation of a 5G network.
- **Sensing the CCRCD:**
A sensor network across the region through a canopy of connectivity from access points mounted on e.g. street lights.
- **Open Data:**

Through these actions the region will seek to achieve;

Prosperity and Opportunity:

Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy

Inclusion and Equality:

A vibrant and sustainable economy which contributes to the well-being and quality of life of the people and communities in the region now and in the future

Identity, Culture, Community and Sustainability:

Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life

Throughout late 2018 a programme of research was undertaken addressing each of these ten project areas and presented in a series of workshops and presentations with stakeholders. This work is summarised in this outline business case (see Economic Case Long List).

Based on the work undertaken it was clear that a number of the projects should be prioritised as they are critical to making the economy more competitive and productive through innovation and infrastructure provision. These are:

- Delivery of an extensive full fibre footprint through interventions and investments that are complementary to commercial plans and other interventions by the Welsh and UK Governments.
- Delivery of world class wireless infrastructure; notably stimulating 5G and IoT deployment and usage
- Having a clear strategy and delivery plan for Open Data provision.

212 Organisation overview

The Cardiff Capital Region (CCR) comprises the ten local authorities in South East Wales (Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan), and the CCR Cabinet is made up of the Leader from each of those authorities. It is the ultimate decision-making body for the CCR City Deal, responsible for overseeing and coordinating the councils' obligations in respect of the City Deal.

The main responsibilities of the CCR Cabinet include:

- Managing the CCRCW Wider Investment Fund (decisions on projects and schemes to be funded are taken by the Regional Cabinet)
- Overseeing the progress of the CCR City Deal and to give strategic direction, delivering the agreed CCR City Deal Strategic Business Plan; The plan specifies the regional strategic objectives of the CCR City Deal and key themes have been identified to focus the approach:
 - Skills and Employment,
 - Innovation,
 - Connecting the Region, and
 - Regeneration and Infrastructure.
- Considering the scope for strengthening Capital Region governance further, subject to the agreement of the ten local authorities.

The programme aims to deliver up to 25,000 new jobs, achieve 5% increase in GVA and leverage an additional £4 billion of private sector investment.

Both the UK and Welsh Government are contributing to the Capital City Region Investment Fund, while the ten local authorities themselves will also contribute over the 20-year duration of the Fund. The largest part of the investment will fund the proposed Metro network for South East Wales.

The Cabinet are responsible and accountable for;

- Managing the CCR Wider Investment Fund (decisions on projects and schemes to be funded are taken by the Regional Cabinet)
- Overseeing the progress of the CCR City Deal and to give strategic direction,
- Delivering the agreed CCR City Deal Strategic Business Plan
- Considering the scope for strengthening Capital Region governance further, subject to the agreement of the ten local authorities

To support the Cabinet, there are a number of advisory bodies;

- CCR Transport Authority
- CCR Skills Partnership
- CCR Economic Growth Partnership
- CCR Business Council

All interventions will be subject to the submission of detailed business cases and approval by the Welsh and UK Governments. This Outline Business Case represents the connectivity strands within the overall deal.

2.1.3 Other relevant strategies

Digital transformation and Digital Infrastructure features in a very wide range of strategies across UK Government, Welsh Government and Local Authorities. This is matched by transformation programmes within the private sector.

UK Strategy	Strategic Intent Summary	Digital Infrastructure Fit	Link
The Grand Challenges DBEIS	Put the UK at the forefront of the AI and data revolution	AI and Data require widespread and high capacity digital connectivity	https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges
	Harness the power of innovation to help meet the needs of an ageing society	Key enabler is technology that has fixed and mobile connectivity widely available and high capacity	
	Maximise the advantages for UK industry from the global shift to clean growth	Reduction in the need to travel and the 'Smart' control of energy systems	
	We will become a world leader in shaping the future of mobility	Mobility demands high capacity and widespread mobile communications	
UK Digital Strategy DCMS	Building World Class Digital Infrastructure, including full fibre and 5G	A central part of what Digital Infrastructure project will deliver	https://www.gov.uk/government/publications/uk-digital-strategy
	Give everyone access to the digital skills they need	Widespread deployment and hot-spots of 5G will drive the development of skills	
	Making the UK the best place to start and grow a digital business	Digital Infrastructure is a pre-requisite, alongside the other central SBCD projects in digital media	
	Helping every British business become a digital business	Making high quality digital connectivity widely available is a critical enabler	
	Maintaining the UK government as a world leader in serving its citizens online	Digital transformation requires digital infrastructure to deliver the services	
	Unlocking the power of data in the UK economy	Data analytics is core to new digital services	
Future Telecoms Infrastructure DCMS	Fixed and mobile networks will be the enabling infrastructure that drives economic growth	The Digital Infrastructure project is based upon this	https://www.gov.uk/government/publications/future-telecoms-infrastructure-review
	Nationwide Full Fibre connectivity, there must be a sharp increase in the pace of full fibre roll out	Full Fibre is a one of the key objectives under the connected Cities element of Digital Infrastructure project	
	Making the cost of deploying fibre networks as low as possible by addressing barriers to deployment	Part of Digital Infrastructure is the deployment of publicly owned infrastructure assets to reduce roll out costs	
	Supporting market entry and expansion by alternative network operators	Open procurements are planned for all Digital Infrastructure	
	An 'outside in' approach to deployment that means gigabit-capable connectivity across all areas of the UK is achieved at the same time	Rural connectivity is a key objective of Digital Infrastructure project	
	A switchover process to increase demand for full fibre services	Demand and Supply simulation are both planned within Digital Infrastructure	
	We want the UK to have high quality mobile connectivity where people live, work and travel	Support for supply side actions and lowering build costs for 4G are included	
	Alongside finishing the roll out of 4G networks to meet existing mobile demand, we want the UK to be a world leader in 5G	Construction of 5G hot-spots is a key objective	
5G Strategy for the UK DCMS	Government has a clear ambition for the UK to be a global leader in the next generation of mobile technology – 5G	5G in support of specific and key projects in included	https://www.gov.uk/government/publications/next-generation-mobile-technologies-a-5g-strategy-for-the-uk
	Digital infrastructure is a building block of the Government's modern Industrial Strategy	Several aspects of the SBCD deal and specifically Digital Infrastructure addresses this directly	
	Deliver three main outcomes: <ul style="list-style-type: none"> accelerating the deployment of 5G networks maximising the productivity and efficiency benefits to the UK from 5G creating new opportunities for UK businesses at home and abroad, and encouraging inward investment 	Accelerating deployment through direct intervention and supporting infrastructure roll-out Projects will demonstrate productivity and efficiency gains across several sectors Availability of leading edge connectivity through Digital Infrastructure project will encourage inward investment	

Table 1 - Key UK strategies

UK Strategy	Strategic Intent Summary	Digital Infrastructure Fit	Link
Digital Strategy and Leadership DCMS	Developing a local digital infrastructure strategy: <ul style="list-style-type: none"> • A senior digital champion to lead the process • Bringing together local teams involved in deployment of digital infrastructure • Putting in place the required skills and resources • Collaborating with network providers 	A central SBCE team under a single leadership is proposed Coordination of the 4 Local Authorities is proposed Development and recruitment of key skills and resources in proposed Working closely with communications Service Providers is proposed	https://www.gov.uk/guidance/digital-strategy-and-leadership
	Next Generation services are predicated on leading edge digital infrastructure	Includes digital technologies as a key component which will require leading edge connectivity in fibre and 4G/5G	
	Transforming construction envisages digital design and IoT	Distributed design and IoT are all included in the project	
	Robotics across a wide number of sectors	Robotics require leading edge fixed and mobile connectivity	
Innovate UK, Industrial Challenge Fund DBEIS	Next Generation services for AI and embedded digital technology	AI and analytics require leading edge fixed and mobile connectivity	https://www.gov.uk/government/collections/industrial-strategy-challenge-fund-joint-research-and-innovation
	Leading edge healthcare, including digital technologies	Healthcare requires leading edge fixed and mobile connectivity, particularly the new wave of wearable devices	
	Driverless Cars	Autonomous vehicles need widespread 5G	
Catapults	Creative Industries clusters	Creative industries are primarily digitally based and need leading edge fixed and mobile connectivity	
	Various Streams, including: Digital, Energy, Future Cities, High Value Manufacturing, Offshore renewable energy and transport systems	Although these are not government entities, they are closely linked with Innovate UK and act as a delivery partner in many cases. A large number of their interest areas align directly with the Digital Infrastructure project	https://catapult.org.uk/catapult-centres/

Table 2 - Key UK Strategies

Wales Strategy	Outline	Fit	Link	
Well-being of Future Generations (Wales) Act 2015	A prosperous Wales	Directly supports the goal through delivering innovation, low carbon, expands skills and employment to new high-value roles		
	A resilient Wales	Supports economic change through digital transformation		
	A healthier Wales	Supports technology's part in delivering health of the nation	http://futuregenerations.wales/about-us/future-generations-act/	
	A more equal Wales	Supports the removal of the digital divide across all sectors		
	A Wales of cohesive communities	Supports well connected communities and governments		
Digital First Welsh Government	Helping the public sector provide excellent online digital services to the people and business of Wales	Delivering online services requires digital connectivity to those services, through fixed or mobile networks being supported by the project		
	Seek to develop the infrastructure required to support digital service delivery	A key element of the infrastructure is the digital connectivity with the right coverage and quality, both delivered by the project	https://gov.wales/topics/science-and-technology/digital/public-services/digital-first/?lang=en	
Delivering Digital Inclusion Welsh Government	Digital Transformation forms a central part of the Welsh Government's plans to make public services more meaningful to users	Digital Transformation is enabled and driven by the availability of digital infrastructure		
	To ensure that everyone who wants to be online can get online, protect themselves and their friends and families online and do more online to fully benefit from the opportunities the internet and other digital technologies offer	The Digital Infrastructure project is directly focused on this vision and expands upon it to ensure everyone has network access, but also that access meets the demand of the user, including ultrafast and full fibre links and 4G/5G links	https://gov.wales/docs/dsilg/publications/comm/160316-digital-inclusion-strategic-framework-en.pdf	
Mobile Action Plan Welsh Government	The planning system has a key part to play in maximising mobile phone coverage across Wales	Specific proposals are made related to a central SBDC function to support efficient planning processes		
	The public sector in Wales has thousands of assets that could be used to site mobile telecommunications infrastructure on public land, public highway and buildings	Specific proposals are made related to a central SBDC function to support efficient asset management processes		
	The topography and population density in Wales throws up specific challenges for mobile coverage. Extending coverage as far as possible is likely to require innovative solutions particularly in rural areas.	The use of new ways to achieve rural connectivity is included for both fixed and wireless technologies		https://gov.wales/topics/science-and-technology/digital/infrastructure/mobile-action-plan/?lang=en
	The investment being made by the mobile industry towards regulatory targets will significantly improve mobile connectivity in Wales both in terms of voice and data. However, it is likely that there will still be areas of Wales without a usable and reliable mobile signal	A central team is proposed for SBDC to act as a voice for the region in both investment and regulatory compliance and to work with the Emergency Service coverage requirements		
Digital Wales Welsh Government	Inclusivity: Making sure everyone can enjoy the benefits of technology is a key part	Digital Infrastructure project has a key objective of the widest possible connectivity services		
	Skills: We will use technology to improve teaching methods and learning. Beyond schools, we will ensure that everyone in Wales can acquire the basic skills and confidence to get online and use digital technologies.	Utilising technology for skills and education requires underpinning digital infrastructure of the highest quality as delivery moves into video and augmented reality, both considerations for the project		
	Economy: We want to drive economic growth. We will support Welsh companies to network with research departments to create and commercialise new digital technologies. We will help more Welsh companies to exploit these developments to innovate, grow and access new markets, especially in our priority sectors	Leading edge digital infrastructure will support inward investment and innovation directly		https://gov.wales/topics/science-and-technology/digital/?lang=en
	Public services: We will make more public and government services digital so they are easier to access	Digital Transformation in services requires access via digital networks		
	Infrastructure: To deliver all the benefits of digital technology, we aim to ensure that all residential premises and businesses in Wales will have access to high speed broadband. We will continue to work to eliminate 'not spots' and to ensure that there is fair and equal access to higher speed broadband and to improve mobile coverage	A fundamental aspect of the project is to ensure the widest possible coverage of both fixed and mobile communications		

Table 3 - Key Welsh Strategies

22 The Case for Change

2.2.1 Spending and Investment Objectives

Digital connectivity is a key enabler to deliver the economic and social benefits within the City Deal.

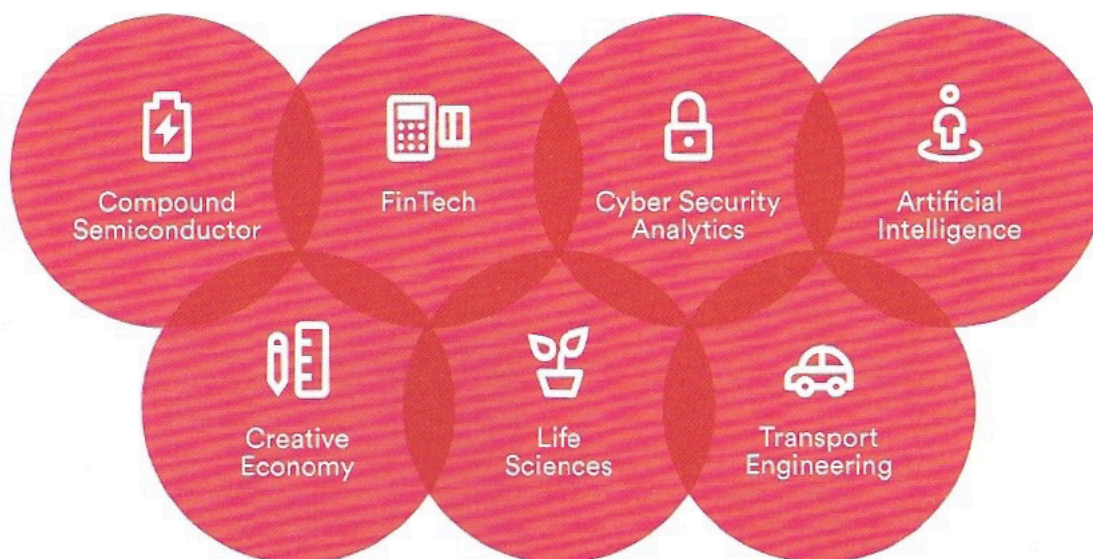
CCRCD will need to work alongside the UK Government, the Welsh Government and industry to deliver world class, high-quality, full fibre and wireless digital services across the region.

The CCRCD Vision;

“A Prosperous Capital City-Region for Wales” - a decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales”

City Deal’s Digital Network will deliver its objectives by supporting intervention in specific areas and for specific projects through a combination of connectivity types, and service delivery depending on what is most suited.

Figure 1 - CCRCD Investment Sectors



It must be remembered that the digital connectivity rests within a dynamic service provision environment, operated by large independent private sector organisations. It also exists within a number of existing digital infrastructure intervention programmes operated by the UK and Welsh governments.

There are a range of digital connectivity interventions that will support the strategic aims for the region. This leads to the position that they need to be developed into separate sets of objectives.

i) Ensure cities and development zones have access to open world class full fibre⁵ infrastructure. This will;

- improve the quality of public service delivery by ensuring all public buildings are digitally connected facilitating improved efficiency and public access to services
- deliver cost savings to the public sector for digital connectivity
- stimulate competition and choice in digital services
- stimulate inward investment in the region by telecommunications industry and hence improve access to services for residents and businesses
- deliver economic benefits through the usage of digital infrastructure, notably increased efficiency and enhanced productivity.

ii) Facilitate equality of access to broadband services across the region, notably in rural areas. This will deliver the following spending objectives;

- improve the quality of public service delivery by ensuring communities in remote areas have access to services
- social cohesion and inclusion across the region to sustain communities
- stimulate economic growth by enhancing opportunities for employment.

iii) Stimulate innovation through the delivery of enhanced wireless infrastructure through;

- specific projects should be identified that will act as a proof of concept against which decision about further investment by the operators, or in cooperation with CCRC, can be made. In order to open 5G and IoT use cases and projects to the widest audience, a challenge fund is proposed through which innovation can be stimulated.

⁵ It should be noted that there exists a range of Welsh Government and UK Government led initiatives to address the rural connectivity challenge. CCRC fully supports these Welsh Govt and UK Govt initiatives and would not replicate such programmes. Any intervention in the rural market by CCRC would, if at all, be on the supply side. Providing working capital and equity to potential suppliers addressing this sector.

iv) Creation of a fully Open Data environment by;

- making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available to all, without copyright, patents or other methods of control to drive competitiveness and innovation.

The following sections address each of these objectives in turn.

2.2.2 Delivering Full Fibre

Spending objectives

It is the objective of the CCRCDC to ensure that the regions cities and development zones have access to world class infrastructure to deliver economic growth and inward investment. This infrastructure needs to be:

- Full fibre to the premises
- Gigabit plus capable
- Fully scalable and future proofed
- Drives lower cost access through choice and competition
- Able to be used by multiple service providers to drive innovation and digital transformation.

Existing Arrangements

The cities and development zones in the region have a very low penetration of full fibre to the premise. Table 6 shows the 2018 Ofcom data⁶ that reveals the penetration full fibre services⁷ in the region.

⁶<https://app.powerbi.com/view?r=eyJrIjoiaZTg4NDMyZjctNWJhZS00MjNjLWlxYzMtZjkwYzJjNDk2NzdmliwidCI6IjBhZjY0OGRI LTMxMGMtNDA2OC04YWU0LWY5NDE4YmFIMjRjYyIsImMiOjh9>

⁷ Full fibre able to deliver Gigabit speeds, Ultrafast 300Mbps, Superfast 30Mbps, USO=below 10Mbps

	% of premises able to receive Full Fibre
Bleanau Gwent	1.00%
Bridgend	4.60%
Caerphilly	0.40%
Cardiff	3.30%
Merthyr Tydfil	2.00%
Monmouthshire	5.20%
Newport	2.20%
Rhonda Cynon Taf	1.80%
Torfaen	2.20%
Vale of Glamorgan	3.10%

Table 4 - Full Fibre Availability (UK 4.1%)

In contrast the City of London has 12.5% availability of Full Fibre. Internationally the comparisons are starker with Japan 97%, Sweden 44% and an EU average of 14%. Despite the fact that BT has announced a programme of investment in the key commercial centres in Cardiff, it is unlikely this will lead to deeper roll out and availability in the region in the next five years. Similarly, alternative network operators are prioritising other centres in the UK. The Cardiff City Region City Deal must therefore have an objective to address this challenge.

Existing infrastructure is largely provided by the incumbent carriers BT and Virgin Media. There is a small footprint of full fibre in the City of Newport delivered by City Fibre (largely linking the CCTV sites) and Pinacl linking Newport City Council Buildings.

The Welsh Government is also potentially a relevant stakeholder. A Trunk Road concession contract is being awarded to deploy ducts and fibres across the trunk roads from the Severn Bridge to Pembroke. This would create a fibre spine across the region potentially facilitating connectivity to Ireland and beyond. At the time of writing this project is subject to DCMS funding approval. In addition the west coast of Wales is a termination point for the proposed Greenlink power (and potentially fibre) link from Ireland⁸. It is essential these projects are interlinked by fibre connectivity. Feedback from both the telecommunications industry as well as other key sectors (e.g. media and digital content) looking to invest in South Wales has stated that they require diverse routing across South Wales to Ireland and beyond. Supporting and coordinating these initiatives in Wales would result in a large capacity diverse route in the form of a loop taking in Dublin and linking across via another undersea cable to Liverpool and Manchester. If a fibre route such as this was constructed it would immediately put Cardiff and the region on a par with Manchester in terms of digital access, opening opportunities that are currently out of reach for data centres and cloud services, as well as inward investment from media and content providers.

⁸ <https://www.greenlinkinterconnector.eu/>

The Business Need

In order to improve the position and unlock the benefits available to business and homes, the objectives will focus on the provision of new duct and dark fibre (or equivalent) infrastructure which will need to be built in key development corridors and zones to underpin the strategic aims. For state aid reasons CCRC can only invest in linking public sector assets but experience elsewhere has shown that such investment anchors and pump primes additional commercial investment into business parks, commercial centres and residential premises. Indeed other cities have experienced a multiplier of 6:1 between commercial and public sector investment.

Scope and Service Requirements

An indicative fibre routing was proposed by the region under its DCMS Local Full Fibre Network (LFFN) proposals⁹.

Possible indicative fibre footprint in these priority areas is shown in Figure 5 below with green route

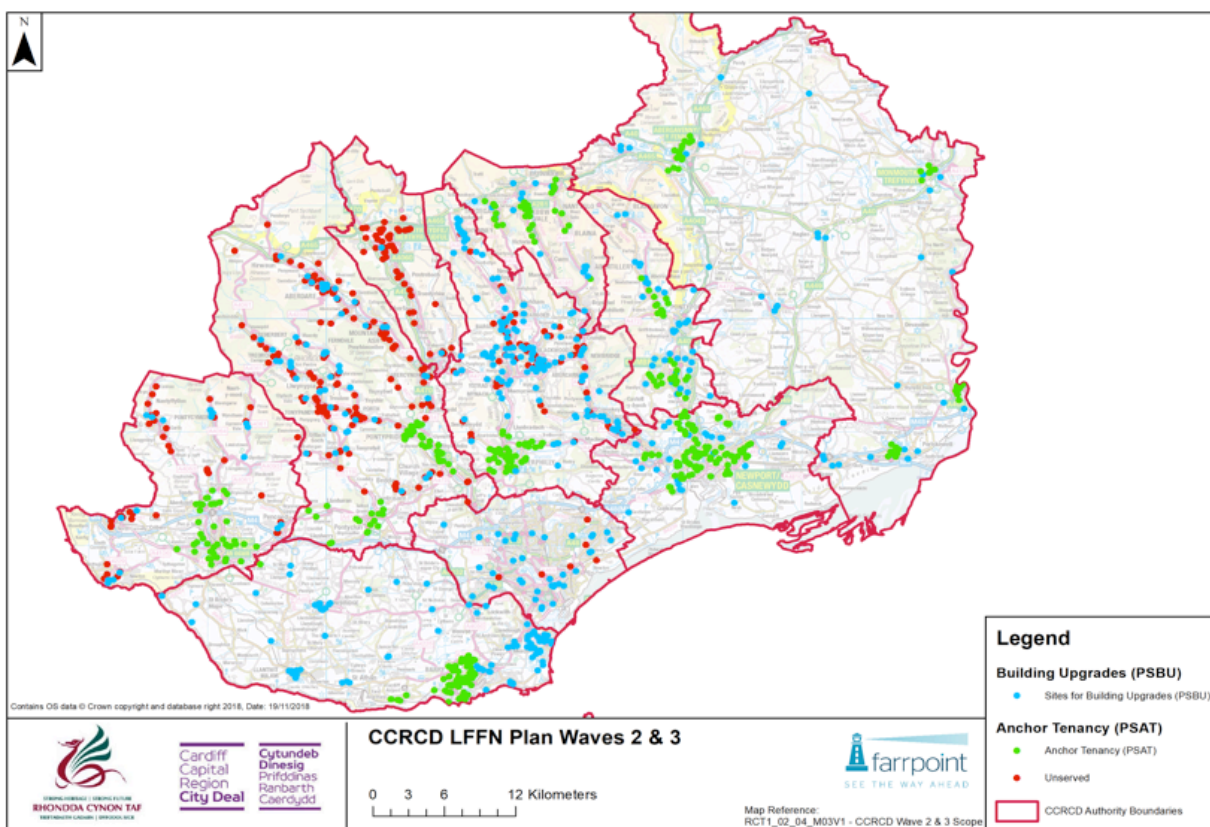


Figure 2 – Scenarios for the deployment of fibre and duct infrastructure into the region.

In the map above:

- Green areas are those into which CCRCD wishes to support new fibre and duct investment to align with development zones
- Pale blue sites are public sites in rural areas in the region lacking existing fibre infrastructure in summer 2018 (note since this time PSBA has invested in a number of these sites) which are candidates for upgrade from rural programmes

The full fibre build across the cities/ development zones may be addressed in a number of ways and, indeed, different approaches may be required in different parts of the region. We envisage the following:

- In areas such as the M4 corridor a duct build programme will be required to be complementary to the trunk road initiative. This will need to be undertaken and used by the local authorities and commercialised alongside the Trunk Road and Greenlink initiatives by commercial partners. The area is a key investment priority for CCRCD and has significant corporate demand from the transport and energy sectors.
- In other areas there is a commercial appetite for investment and believe there will be a blend of public sector duct usage, PIA and new commercial build. This will be explored during market testing and procurement.

The public sector will also be a key beneficiary of the connectivity provided and as such will gain through the accelerated and improved digital transformation of their services, offering efficiency and cost saving improvements.

The UK Government Future Telecoms Infrastructure Review, (FTIR), sets out the UK position on enhancing connectivity, including fibre to the premise and 5G. In addition, the DCMS funding for LFFN is entirely based on achieving wider access to fibre based services. The Full Fibre programme is therefore directly aligned to current government and Welsh interventions and to its wider policies.

Main benefits and risks

Research into the benefit/cost ratios that apply to digital infrastructure vary for different interventions across different deployments of digital infrastructure, but all are positive in their impact. A range of studies have been undertaken to assess the economic impact of Full Fibre deployment. The most relevant is the recent study by Regeneris - The Economic Impact of Full Fibre Infrastructure in 100 Towns and Cities. This models the cost benefits ratios over a 15-year period and reveals that there is typically an economic uplift of x 11 for each £1 invested and this can be even higher in major urban centres.

The CCRCD investment programme described above has a capital cost of approx. £20m. The modelled impacts of the direct benefits are >200m. These benefits are;

- Productivity improvements to businesses
- Start ups
- Innovation
- Network build employment

- Enhanced teleworking and worker flexibility
- Household benefits

This assumes a build up as follows;

- services enabled: 1 year after the start of network build
- 35% adoption rate reached: after 5 years
- productivity benefits achieved: 1 year after adoption
- innovation benefits realised: 4 years after adoption.

The primary risks associated with the Full Fibre intervention are given below:

Risk	Mitigation
Resources constraints	CCRCDC will require a dedicated Digital team to manage the range of interventions envisioned. This will include, funding applications, procurements, stakeholder liaison, supplier engagement and interaction with external national and regional schemes
State aid challenges	Clearly defined legal and regulatory guidance required to frame selected options and activities
Integration with other interventions is challenging on timescales and governance	Be clear on the actions that City Deal are undertaking to clearly identify boundaries and overlaps. Work with other interventions to frame areas of joint interest and where joint action is called for
Other sources of funding become available to integrate into the City Deal funding for specific objectives and to leverage outcomes	Ensure the business case is able to adapt to external changes in overall funding scope and availability
Other interventions overlap with the City Deal, with early investment by CCRCDC possibly losing other funding to the region	Work with other interventions to frame areas of joint interest and where joint action is not called for
Intervention timescales under Digital Infrastructure exceed five years due to governance or management issues	Prioritise actions within the Commercial and Management case to ensure benefits are delivered
Supplier appetite is stimulated	The telecommunications industry has finite capacity and multiple opportunities. Companies are being highly selected in terms of the areas they seek to invest in and prioritise those with greatest commercial returns and ease of implementation. There is a risk that operators may be selective in their deployment within the region.
Digital Infrastructure is delivered in a fragmented way, lessening the impact and leverage that could be achieved	Make the interdependencies between the intervention types clear and include these within the critical success factors

Table 5 - Primary Risks

Constraints and dependencies

The constraints for Digital Infrastructure intervention are shaped by:

- CCRC D governance procedures.
- Stakeholder co-ordination and participation in any proposed intervention. In particular the authorities (and potentially other public sector bodies in the region) will need to use and anchor any infrastructure deployed. This will have implications for delivery of IT and other services
- State aid that limits the ability of the public sector to invest directly into commercial opportunities in the sector without access to state aid clearance or the establishment of commercial ventures
- Supplier appetite to invest in the region.

There is also likely to be a cost associated with the management of the project by a dedicated team within CCRC D.

In terms of the dependencies, the key challenges will be:

- Need for integration and co-operation with PSBA to deliver services to the public sector across any infrastructure deployed
- Co-ordination across the public sector stakeholders in the region and the migration of existing contracts.

2.2.3 Facilitate equality of access – Rural Broadband Provision

Spending objectives

Rural communities in the region have long suffered from poor internet connectivity. Ofcom's data shows the comparative across local authority areas in the region and that against UK and Wales. Ultrafast defined as service with greater than 300Mbs, Superfast is above 30Mbs, but below 300Mbs.

Ofcom data also shows those **unable** to receive minimal internet connectivity.

Authority	Full Fibre % of Premises Served	Ultrafast % of Premises Served	Superfast % of Premises Served	Premises Below USO
Blaenau Gwent	1.0%	1.0%	96.9%	246
Bridgend	4.7%	4.7%	94.7%	514
Caerphilly	0.4%	0.4%	95.9%	432
Cardiff	3.3%	59.8%	97.8%	626
Merthyr Tydfil	2.0%	2.0%	95.4%	134
Monmouthshire	5.2%	5.2%	83.8%	3254
Newport	2.2%	62.8%	97.4%	586
Rhonda Cynon Taf	1.8%	9.4%	96.4%	728
Torfaen	2.2%	2.2%	95.8%	358
Vale of Glamorgan	3.1%	46.9%	94.6%	1336
				8214

Table 6 - Ofcom Broadband Data

In all cases there is a distinct variation across the region showing a level of market failure due to the cost of delivering services to areas that are more rural.

Existing arrangements

The challenge of bridging the rural gap is recognised by both the UK and Welsh Government and a range of initiatives are either planned or in place including;

- Currently in operation, Access Broadband Cymru (ABC) scheme; A De Minimis grant of £400 or £800 towards the installation costs of a better broadband connection
- DCMS Local Full Fibre Network Fund (LFFN Wave 3 & 4) will fund investment into public sector sites in rural areas
- The Welsh Govt is considering setting up a national Dynamic Purchasing Scheme to enable local additional investment to Superfast Cymru
- Universal Service Obligation – USO – introduced in UK legislation March 18 grants a right for residents and businesses with <10 Mbps to order a connection with a grant **up to £3,400** towards delivery. This figure is important as it will result in many premises in the region remaining below the USO as the cost of delivering the service exceeds this amount. Ofcom is running consultation on

the practicalities of implementing USO (suppliers' responsibilities, geographic split, services and technologies).

- DCMS Rural Gigabit Connectivity Fund will launch in May 2019 to provide connectivity in the most remote 10% of rural sites. At the time of writing details of funding to the CCRCD are unknown and there are also state aid issues. The scheme will provide funding to connect rural hubs in a village or market town with a fibre connection. This must be a public sector site such as GP, health centre, library or school. Vouchers will then be given to SMEs (and possibly residents) in proximity to this site to get connections. It is expected that DCMS will make available connection vouchers to rural SMEs and residences in the region in 2019/2020.

CCRCD fully supports these Welsh Govt and UK Govt initiatives and would not replicate such programmes. Any intervention in the rural market by CCRCD would, if at all, be on the supply side. Providing working capital and equity investment to potential suppliers addressing this sector.

Business needs – current and future

It has been widely demonstrated that rural communities with superfast levels of connectivity achieve a positive benefit/cost outcome on aggregate. Digital connectivity is transformational across a wide range of sectors and service and will also complement the regions transport and environmental strategies.

In many ways, an objective of 100% rural and urban coverage could be set but is the net impact of the national and Welsh schemes is likely to reduce the scale of the problem but it is still likely that there will remain approximately premises to be served

Hence there is a need to continued support of the supply side to encourage innovation and investment by emerging rural service providers. This can be made through strategic investments utilising the CCRCD challenge and infrastructure funds.

Main benefits and risks

The economic and social benefits of investing in rural broadband infrastructure are proven.

A direct comparator in this case is the work undertaken by Ofcom to determine the business case for the introduction of a Universal Service Obligation¹⁰ so that every premise in the UK has connectivity at 10Mbps or above. This directly compares with the rural areas of the region. In their economic assessment, a benefit multiplier of 3.4-3.6:1 is set out.

¹⁰ <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/broadband-uso-need-to-know>

A limit of £3,400 has been placed on any single connection, if the cost of connectivity is in excess of this, then a contribution will be required. It is also limited to customers who will NOT benefit from another publicly funded programme.

Independent research¹¹ for BT undertaken to assess the impact of investment in rural connectivity for Northern Ireland gave the following;

Benefit Category	Absolute Benefit	Benefit Multiple (relative to cost)
Productivity Growth	£50m – £410m	0.3 – 2.7
Employment Benefits	£290m - £890m	1.9 – 5.9
Teleworking	£40m	0.3

Table 7 - NI Example Benefits

In effect this gives a range of benefit multiplier of between 2.5 and 8.9. However, as the economic impact undertaken for the USO is very recent and is more conservative, the 3.5:1 figure is preferred for any rural infrastructure investment.

Quantifying benefits across what is a very diverse set of private sector and public sector bodies in the region is not possible, it can only be assessed in aggregate in line with the economic assessments that have been undertaken on the impact of digital connectivity in the UK and Europe.

¹¹ The analysis was the delivery of 30Mbs services across rural areas in NI, DotEcon report for BT

The primary risks associated with the Rural Connectivity are given below;

Risk	Mitigation
State aid challenges	Clearly defined legal and regulatory guidance required to frame selected options and activities
Integration with other interventions is challenging on timescales and governance	<p>Be clear on the actions that City Deal are undertaking to clearly identify boundaries and overlaps</p> <p>Work with other interventions to frame areas of joint interest and where joint action is called for</p>
Other sources of funding become available to integrate into the City Deal funding for specific objectives and to leverage outcomes	Ensure the business case is able to adapt to external changes in overall funding scope and availability
Other interventions overlap with the City Deal, with early investment by CCRCD possibly losing other funding to the region	Work with other interventions to frame areas of joint interest and where joint action is not called for
Intervention timescales under Digital Infrastructure exceed five years due to governance or management issues	Prioritise actions within the Commercial and Management case to ensure benefits are delivered
Demand side interventions are not fully harmonised with connectivity interventions	<p>Ensure project plans have clear timelines and actions that recognise the interdependency with demand side stimulation</p> <p>Extend the skills and training remit within the City Deal to encompass supporting digital transformation and innovation of use cases making us of the Digital Infrastructure</p>
Levels of skills around digital innovation and transformation within SMEs mean that take-up is low.	Extend the skills and training remit within the City Deal to encompass supporting digital transformation and innovation of use cases making us of the Digital Infrastructure
Digital Infrastructure is delivered in a fragmented way, lessening the impact and leverage that could be achieved	Make the interdependencies between the intervention types clear and include these within the critical success factors

Table 8 - Primary Risks

Constraints and dependencies

The constraints for CCRCD Digital Infrastructure to address the rural connectivity issue are shaped by:

- Available funds for investment
- Suitable commercial candidates for receipt of investment
- The level of control that CCRCD might have in determining where connectivity should be prioritized
- Investment returns may be less than those in more commercial attractive areas.

It is also very likely that in the rural dimension, some of the spending options to deliver infrastructure will require additional grant funding from Welsh Government or UK led schemes.

2.2.4 Stimulate innovation through the delivery of enhanced wireless infrastructure. (5G, IoT)

Spending objectives

5G and to some extent 4G, are seen as the next General Purpose Technology, (GPT). The term is used to describe something that will have a protracted aggregate impact across many economic and social structures. Often, electricity is cited as the primary example in the way that its introduction spawned so many innovations and change.

To this end, 5G is the first mobile telecoms technology to receive support for both its application and deployment directly through government¹² funding.

In relation to wireless mobile coverage, it is primarily 4G that is of concern in the region. Overall, Wales has the biggest urban/rural divide for 4G coverage in the UK. Coverage is behind the UK averages with Ofcom stating that 10% of the geographic area of Wales has no coverage. Also, only 36% of rural areas have complete 4G coverage, with 10% of A and B roads having no coverage. When compared to England, the corresponding figures are 3% in both cases. The 4G coverage map in Figure 4 uses Ofcom’s data for EE¹³ indoor coverage:

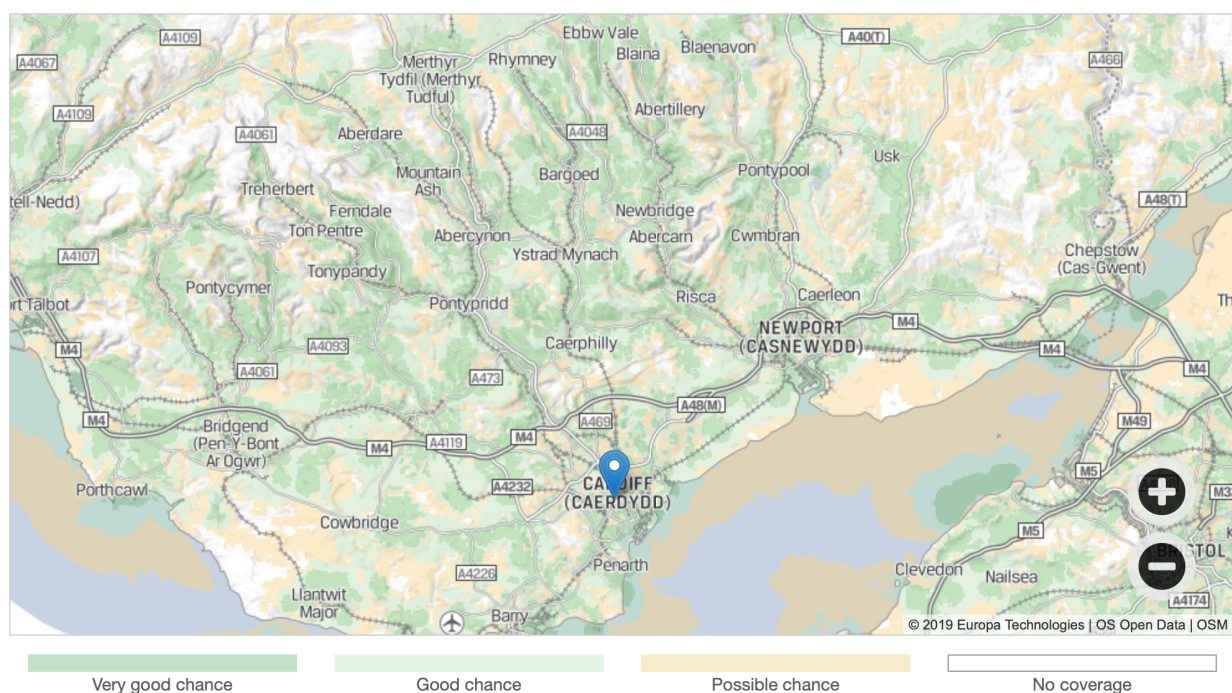


Figure 3 - 4G Coverage Map for EE

The heat map above illustrates that there remain significant gaps, even in 4G coverage. There is a strong argument that supporting the deployment of deeper coverage for 4G will in itself provide stimulus for new services and also open the way to make upgrading to 5G simpler. On this basis, the provision of direct support for

¹² Trials and testbeds sponsored by industry and governments are happening across the globe.

¹³ EE is used as it has the best 4G coverage. All others, and particularly O2, have poorer coverage.

deployment of network infrastructure is a consideration, particularly as it is a key component of the DCMS Future-Telecoms-Infrastructure-Review.

There is currently no 5G coverage in Wales (although EE and Vodafone have made an announcement of an intention to invest in Cardiff) and only a sparse few IoT test sites in urban areas. This will change over the next three to five years with commitments by operators to extend coverage and services, but this will only be to major Urban areas¹⁴. There remains a strong case for the City Deal to have an objective to accelerate the roll out of 5G services and to play a leading role in demonstrating the benefits and innovation¹⁵ that next generation wireless services offer.

Next generation mobile service primarily relates to 5G and IoT, although in all 5G cases the option of utilising 4G-Adv may be appropriate¹⁶. As this dimension of the Digital Infrastructure is dealing with new services and new use cases, currently there is little evidence on which to estimate their socio/economic impact.

The focus is then to use a limited number of interventions to accelerate deployment of 5G in localised areas and thereby prove the market such that further investment by the mobile operators to provide wider 5G coverage is encouraged. By taking this approach, it will be possible to deliver evidenced based increases in productivity, innovation, skills and knowledge transfer.

Due to the fact that 4G-Adv and 5G coverage will be deployed in hot-spots, either by the operators, or as part of Digital Network intervention, drawing out widespread economic impacts or uplifts to GVA is very challenging and will have a high degree of uncertainty. In order to remove or mitigate that uncertainty, the outline business case lays out a selection of possible projects to be supported. Specific projects have not been identified but those undertaken will act as a proof of concept against which decision about further investment by the operators, or in cooperation with CCRC, can be made. In order to open 5G and IoT use cases and projects to the widest audience, a challenge fund is proposed through which innovation can be stimulated. Potential topics are:

- Support for Digital Sector related projects within the City Deal, such as automotive, life sciences, creative industries, IT, semiconductors and financial technologies
- Fixed Wireless Access for difficult to reach communities, 'Wireless fibre' for 'last-mile' distribution of digital services
- Education related use cases, distance learning and augmented reality
- Digital transformation in industry, additive manufacturing, distributed design
- IoT demonstrator in logistics and supply chain management

¹⁴ Statements by all mobile operators support this as their strategic intent. The head of BT even challenged the need for 5G

¹⁵ In line with the DCMS funded 5G Urban and Rural Connected Communities initiatives

¹⁶ The selection of 5G or 4G-Adv is entirely dependent of the Use Case being addressed. 4G-Adv will in the large majority of cases be cheaper to deploy than 5G

In all cases, projects under 5G or IoT will need to have a separate business case developed for them, with the digital connectivity being provided acting as the key enabler for transformation and innovation.

Existing arrangements

Ofcom has identified several intervention actions that it is putting in place, particularly through additional obligations for 4G coverage as part of any operator's bids for new spectrum. It is indicated that there will be specific geographic targets set for Wales.

The Welsh government is considering ways to intervene in the market and is proposing to select fifty of the worst areas covered by 4G services in Wales for some form of intervention, consultations on this are taking place now. Timescales and selection mean that this is unlikely to impact the region strongly.

Through the emergency services network contract with EE, there is an ongoing programme of network coverage expansion to meet the critical needs of the services. Current information is that 35 sites have been delivered and another 37 are planned across Wales, with a total of 86 sites over the next two years.

In terms of 5G, DCMS on behalf of the UK Government is operating several funded testbeds and trials. At this time, only a small-scale project (5Grit) is operating within Monmouthshire in the CCRCD region. In the next few months, DCMS is to launch another bidding opportunity for 5G under their Rural Connected Communities. The details of this are yet to be announced, but the rural 5G interventions planned under Digital Networks may all fit the requirements to be included and to receive funding support.

For IoT, there are a few small-scale networks deployed within the public sector as test cases, at proof of concept stages. The networks being used are in some cases proprietary or specifically designed for IoT. However, there is an emerging case for IoT to be supported by 4G and 5G networks¹⁷ as a preference as they are or will be ubiquitous and offer low cost connectivity. There appears to be no stand out success to date. Within the private sector, there is very little information related to their deployment, but there remain strong use cases for the industrial sectors in the region that can be explored and exploited.

Business needs – current and future

The overarching objectives of the CCRCD must be to improve 4G coverage in the region for large and small communities and to reach 90% or more¹⁸ geographic coverage. For 5G, it is to accelerate deployment of coverage to match or exceed that in the UK. It is also to provide market confidence in deploying 5G widely through strong demonstrations of commercially successful use cases.

¹⁷ Current IoT is based around 4G, LoraWan, NB-IoT, Sigfox and others. All have the same functionality, but offer different advantages

¹⁸ It is recognised that the terrain in the region is challenging and achieving 100% geographic coverage would require significant investment with no real return.

A critical need to underpin network and service deployment is to enhance the demand and the skills in the region. The Use Cases around 5G are in their infancy and offer significant opportunity in creating new jobs and services. Innovation will be what determines the beneficial use of this technology, particularly with it being considered a GPT. Interventions that involve the supply side must therefore also include ways in which to gain skills in the technology itself but also in supporting different sectors in their digital transformation journeys.

The leveraging of all the intellectual and physical assets within the region will be an important differentiator and capturing this must be a key objective and need.

Potential scope and service requirements

The core scope for the project is the 5G deployments. This is simply because, without intervention through Digital Networks it is very unlikely that 5G will be deployed outside of Cardiff City Centre.

A desirable scope would be to see the coverage of 4G increased to at least that in England. In many ways the provision of fixed broadband at Superfast speed provides the majority of benefits under the Digital Networks heading, 4G simply adding mobility to the benefit range, which in a rural setting is probably a marginal case and not worth pursuing.

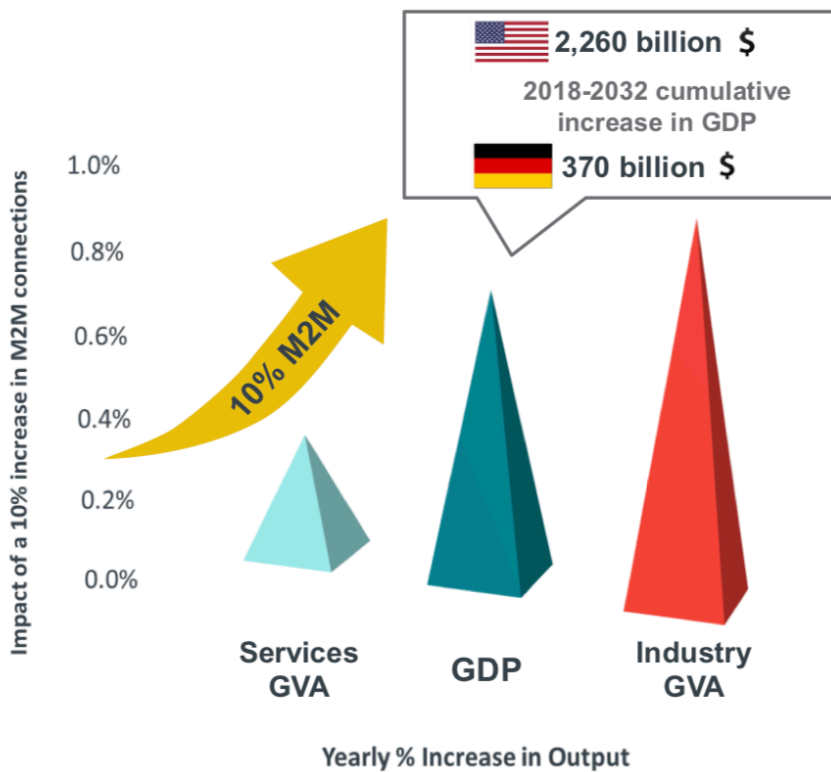
For IoT, 4G and the other network types can all be utilised in small scale PoC projects, established under the challenge fund.

Main benefits and risks

It should be noted that there is only a small body of evidence around the impact of 4G and none related to 5G, simply because in the case of 4G it is a relatively new technology and only adds mobility to the services available through fixed and WiFi services. For 5G, despite the hype, there is currently no concrete evidence. For this reason a very conservative multiplier should be adopted within the 5G & IoT segment. Recent research by the EU and Sonera suggest that every pound invested in 5G will results in a positive economic impact of £1.5 over 15 years. This is highly conservative. If the hopes for 5G do come to fruition, then this multiplier is probably understated by a factor of ten.

As an example on the interpretations of growth to be generated although for IoT very few deployments have clear impact assessments published the forecasts are extremely positive a general assessment has been made and gives:

Figure 4 - Estimated growth in IoT



This is not a true measure, but an estimate of the impact that IoT (or M2M) will have. It should be kept in mind that there is a very low base of M2M connections currently, so the increase is very close to a standing start.

The Internet of Things, (IoT), offers significant gains in efficiency and effectiveness across many sectors. The deployment of IoT is currently in its early stages with multiple types of connectivity being promoted, that said, it is likely that 4G and 5G will become the dominant means of connection. IoT with its attendant data analytics is a powerful engine for improvement across multiple sectors. However, coupling this with Open Data sources, such as those held in the public sector has the potential for high impact digital transformation in the public and private sector.

The primary risks associated with the 5G and IoT are given in the Table below;

Risk	Mitigation
Resources constraints	CCRCDC will require a dedicated Digital team to manage the range of interventions envisioned. This will include, funding applications, procurements, stakeholder liaison, supplier engagement and interaction with external national and regional schemes
State aid challenges	Clearly defined legal and regulatory guidance required to frame selected options and activities
Intervention timescales under Digital Infrastructure exceed five years due to governance or management issues	Prioritise actions within the Commercial and Management case to ensure benefits are delivered against early adoption
Demand side interventions are not fully harmonised with connectivity interventions	Ensure project plans have clear timelines and actions that recognise the interdependency with demand side stimulation. Extend the skills and training remit within the City Deal to encompass supporting digital transformation and innovation
Use Cases are not well defined and benefits are not specific	Ensure a simplified 5 Case model is used to draw up the business case for each project to be supported under Transport Corridors. Assessment should take a wider view related to achieving proof of concepts and market demonstration
Levels of skills around digital innovation and transformation within SMEs mean that take-up is low.	Extend the skills and training remit within the City Deal to encompass supporting digital transformation and innovation of use cases making us of the Digital Infrastructure
5G network availability fails to attract other uses once deployed, the initial project being the only user	Utilise demand side stimulation and innovation support to exploit the availability of 5G services across the SMEs
Digital Infrastructure is delivered in a fragmented way, lessening the impact and the leverage that could be achieved	Make the interdependencies between the intervention types clear and include these within the critical success factors

Table 9 - Risks & Mitigation

Constraints and dependencies

The constraints are bound within the CCRCD governance procedures. In summary, spending is to be match funded by the private sector and spending is to target capital investment and not operational costs.

However, in the case of digital connectivity there is likely to be a cost associated with the management of the project by a dedicated team within CCRCD. It is also very likely that in the rural dimension of 4G, some of the spending options to deliver infrastructure will require significant grant funding, with little likelihood of achieving a claw-back should the revenue generated by the infrastructure becomes net positive to the supplier. There are also serious concerns over how State Aid would be viewed in connection with 4G, at this time there are no precedents.

In terms of the dependencies, these are more aligned to co-investment opportunities with mobile operators rather than true dependencies. There is a large demand across the UK for mobile operators to become involved in similar interventions, which may make it challenging to get interest from the telecoms sector. The availability of capacity in 5G deployment and skills could be a strong dependency.

2.2.5 Open Data

Spending Objective

Creation of a fully Open Data environment making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available will drive enhanced competitiveness and innovation. If this data is supplemented by the new data sources that will become available through public and private sector IoT deployments, it will represent a significant asset. Key actions will be necessary in order to seize the opportunity.

- Adopt a common platform through which data sets will be made available
- Set out a timetable and plan to identify all data sources, including new data sources that will enhance services or commercialisation
- Work with SMEs and local companies to develop beacon Use Cases, including the data sets required to make them successful
- Prepare a commercialisation roadmap and structure for Open Data sources (DataCo)
- Select a small number of Use Cases (Via a Competition) to support through to a PoC and full commercialisation
 - Use Cases should be a reflection of priority sectors and services
 - *Transport*
 - *Health Care*
 - *Sensing CCRCD*

In recognition of the opportunity, an Open-Data Working Group has been formed across CCRCD with the aim of exploring options and approaches to Open-data. It is fair to say that across Europe and the UK the approach varies from placing as much data as possible into the public domain to allow free reign to users and entrepreneurs

to exploit the information, to selective commercialisation of key components of data sets. At the moment, there is no accepted 'right-way' to the delivery of Open-Data. However, one lesson that has been learnt is that once data is made open, its value falls rapidly if it is not maintained and curated. Maintaining data and curating it is often not a priority and does not naturally get a follow through from publication, it is also a constant cost. Because of this, many ventures into new ways of using information and providing value-added services using it have faded away. One of the primary spending objective is therefore to find a way in which Open Data can be sustained over a long period and is not seen as a simple publishing exercise in the hopes that it becomes valuable to someone.





The supporting actions necessary to enable and encourage the deployment and commercial use of Open Data are;

- Pursue a general Open Data strategy with a primary aim of supporting digital transformation in service delivery
- Develop a data asset register so that all data sources and their content are identified and understood
- Formulate a number of Use Cases that involve Private Sector partners to access and utilise data for the benefit of citizens and to drive commercial success
- Support local businesses in the skills needed to work in the informatics and analytics sector¹⁹ thus enabling new uses for Open Data sources within CCRC
- Harmonising efforts with others in the informatics and Analytics space such as Academia and NHS

Existing Arrangements

For Open Data, this is a public sector initiative and involves all of the ten Local Authorities in the City Deal. Progress in planning and organisation has begun, but more development is necessary. Use Cases in the region for the data that could be made available are in their infancy. This is typical across the UK, but the UK is seen as a leader in Europe:

¹⁹ Some companies within the region are already successful in this area, such as AMPLYFi

DIMENSION	INDICATOR	EU28 SCORES	COUNTRY SCORES*
Policy 	Overall score	82%	82%
	Policy framework	81%	89%
	Coordination at national level	80%	81%
	Licensing norms	88%	77%
Impact 	Overall score	50%	69%
	Strategic awareness	62%	68%
	Political	55%	77%
	Social	43%	64%
	Environmental	48%	63%
	Economic	31%	69%
Portal 	Overall score	63%	64%
	Portal features	64%	64%
	Portal usage	76%	79%
	Data provision	64%	56%
	Portal sustainability	49%	58%
Quality 	Overall score	62%	67%
	Automation	61%	60%
	Data and metadata currency	54%	57%
	DCAT-AP compliance	71%	81%

Scope and service requirements

The development of an Open Data platform and services is a long-term undertaking and so must be planned over a 5+ year timescale. The processes of;

- Identification
- Cleansing
- Content Creation
- Publishing
- Maintaining
- Curating through to retirement

Need to be fully developed and deployed through a commitment of time and resources. This longer-term requirement and the anticipated exploitation of the data that is made available suggests a dedicated and commercially skilled team is necessary for its success in a developing market. Indeed, the Open Data concept is centered on the beneficial use of multiple data sets in areas and purposes as yet undefined. In order to undertake the development of Open Data, it will be necessary to;

- Set up a CCRCD wide function, (Internal, JV or Commercial entity) to engage with all sector players to identify the Data Sets that can be made available and to be prioritised, (Public/Transport/Health etc.) each sector then encouraged to make these available in a downloadable format
- Above, plus Operationalise the availability of Data Sets within CCRCD, identifying the initial set and progressively add sets to the volumes developed
- Above, plus Develop a platform on which all Open Data sets can be made available, leaving its use and monetisation to the market
- Above, plus Formulate five internal Use Cases to take to PoC stage using Open Data

- Through the development phase plan and formulate a JV with Private Sector players to exploit Open Data in its widest interpretation within CCRCDC for commercial use
- Plan to achieve a break-even context with the commercialisation actions with the cost of maintaining, curating and developing new data sources

Main benefits and risks

The use of data to improve services has long been understood²⁰ and there are good examples in the public and private sector of how benefits can be realised. However, the innovative use of combined data sets that deliver more integrated and value-adding services is still in its infancy. Of particular interest to the region;

- Door to door journey planning integrated with location-based services, stretching into real-time projections of patients and people arriving for set appointments.
- Provision and hosting of data related to tourism that can be coupled with the above to improve access and offer visitor information through augmented reality type services
- Extending augmented reality above to assist logistics and wayfinding in public spaces, particularly hospitals and health centres
- Integrated data sets to support the deployment of digital services and infrastructure, (InfraCo as identified in 5G and IoT)
- Services to the private sector to support inward investment and economic investment through analysis and modelling
- Providing information to support the creation of 'Digital Twins' for everything from cities to supply-chain management

The true panoply of use cases is only beginning to emerge, but it is clear that there are significant opportunities to develop innovation and to create new wealth creation, both intellectual and capital.

²⁰ From Google to train timetables and booking tickets to maps of cycle paths in local areas

The primary risks associated with the Open Data are given in the Table below;

Risk	Mitigation
Resources constraints	CCRCDC will require a dedicated Data team to manage the range of interventions envisioned. This will include, funding actions, procurements, stakeholder liaison, supplier engagement and interaction with external national and regional schemes
State aid challenges	This area does NOT seem to be one that has state aid restrictions. However, the support of local SMEs in the development of new data services will be within an environment of extremely large organisations who's core business is the capture and manipulation of data
In a fast-paced environment, actions exceed five years due to governance or management issues	Prioritise actions within the Commercial and Management case to ensure benefits are delivered against early actions and adoption of new services
Local Authorities fail to participate in a concerted and structured plan to deliver Open Data resources – a fragmented approach emerges	Strengthen the Open-Data forum that has been put in place with a clear plan to deliver early wins and to plan for a commercialisation of the data resources and the supporting organisation
Open-Data seen as a cost that is to be kept as low as possible to achieve the minimum necessary compliance to Open-Data commitments	Identify specific goals and timeframes to meet the, along with a fully costed and resourced plan to deliver them
Use Cases are not well defined and benefits are not specific	Ensure a clear Open-Data model is used to draw up a business case for each of the process outlined. Initial goals should take a the view that achieving strong proof of concepts and market demonstration is the gateway to further investment and intervention
Levels of skills around Open Data and transformation within the public sector and SMEs mean that innovation is low and delivered actions are weak.	Extend the skills and training remit within the City Deal to encompass Open Data supporting digital transformation and innovation
Commercial exploitation is slow and fails to provide ongoing support to the costs of providing the Open Data sources	Utilise demand side stimulation and innovation support to SMEs and the education sector. Specifically target

	incubation centres for analytics and data exploitation
Digital Infrastructure is delivered in a fragmented way, lessening the impact and the leverage that could be achieved with Open Data	Make the interdependencies between the intervention in Digital Infrastructure clear and include these within the overall critical success factors for the City deal

Constraints and dependencies

The data sets that have been created are unlikely to have a common structure or Schema. The achievement of a common base for the various data sets within the public sector participants and also future private sector contributors is an early goal. Without a common approach, the provision of Open Data will be sub-optimal and far else efficient leading to higher costs and a poorer business case for exploitation.

The necessary skills in the development and delivery of Open Data and its further commercial exploitation is beyond the current ones within Local Authorities. However, there are both public sector (Data Cymru) and private sector (AMPLIFYi) that could be harnessed and integrated into an early exploitation model. The supply of people with data and analytics skills from the key universities should be further developed to ensure a good supply of skills and innovation into the near term future.

3 Economic Case

3.1 Introduction

The outcomes from the strategic case are to ensure that:

- Cities and development zones have access to world class full fibre infrastructure to deliver economic growth and inward investment
- CCRCDC is at the forefront of development and roll out of world class wireless technologies
- There is equality of access to digital connectivity across the region
- The region is a leader in open data provision and usage
- Maximise the impacts and benefits of other separately funded programmes to ensure they are fully integrated and complimentary to City Deal interventions and investments

The original scope of the outline business case identified eight project themes that represent the long list of potential opportunities. Through a series of analysis and workshops these themes have been prioritised and redefined in light of the strategic case as shown in the table below.

Strategic Objective	Business Case Theme	Long List of Potential Options
Full Fibre Provision	Regional Connectivity	<ul style="list-style-type: none"> • Do Nothing • Supply side engagement • Fully or partially fund asset (duct) build • Full Fibre procurement
	Global Connectivity	<ul style="list-style-type: none"> • Do Nothing • Lease links • Support Welsh Govt Trunk Road Initiative
	Welsh Connectivity (IX)	<ul style="list-style-type: none"> • Do nothing • Investment and reposition • Relocate
Stimulate innovation through the delivery of enhanced wireless infrastructure.	5G	<ul style="list-style-type: none"> • Do nothing • Targeted investment to extend cellular coverage • Targeted investment to demonstrate innovation and proof on concepts • Supply side engagement • Telecoms Infrastructure Review
	Sensing CCRC	<ul style="list-style-type: none"> • Do nothing • Innovation framework • Targeted investments
	Wi-Fi	<ul style="list-style-type: none"> • Do nothing • Subsidised deployments
Facilitate equality of access – Rural Broadband Provision	Community Fibre	<ul style="list-style-type: none"> • Do nothing • Investment in Community projects • Supplement Welsh Govt Initiatives • Demand stimulation • Fund community programmes • Strategic supply side investments
Open Data	Open Data	<ul style="list-style-type: none"> • Do nothing • Working groups • Demonstration case • Establish JV

The range of potential benefits is large, and each part of the region will have a different blend of benefits to be gained through digital infrastructure investment. Hence a framework of analysis has been defined with the four streams above to facilitate the development of the economic case:

- Full Fibre
- Next Generation Wireless
- Equality of Access
- Open Data

A long list of options has been defined for each of these segments. Each of these will also have a different mix of success factors applied in the selection of the preferred option(s).

3.2 Critical Success Factors

Each of the four streams will achieve a different mix of the above overarching benefits, but they should all be considered under the critical success factors. The outcome is represented in the table below;

Benefit Outline	Full Fibre	Next Gen Wireless	Orchestration Programme	Open Data	Benefits Realisation Measure
Productivity improvements	✓ Digital Transformation enabler	✓ Digital Transformation enabler	✓ Digital Transformation enabler	✓ Digital Transformation enabler	Reduction in time across business functions Improved access for marketing and sales activities Supply chain management simplification Supply chain integration to final service or product
Innovate new business models and open new markets	✓ Digital Transformation enabler	✓ Digital Transformation enabler	✓ Digital Transformation enabler	✓ Direct stimulation to new markets and sector development	Efficiency gains through new processes Integration with customers businesses and services New territories/countries being served Adjacent products or services introduced
New business start-ups	✓ Innovation in digital services	✓ Innovation in digital services	✓ Wider opportunity base	✓ Direct stimulation to new markets and sector development	Number of SMEs created that utilise the Digital Infrastructure Number of SMEs created in digital services sectors Number of Rurally based startups Relative failure rates of SMEs
Network Building & Support Employment	✓ Civil engineering and Technical Skills		✓ Civil engineering and Technical Skills	None	Jobs created by construction companies involved in network roll out Jobs created in servicing the Digital Infrastructure Jobs created in service the Digital Infrastructure project itself
Skills Development	✓ Demand for digital skills increased	✓ Demand for digital skills increased	✓ Demand for digital skills increased	✓ Demand for digital skills increased	Increased recruitment of local education leavers into digital sector Increased engagement of SMEs with education providers Increased demand for digital skills training
New Working Practices	✓ Collaborative and distributed working	✓ Collaborative and distributed working	✓ Collaborative and distributed working	✓ Collaborative and distributed working	Increase in flexible working - time Decreased travel to and from work Supply chain integration
Teleworking to Stimulate Rural Business Models		✓ Wireless digital service access	✓ Remote working	✓ Remote working	Startups in rural settings Increase in flexible working - time Decreased travel to and from work Teleworking in Health and Social Services
Private Household Benefits	✓ Attraction to area	✓ Attraction to area	✓ Attraction to area	✓ Attraction to area	Housing demand increase Housing value increase
Sustaining Communities		✓ Teleworking and distributed working	✓ Teleworking and distributed working	✓ Teleworking and distributed working	Increase in flexible working Lower level of Urban migration Increased prosperity of local services
Enablement of 5G	✓ Access to fibre	✓ Access to fibre	✓ Access to fibre	✓ Limited	Increased penetration of 5G services
Smart Cities/Homes Infrastructure	✓ Enablement of IoT services	✓ Enablement of IoT services		✓ Direct stimulation through usage of IoT Data	Increasing numbers of Smart initiatives Direct stimulation of IoT projects in any sector
Industry 4.0	✓ Enablement of IoT services	✓ Enablement of IoT services		✓ Direct stimulation through usage of IoT Data	Increasing numbers of Industry 4.0 initiatives Direct stimulation of IoT projects in industrial sector
Healthcare Benefits	✓ Innovation in services delivered digitally	✓ Innovation in services delivered digitally	✓ Innovation in services delivered digitally	✓ Innovation in services delivered digitally	Increased Telemedicine activity Increased service delivery via digital means, (video) Decreased travel to health centres
Positive Environmental Impacts	✓ Reduced need to travel	✓ Reduced need to travel	✓ Reduced need to travel	✓ Reduced need to travel	Reduction in travel across all sectors and locations Reduction in logistics flows across the region
Social Inclusion and Removal of any Digital Divide		✓ Widespread access to advanced digital services	✓ Widespread access to advanced digital services	✓ Widespread access to advanced digital services	Increase in the number of households and SMEs taking up digital services Increase in the service quality being taken up by SMEs and households

Table 10 - Overarching Critical Success Factors

In order to give a completely rounded consideration, the critical success factors for the digital infrastructure programme should be extended to include;

Success factor	Measurement Criteria
Strategic fit	<ul style="list-style-type: none"> • Meets the strategic goals of the CCRCD • Delivers future proofed digital infrastructure to enable to achieve economic and social objectives • Is at least comparable with elsewhere in UK
Economic return	<ul style="list-style-type: none"> • Achieves a viable cost benefit ratio when compared with the other available options
Achievability	<ul style="list-style-type: none"> • Fits with the region’s resources • Follows a clear, timely and deliverable approval route and delivery timeframe • Has political and stakeholder support across region and delivers benefits to all parties • Is fully state aid compliant and does not require new state aid applications • Is sustainable with the flexibility and scalability to serve the regions requirements as the economy grows.
Supply side	<ul style="list-style-type: none"> • A clear delivery model is agreed • There is supplier appetite for investment in the region
Compatibility with other programmes	<ul style="list-style-type: none"> • No overlap or duplication of effort with other national or regional digital infrastructure investment programmes. • Fully aligned with UK and Welsh digital policy objectives

Table 11 - Digital Infrastructure Specific Success Factors

3.3 Long List Options

This section presents the long list of options. This has been analysed and presented for each of the streams previously defined. This is because:

- The economic impacts and cost benefit ratios are different between the intervention types
- The range of options differs by stream as each has different requirements and potential delivery mechanisms
- External issues such as the role national programmes and the impact of state aid are varied across the pillars
- Supplier appetite for investment will vary across the region.

3.3.1 Full Fibre

There is a requirement for new duct and fibre infrastructure to be built in key development corridors and zones to underpin the innovation outlined in the Strategic Case.

Long List Options

Option 1 : Do Nothing
Description and Rationale: <ul style="list-style-type: none"> • No actions or funding provided by CCRCDD. Market left to deploy infrastructure against their own investment criteria. • No co-ordination or aggregation of purchasing power of public sector in the region to stimulate additional investment
Costs: £0
Benefits: £0
Issues/Risks: <ul style="list-style-type: none"> • There is a risk that there will be a concentration of investment into the key urban centres of the region only. e.g. BT has announced investment programme into central Cardiff postcodes but not beyond. Other towns and suburban areas may not see investment in the foreseeable future. The impact would be negative, with limited or no inward investment and digital transformation, including digital led innovation. It would inevitably reinforce the drift of employment towards the urban areas, particularly Cardiff and Newport or outside the region. • There will be a lack of competition and choice in the region that will impact service availability and pricing • Lack of inward investment by telecommunications industry • Social loss – very limited improvement to households with access to healthcare, education, access to social care and public services from ‘spill-over’ to deeper fibre connectivity, • Economic loss – productivity, inability to telework, reduced employment opportunities, • Reduced ability to attract digital intensive sectors into region (e.g. media, finance)

Table 12 - Full Fibre, Do Nothing

Option 2 : Do Minimum: Supply Side Engagement

Description and Rationale:

CCRCD to proactively engage with the supply side market. Activities to include:

- Briefing industry on regional plans and requirements
- Co-ordinate public sector procurement activities
- Lobby for inward investment
- Promotion of region as test bed for new technologies and services
- Arranging site visits, events etc
- Providing single interface between industry and the regional public sector bodies and a point of contact for issues such as planning, way leaves etc
- Co-ordination of programmes with UK Govt and Welsh Government

Such activity has proven a key catalyst for inward investment elsewhere in the country and there have been examples of plans changed by operators such as City Fibre and Virgin Media. Suppliers are faced with multiple opportunities and are often responsive in their planning.

Costs:

£ 150k per annum for staffing

Benefits:

Easier to target support and to coordinate other funding channels to benefit the region and CCRCD. Increased investment by operators over and above 'Do Nothing'. Harmonisation with other initiatives such as LFFN.

To be monitored against clearly defined targets for inward investment and service provision. An indicative target could be to attract an additional £5m of inward investment stimulated over a five-year programme, plus successfully obtaining additional separate funding of £10m of public grant funding.

It should be noted that projected digital infrastructure grant funding streams from central Govt are planned to be in the order of £200m per annum across the UK with perhaps £10-£20m likely to come to Wales.

Issues/Risks:

- Limited financial exposure to CCRCD so less risk
- Time to implementation could be long, reducing potential impact achieved
- Regional priorities may be ignored
- Competition for investment from other parts of UK
- Supplier appetite for regional investment may be limited

Table 13 - Full Fibre, Do Minimum

Option 3 : Asset Investment Programme

Description and Rationale:

- CCRC authorities to invest in duct infrastructure and/or encourage third parties to do so. Duct infrastructure to be built in key transport corridors and economic development areas
- Local policies and initiatives put in place to encourage duct build whenever regional building or transport infrastructure is being deployed
- Potential to allow third party telecommunications operators to deploy fibre in ducting to reduce deployment costs.

Costs:

- Estimated duct costs of £50-£100per metre dependent on terrain. May be reduced if sharing dig costs with other infrastructure.
- Estimated duct mileage required across key identified development zones is approx. 100km - **200 km**, giving an indicative investment range of approx. £10m - £20m

Benefits:

- Reduced cost of investment for fibre service providers seeking to invest into region
- A return on the investment can be gained over a 15-year timeline from access charges.
- Stimulate inward investment and deployment by commercial operators
- As there is no guarantee of investment by operators in laying and operating new fibre in the ducts, the economic impact is not guaranteed. If routes are carefully chosen and the roll out is staged by only preceding with phases when some commitment is given by the private sector, then a multiplier of 6 to 1 would be appropriate leading to the investment **of £10m returning of the order of £60m**

Issues/Risks:

- Ducting will have to be offered to the market in compliance with state aid regulations. Will require state aid assessment and benchmarked pricing
- CCRC authorities may become responsible for ownership, maintenance and operation of ducting
- May be limited appetite by industry to use the ducting outside of key commercial areas
- Ducting will have to be built to a standard acceptable to the industry for use, (Carrier Grade)
- The procurement, planning and build of infrastructure is likely to be take a minimum of 2-3 years to deliver
- If CCRC authorities are to facilitate commercial usage of the ducting a state aid opinion will need to be sought (see commercial case).

Table 14 - Full Fibre, Asset Investment

Option 4 : CCRC D Procurement

Description and Rationale

- CCRC D authorities to procure either a managed service and/or fibre infrastructure to all public sites across the defined development zones. (Note public sector sites only chosen to comply with state aid regulations). Service definition may be a blend across the region based on local requirements and commercial appetite to deliver services.
- Anchor investment by the public sector will stimulate additional private sector investment by commercial sector in area to widen access to other businesses and consumers

Costs:

- Estimated capital investment of **£20m** across region

Note this estimate in an upper ceiling based on building new duct and fibre to an indicative footprint on public sector sites in the region as developed for the regions LFFN bid. It is an upper limit on costs for Options 3 and 4 combined (e.g. if the region had investment £10m of ducting in Option 3 and facilitated commercial use of the ducting the resulting costs of commercial investment would be reduced. In contrast if no public ducting was available the commercial sector would need to invest £20m).

Benefits:

Stimulate inward investment by commercial telecoms sector into region. Experience has shown that commercial investment in a City region typically has a leverage of 6:1. Hence a **£20m** investment into such infrastructure could deliver a further an **additional £120m** of private sector investment

Enhanced service choice in the region

An analysis of direct economic benefits to only the Cardiff City area of such investment is estimated at over £200m over 15 years (source Regeneris)

In addition, Regeneris also modelled other additional indirect benefits

- enhanced ability to deliver 5G
- smart city facilitation
- industry 4.0/IoT

Issues/Risks:

- CCRC D will need to establish a procurement framework. Cost approx. £150k over a 9-month timeframe
- Funding would need to be filled by a blend of public sector and commercial contributions (NOTE in other areas of the UK some authorities have capitalised future telecoms revenue expenditure as a contribution to projects of this nature)

- The PSBA will need to deliver its services over any new infrastructure built/deployed in the region. This will need co-ordination and possible investment in new equipment and service provision
- The question remains, will there be industry appetite to invest across the regions priority zones or only in Cardiff City
- The procurement can only address connectivity to public sector sites to avoid the risk of state aid challenge.

Table 15 - Full Fibre Procurement

3.3.2 Next Generation Wireless

The options range across mobile connectivity and are related to coverage and capacity for 4G and 5G networks, also IoT networks which may or may not be specific to IoT services, as outlined in the Strategic Case.

Long List Options

Option 1 : Do Nothing
<p>Description and Rationale:</p> <p>No actions or funding provided by CCRC. Market left to deploy infrastructure against their own investment criteria</p>
<p>Costs:</p> <p>£0</p>
<p>Benefits:</p> <p>£0</p>
<p>Issues/Risks:</p> <ul style="list-style-type: none"> • 4G coverage is in this case likely to improve slowly. 5G will not progress deployment beyond Cardiff City Centre until 2021 and would only reach all regional Urban areas by 2023 at the earliest. Targeted deployments to support areas of concentrations of digital sector businesses unlikely before 2023. • Gaps will remain across the region, in particular the variation in coverage between the mobile operators will continue to mean that the selection of a mobile service provider further reduces the coverage received. • Limited commercial support for the deployment of advanced mobile services in the region, so reducing the opportunities for innovation and digital transformation • This has been the situation in the region for the last fifteen years, which has resulted in the region being behind on 3G and 4G coverage when compared to the rest of the UK. In economic impact terms, there is general consensus that the absence of 4G services has a detrimental impact to consumers and businesses in terms of productivity and to job creation. However, the range of figures applied to these measures is wide and focussed on the applications 4G enables rather than the technology itself • Economic loss – Direct negative impact on productivity, GVA and consumer adoption of digital services. Reduced ability to attract digital intensive sectors into region (e.g. media, finance). Delay or frustrate the adoption of 5G enabled use cases across multiple sectors. • Environmental – reduction in carbon footprint, but likely to be small and over a long period of time

Table 16 - NGW, Do Nothing

Option 2 : Do Minimum: Supply Side Engagement

Description and Rationale:

CCRCD to liaise with mobile industry to;

- Briefing industry on regional plans and requirements
- Lobby for inward investment
- Promotion of region as test bed for new technologies and services
- Arranging site visits, events etc
- Providing single interface between industry and the regional public sector bodies and a point of contact for issues such as planning, base-stations location, asset location, etc
- Co-ordination of programmes with UK Govt and Welsh Government

Such activities have not yet been executed fully in the UK, although digital leads for fixed infrastructure do cover mobile as well. Suppliers are faced with multiple opportunities and are often responsive in their planning if they can simply access the processes needed for deployment of infrastructure, more fully understand the market they are addressing and have a good understanding of the initiative and plans of the public sector that affect the market and density of consumers.

Costs:

£200k - £250k per annum, with a cap of a five-year programme reaching £500k to £750k

Benefits:

- Easier to target support and to coordinate other funding channels to benefit the region and CCRCD. Increased investment by operators over and above 'Do Nothing'. Harmonisation with other initiatives such as Welsh Mobile Action Plan and delivering on its recommendations. To be monitored against clearly defined targets for inward investment and service provision.
- Target additional £3m of inward investment stimulated over 3 years.

Issues/Risks:

- Limited financial exposure for CCRCD
- Time to deployment may be long, reducing potential impact achieved
- Regional priorities may have to be limited to dense urban locations
- Service take-up may not improve
- Innovation in usage not addressed fully
- As there is little certainty around the impact of undertaking this option, the issues and risks around do nothing also apply. The level to which they can be truly mitigated through supply side engagement is unclear and there is little evidence other areas of the UK where this has made a difference

Table 17 - NGW, Do Minimum

Option 3 : Undertake and Extend Future Telecom Infrastructure Review guidance

Description and Rationale:

The thrust of the Telecoms Review and the Welsh Mobile Action Plan is to make it easier and cheaper for mobile operators to expand coverage and introduce new services such as 5G and IoT. Fundamentally, this requires CCRCD, along with support from local authorities to allow their physical asset usage and in addition streamlining the planning and licensing processes. A much higher degree of responsibility and autonomy would be required over Option 2, Supply Side Market Engagement. Responsibilities would include:

- Organising and supporting Local Authorities to deliver streamlined access and services to support mobile operators in building more coverage and services in 5G and IoT. In effect lowering the cost of building infrastructure and shortening the time this takes
- Briefing industry on regional plans and requirements
- Lobby for inward investment
- Lobby Ofcom and DCMS to support a more targeted approach to regulation in Wales, to assist with the specific issues around lack of investment in mobile services and coverage
- Promotion of the region as a strong market for new technologies and services
- Innovation stimulation through knowledge transfer events and information promotion
- Joint business and industry events with connectivity service providers to promote innovation and identify key development areas in which deploying 4G and 5G can stimulate growth and inward investment
- Provide market related information to support business planning processes for Mobile Operators
- Providing a highly effective and efficient single interface between mobile operators, industry and the regional public sector bodies to enable all aspects of deployment support
- Co-ordination of programmes with UK Govt and Welsh Government

Such a role has not yet been executed fully in the UK, although digital leads for fixed infrastructure do cover mobile as well. Suppliers are faced with multiple opportunities and are often responsive in their planning if they can more fully understand the market they are addressing and have a good understanding of the initiative and plans of the public sector.

Costs:

£250k - £500k per annum, with a cap of a five-year programme reaching £1.25m to £2.5m

Benefits:

Strong focus and leadership to target supportive interventions and to coordinate other funding channels such as DCSM, to benefit the region and CCRCD.

Materially increased investment by operators over and above 'Do Nothing' through supporting actions.

Lowering the threshold for mobile operator's investment decisions through lowering the cost of deployment and doing business in the region. In addition, leveraging the market information held by the authorities on business locations, sectors and numbers to provide better revenue forecasts for the mobile operators.

Working closely with mobile operators would enhance their knowledge of the region and improve the identification of skills needed and the promotion of providing those skills from local resources. Mobile operators through a knowledge transfer programme would be made aware of other inward investment activities and job creation to inform their opportunity to enhance services and coverage to seize market share as early as possible.

Promoting the ideas of infrastructure sharing, including access to fibre connectivity for backhaul services.

Harmonisation with other initiatives such as Welsh Mobile Action Plan and delivering on its recommendations. To be monitored against clearly defined targets for inward investment and service provision, notably 4G and 5G coverage in key corridors, capacity and data rates comparable with elsewhere in the UK. Increasing the effective choice of mobile service providers, notably in rural areas by having competing deployments.

Bringing together the support function for all ten local authorities will provide significant economies of scale and allow a central source of skills and capability to be developed that would be beyond any single authority to achieve

Additional £7m of inward investment stimulated after 3 years.

Issues/Risks:

- Limited financial exposure for CCRCD
- Participation of all ten local authorities necessary, alongside a significant uplift in local skills and expertise
- Local Authority willingness to cede some responsibility and delivery to CCRCD to support mobile operator's deployment of networks, including information and access to infrastructure assets
- Local Authorities undertaking this type of action individually²¹ would miss significant efficiency gains by having a single central team and likely mean that skills overall would be lower.
- Single point through which to do business not consistent, caused by variability in local authority engagement

Table 18 - NGW, FTIR

²¹ The FTIR document set seems to anticipate that Local Authorities would act individually. This would be very inefficient for the region.

Option 4 : Funded Intervention to extend 4G coverage

Description and Rationale:

Work in conjunction with the mobile operators to gap-fund mobile services in areas with poor indoor and outdoor coverage. Utilise a model similar to that being proposed by the Welsh government under their Mobile Action Zones. Organising and supporting Local Authorities to deliver streamlined access and services to support mobile operators in building more coverage and services in 4G, including the public sector building radio access infrastructure (towers, roof-top sites and ducting) and offering these to operators under a site sharing regime to simplify and reduce the operators cost base. This would include:

- Providing single business interface between industry and the regional public sector bodies and a central resolution point for issues such as planning, wayleaves etc.
Duplication of Option 3
- Co-ordination of intervention programmes with UK Govt and Welsh Government
- Providing Capex and Opex funding to support loss making 4G sites in terms of their usage and data throughput. This could include;
- Upgrading 3G sites with new 4G equipment, accelerating deployment
- Building new passive infrastructure sites, (towers, mono-poles and roof-top sites)
- Deployment of 4G active equipment to new sites
- Building new duct work to support fibre links to sites

Costs:

Costs: £250k - £500k per annum, with a cap of a five-year programme of £1.25, to £2.5m for the internal team (Option 3).

Capex for infrastructure costs would range between £30k and £150k per site and be additional, assume 100-300 macro sites = £10m - £30m.

Benefits:

Increased investment by operators by lowering their threshold in terms of direct costs and the cost of doing business in the region for Mobile operators.

Harmonisation with other initiatives such as Welsh Mobile Action Plan, Mobile Action Zones and delivering on its recommendations.

To be monitored against clearly defined targets for inward investment and service provision, reflected in coverage improvement across multiple mobile operators and service enhancements to 4G-Adv.

This could be delivered over a 3-5 year window and hence quickly reduce the timescales in which parts of the region are likely to be a not spot.

Additional £30m of inward investment stimulated after 5 years.

Issues/Risks:

- Currently the Mobile Action Zone consultation documents would indicate that there is a need to build a large number of sites. This is based on latent demand, NOT areas with poor coverage, 11 sites have been identified within the region as in need of further investment to gain better coverage and capacity.
- Funding would need to be flexible, as any infrastructure to be built by the public sector would need to have a fixed tenancy agreement from one or more mobile operators, take up is therefore uncertain.
- Any infrastructure asset constructed by the public sector would need to be 'Open Access' and would represent an asset that would be expected to make a return. If sites were rented to mobile operators at a market rate (which may be a requirement under state aid) then the real savings to mobile operators would represent a cash-flow impact, not a true cost reduction, their interest is therefore questionable.
- Agreement on where to build new infrastructure assets may be difficult to achieve, Operators would in all cases seek to maximise a return on their investment, resulting in current not-spots remaining, as there is no investment case for the operator even with support.
- The Emergency Services Network already has a programme of extending 4G coverage and supporting the building of infrastructure in terms of Macro base station sites. There is an opportunity to work closely with this programme to encourage a wider extension to the coverage provided.
- Active equipment within the network being funded is an asset that could achieve a return through customer usage increasing.
- Investment in active equipment would need to carefully be considered as it could breach state aid rules by benefiting a single supplier. Making active equipment 'Open Access' is highly problematic in terms of the current business model operated by mobile operators and the fact that spectrum is licensed nationally and by each operator.

Table 19 - NGW, 4G Intervention

Option 5 : Support for Specific 5G/IoT Projects

Description and Rationale:

Work in conjunction with the mobile operators to operate a risk-based, gap-funded, mobile services in areas where there is a good use case to demonstrate the commercial and innovation impact of 5G/IoT. This option should be undertaken in conjunction with Option 3. Gap funding would be on the basis of joint investment in infrastructure and active network equipment and involve either a competitive process or partnership with a mobile operator on a case by case basis.

Purely as an example of projects that should be considered, shown in the following table as 5G and IoT opportunities:

Project	Example Use Cases	5G	IoT	4G Adv
Creative Digital Clusters	Media and content Cloud services	✓	X	X
Rural 5G Fixed Wireless Access delivering 'Wireless Fibre' Services	Teleworking Digital Health	✓	X	X
Innovation Hubs	Media & Content Non-Specific Fast Connectivity	✓	X	X
Rural Working TechHub - PoC Made as additional to 5G FWA above	Teleworking Digital Sector SME Innovation Digital Sector SME Growth	X	✓	✓
Internet of Energy	Smart Grid Smart Home	X	✓	✓
Smart City	Smart Transport Smart Home Smart City	X	✓	✓
Industry 4.0	IoT Sensor Array - Specific Control - Specific Data exchange - Real Time	X	✓	X

(4G Adv is an alternative to 5G where the use case is less demanding and it can be deployed at a much lower cost).

It should be very much kept in mind that this is an example list and others can and will be added. However, it is a reasonable place to start. It should also be kept in mind that 5G is one enabling digital service, in almost every case Gbs fibre connectivity and IoT services will co-exist and will leverage each-others performance in digital transformation. All of the networks deployed will also be open for other use cases to exploit, they are in no way dedicated to a single project function or service delivery, they remain public-open networks exactly as current 4G and 3G networks.

Costs:

£250k - £500k per annum for the digital team managing the intervention, assuming a five-year cap gives, £1.25m to £2.5m.

Gap funding of between £300k and £500k per project depending on the technology being deployed and assuming match funding from industry for each location. Assuming five core CCRC projects, plus a further ten proof of concepts, a total investment of £7m plus the team at £2m is required to give a total of circa 9m.

Benefits:

Enable supported projects to fully reach their potential while acting as Proof of Concept for 5G and IoT. Accelerating the deployment of 5G and IoT will have a positive impact on inward investment and the growth of digital clusters where it is present. Focus initially on the core CCRC interests to ensure they reach their maximum potential in terms of technology enablement, plus a further ten projects of mixed 5G and IoT within key zones of; manufacturing, transport, energy and health. Assuming match funding, industry would invest £7m.

Issues/Risks:

Each project supported would have its own set of risks and issues that may not be dependent solely on the provision of next generation wireless connectivity. In effect if any project does not have a positive business case for the overall benefits it will deliver, the deployment of 5G or IoT services is unlikely to change the position to a positive business case, in which case the digital infrastructure would not be supported and deployed.

Limited financial exposure for CCRC as only deployed against a separate business case.

This approach would support both innovation and challenge aspects of the CCRC.

Table 20 - NGW, 5G & IoT Support

3.3.3 Facilitate equality of access – Rural Broadband Provision

As discussed in the strategic case there are a range of both national and Welsh Government Initiatives to address requirement to in-fill rural broadband coverage. However, it is likely that there will remain a significant gap in service provision in the region, even after the roll out of Superfast Cymru 2 and Rural Gigabit Connectivity interventions.

Hence it is not proposed that these actions are replicated. Instead the long list of options for CCRC should be complementary to national programmes and are;

- Do nothing
- Supply side engagement
- Demand stimulation
- Strategic supply side investments

Long List Options

Option 1 : Do Nothing

Description and Rationale:

No actions or funding provided by CCRC. Market left to deploy infrastructure against their own investment criteria, or with support of the UK and Welsh Governments programmes

Costs:

£ 0

Benefits:

£ 0

(NOTE: Provided the DCMS USO and Superfast Cymru 2 interventions take place, in themselves they will produce a positive economic impact. Typically, an investment into a rural site produces a benefit: cost ration of 3.5:1 over 15 years. Hence if the number of white premises was reduced by 10,000 at a cost of £3000 per site, the economic benefit can be expected to be over £100m over 15 years.

Issues/Risks:

- There will be a risk of deepening the digital inclusion gap across regions
- No local control of priorities – dependent on industry and national initiatives
- Lack of inward investment. Elsewhere in the UK public sector intervention has resulted in leveraged commercial investment.
- Social loss – percentage of households with limited access to healthcare, education, access to social care and public services will increase but potentially very slowly, leaving some areas with no or minimal connectivity
- Economic loss – lower productivity, inability to work in flexible manner, reduced employment opportunities
- Environmental – increased carbon footprint, or certainly limited decrease

Table 21 – Equality of access - Do Nothing

Option 2 : Do Minimum: Supply Side Engagement

Description and Rationale:

CCRCD to proactively engage with market. Activities to include:

- Briefing industry on regional plans and requirements
- Lobby for inward investment
- Arranging site visits, events etc
- Providing single interface between industry and the regional public sector bodies and a point of contact for issues such as planning, way leaves etc
- Co-ordination of programmes with UK Govt and Welsh Government

Costs:

£ 100k - £150k per annum

Benefits:

Easier to target support and to coordinate other funding channels to benefit the region and CCRCD. Increased investment by operators over and above 'Do Nothing'. Harmonisation with other initiatives such as Welsh Mobile Action Plan, Superfast Cymru and DCMS USO.

To be monitored against clearly defined targets for inward investment and service provision.

Target additional £5m of inward investment stimulated over the five-year programme plus successfully obtain £10m of public grant funding

Issues/Risks:

- Limited financial exposure to CCRCD
- Time to implementation could be long, reducing potential impact achieved
- Regional priorities may be ignored
- Service take-up may not improve
- Competition for investment from other parts of UK
- Supplier appetite for regional investment may be limited
- The most remote, commercially challenged part of the region will be difficult to attract inward investment to. As a result, such areas will fall further behind the rest of the UK.

Table 22 – Equality of access, Do Minimum

Option 3 : CCRC D Demand Stimulation Programme

Description and Rationale:

CCRC D establish a local programme to increase user awareness and significantly improve adoption of digital services across the entire population of SMEs and households, from circa 40% to 60%. Activities would include:

- PR and promotion
- Establishment of case studies of benefits and usage
- Engagement with local stakeholders such as business groups, community organisations etc
- Events
- Promotion of connection voucher schemes of UK and regional Govt
- Engagement with suppliers
- Engagement with local businesses and residents
- Support and training programmes
- Use of social media
- Web based support
- Provision of technical, commercial and legal support to community groups

Costs:

- Local central team of 5 staff, £300K per annum across the region. For a five-year programme, £1.5m
- Additional promotional materials and support, £250- £500k per annum
- To be monitored against clearly defined targets for inward investment and service provision. For example, additional £5-6m of inward investment stimulated over the five-year programme (33,000 @ £5k per premise)

Benefits:

Key measures of success will be monitored on an annual basis and will include:

- service adoption by business and residents
- business productivity
- employment and start up rates

Target an additional 5% uptake in Next Generation Broadband Access services over 5-year period?

Research commissioned by DCMS the economic, social and environmental impacts of faster broadband – UK Economic Impact Study. Economic benefits identified were local enterprise employment, teleworker productivity, productivity growth, labour force participation and network construction. Enhanced productivity is the key productivity with benefits growing by 0.3% as speeds double. A more direct comparison of the proposed CCRC D intervention is the Impact Analysis undertaken for the Universal Service scheme. This analysis discounts benefits due to the nature of the programme under a range of speeds and subsidy scenarios. However, all options deliver a positive outcome and value for money (over 15 years) with a Benefit Cost Ratio of between 3.4 to 3.6

Issues/Risks:

- Limited financial exposure to CCRC
- Time to implementation could be long
- Service take-up may not improve
- Need for co-ordination with national and regional schemes
- Demand stimulation only serves to increase take up in those areas that have infrastructure to take up. There will still be parts of the region without any infrastructure and demand stimulation does not address their requirements or lead to infrastructure investment.

Table 23 –Equality of access, Demand Stimulation

Option 4 : CCRCD undertakes strategic investments in service providers and operators

Description and Rationale:

It is likely that the existing proposed national and regional initiatives will still leave a number of SME and residential premises un-served or poorly served. This is because:

- Welsh Government Superfast Cymru 2 lacks the funding to achieve ubiquitous coverage
- Superfast Cymru 2 targets an uplift in connectivity speeds to at least 30Mbps . It does not prioritise premises beyond this. Hence industry response is to target premises with the lowest upgrade costs which may lead to premises with broadband services but below the threshold speed being prioritised over those with no services at all.
- DCMS programmes are dependent on proximity to public sector sites. This is a state aid issue. DCMS does not have a state aid clearance for its LFFN programme and hence can only fund connectivity to internal public sector sites which is a 'no aid' measure
- USO schemes will provide funding for in-fill but details of the scheme are yet to be announced, including the funding limits and how they will be deployed locally
- The number of premises in the region to be addressed following the impact of these schemes estimated at 10000 premises

Hence there will remain opportunities for emerging service providers to target this untapped segment using radio technologies and the reuse of Openreach duct infrastructure where available.

CCRCD has already received a number of approaches from such services for investment capital

Costs:

Superfast Cymru 2 is likely to primarily address the 'low hanging fruit' i.e. those sites that are cheapest and easiest to serve in urban centres. The outlying 10000 sites are estimated to have a typical cost per site of £5000. This would result in a capital funding requirement of >£50m.

Hence a Challenge Fund of £10-£20m could be established for equity investments in service providers. This would give a financial return to CCRCD and enable social divides and equality of access to be achieved.

Benefits:

Economic benefit impact analysis undertaken as part of the audit of rural broadband programmes range from;

- The DCMS UK Economic Impact Study concludes that every £1 invested in broadband delivered £20 in benefit over a 15-year period.
- A similar analysis by the UK Govt for the Universal Service Obligation scheme presented a cost benefit ratio of 3.5 to 1 over 1 years.

Within the assessments, economic impacts identified include local enterprise employment, teleworker productivity, productivity growth, labour force participation and network construction.

In addition, a range of social benefits also accrue including; reduced travel time, access to education, improved health, consumer access to e-commerce, enhance employment opportunities, rural community resilience and environmental benefits (e.g. reduced emissions).

Hence an aggregate intervention of £20m by CCRCD is likely to deliver positive benefits of approx. £70m to the region

The other key benefits of such an approach are;

- Speed of delivery optimised against local priorities
- More control over local actions

Issues/Risks:

There are two major issues/risks

- ensuring any CCRCD actions are seen as complementary to, and not competitive with, other national and regional programmes and there is no overlap or duplication of finance or effort. This will require co-ordination with the UK and Welsh Government
- State Aid: The telecommunications market is highly regulated with strict state aid regulations
- The rural broadband segment is financial challenging as the most costly and difficult to reach parts of the market remain to be addressed. Hence detailed due technical and commercial diligence is required.

Table 24 – Equality of Access Funding Streams

Option 5 : CCRC Community Programmes

Description and Rationale:

A number of communities have collaborated to define and procure their own telecoms infrastructure or establish themselves as a micro service provider in their community. Such activity has been supported by public funding schemes (e.g. Community Broadband Scotland). The Welsh Government is also defining a Communities Initiative. In addition, support and guidance can be provided in areas such as procurement, legal support and state aid.

Costs:

Typically, grants are made available to a community. These may range from small grants of a few thousand pounds to undertake feasibility studies to grants for connection and installation. This is a function of the number of premises connected and community size but across other parts of the country typical community grants were low hundreds of thousands pound per community with some rare larger exceptions. The Scottish Government spent £6.4m supporting 64 communities but in practise only 13 of these are fully operational.

A modest fund in the region of £1m could be allocated to a CCRC community programme but **MUST** be complementary to any other funding interventions from national or regional bodies, and be complemented by technical, procurement and legal support to be effective. The support function should be limited to a team whose cost is capped at 20% of the fund.

Benefits:

The benefits are focused on speed to service provision for the most rural communities. However, there are few success stories in this approach.

Issues/Risks:

All existing initiatives of this nature site challenges;

- There are limited (if any) communities in the region prepared for such a scheme
- State Aid rules apply to all projects irrespective of grant amount (even de-minimis) and state aid schemes are not suited to small community projects
- Empowering communities should not imply communities leading procurements. It is challenging to expect communities to be responsibility for public sector procurement rules and CCRC support will be required here.
- Projects need to happen alongside a national and regional programme. Agreeing scope with national projects can be complex and sensitive: who (and when) agrees a de-scoping of an area from the national programme for local investment?
- What is the appetite of local communities for bespoke projects involving potentially small ISPs (no choice of national providers)?
- Engaging with communities is essential to identify projects suitable for the fund, but engagement with the market to understand appetite in delivering to small communities is critical
- There is a high failure rate with such schemes due to administrative complexity, low supplier appetite, a lack of resources and skills and the challenges of on-going operation and management.

- Importance of management of communication and expectations with communities (timescales, funding, solutions, ISP choice ...)

Table 25 – Equality of access, Community Programmes

3.3.4 Open Data

As discussed in the strategic case there are a range of both European, UK national and Welsh Government Initiatives related to Open Data. However, the delivery of Open Data, and much more importantly, its long terms sustainability and support for driving GVA growth, requires a structured and commercially focussed effort.

The long list of options for CCRCD should without doubt be complementary to national programmes but must also seek a new way forward to drive uptake, usage and success in the opportunities offered around data and analytics;

- Do nothing
- Making Data Sets Available
- Centrally organised Open Data
- Open Data and Open Market creation
- Implemented PoC
- DataCo

Long List Options

Option 1 : Do Nothing

Description and Rationale:

No actions or funding provided by CCRC. Local Authorities and the wider market left to deploy Open Data against their own investment needs or under compliance rules, or with the support of the UK and Welsh Governments programmes

Costs:

£ 0

Benefits:

£ 0

Issues/Risks:

- There will be a risk of fragmented delivery and uptake
- No local control of priorities – dependent on industry and national initiatives when they emerge
- Reduced or no inward investment.
- Social loss – innovation in public services will be slower and limited
- Economic loss –reduced employment opportunities and no development of new high value jobs

Option 2 : Making Data Sets Available

Description and Rationale:

Primarily in the formation of a small team dedicated to developing the data sets within CCRC by engaging with the a wide number of sectorial players, to establish the data sets and timelines for their availability

Costs:

£ 200k/Annum

Costs are estimated as a team of 3 per annum. High costs are assumed as a high degree of professional and technical skills needed. Resources needed are minimal and considered as normal tools for technical staff.

Benefits:

£ 0

Benefits will vary considerably as provision of data sets is supported, but the uptake of data usage is not directly supported with this model. A conservative position should be held and no monetary benefits will follow

Issues/Risks:

- There will be a risk of fragmented delivery and uptake
- Limited demand stimulation, ‘build it and they will come’ approach.
- Social loss – innovation in public services will not be certain
- Economic loss – limited employment opportunities and limited development of new high value jobs

Option 3 : Centrally organised Open Data

Description and Rationale:

The formation of a small central team dedicated to developing the data sets within CCRCDC with a programme and remit to make them available in a common structure with all City Deal members agreeing to a common delivery team. There would be significant efficiency gains on the basis that a central team is deployed to deliver for all Authorities in the region, rather than each individual authority deploying their own resources to deliver the requirement

Costs:

£ 360k/Annum

Costs are estimated as a team of 6 per annum. High costs are assumed as a high degree of professional and technical skills needed. Resources needed are minimal and considered as normal tools for technical staff

Benefits:

£ 360k

Benefits will be more certain as a common framework and delivery platform will be achieved making it more efficient and effective for the Open Data resources to be utilised across a larger population. The efficiencies gained by not having each LA deploy their own teams will mean at least 10 people, (1 open data FTE per authority), would be saved. The benefits would therefore equate generally to the costs. However, not direct benefits have been considered, making this a very conservative estimate.

Private sector entities would have more confidence in participation

Issues/Risks:

- Gaining agreement of joint funding and selection of the team might be problematic
- Limited demand stimulation, still a ‘build it and they will come’ approach.
- Social loss – innovation in public services will not be certain

- Economic loss –limited employment opportunities and limited development of new high value jobs

Option 4 : Open Data and Open Market

Description and Rationale:

The formation of a small central team dedicated to developing the data sets within CCRCDC with a programme and remit to make them available in a common structure with all City Deal members agreeing to a common delivery team. There would be significant efficiency gains on the basis that a central team is deployed to deliver for all Authorities in the region, rather than each individual authority deploying their own resources to deliver the requirement.

In this option, the Open Data sets will be actively marketed to potential users and bespoke data sets will be developed on request

Costs:

£ 500k/Annum

Costs are estimated as a team of 8 per annum. High costs are assumed as a high degree of professional and technical skills needed. Resources needed are minimal and considered as normal tools for technical staff

Benefits:

£ 500k

Benefits will be more certain as a common framework and delivery platform will be achieved making it more efficient and effective for the Open Data resources to be utilised across a larger population. The efficiencies gained by not having each LA deploy their own teams will mean at least 10 people, (1 open data FTE per authority), would be saved. The benefits would therefore equate generally to the costs. However, not direct benefits have been considered, making this a very conservative estimate.

Private sector entities would have more confidence in participation and a licensing regime would be put in place to encourage usage and later recover some costs for its provision. The target would be to achieve a 'Break-Even' position and to initially offer free or very reduced costs access until commercial users had established a market and revenue streams

Issues/Risks:

- Gaining agreement of joint funding and selection of the team might be problematic
- Strong demand stimulation and adapting to what the market needs, but still weighted towards a 'build it and they will come' approach
- Balance of licensing needs to be carefully considered to ensure it is stimulating uptake and not restricting access or usage

Option 5 : Implemented PoC

Description and Rationale:

In effect this is an extension of Option 4 and will take the Open Data created to produce a number of PoC. This can be achieved through inviting the private sector to propose costed business plans that utilise the data resources through a challenge fund of some kind, or it can be within the public sector in demonstrating service innovation. A larger team and wider skill set will be required

Costs:

£ 900k/Annum

Costs are estimated as a team of 15 per annum. High costs are assumed as a high degree of professional and technical skills needed. Resources needed are minimal and considered as normal tools for technical staff. Some costs may be offset by combining with SMEs who will fund some of the effort directly themselves, or offer a return of the costs through a later revenue share

Benefits:

£ 1,000k

Benefits will be more certain as a common framework and delivery platform will be achieved making it more efficient and effective for the Open Data resources to be utilised across a larger population. The efficiencies gained by not having each LA deploy their own teams will mean at least 10 people, (1 open data FTE per authority), would be saved. The benefits would therefore equate generally to the costs.

Private sector entities would participate, possibly through a deferred licensing arrangement to later recover some costs for its provision. The target would be to achieve a 'Better -Than-Break-Even' position with some shared risks in the development of the data usage.

The PoCs delivered would act as a beacon for other Open Data projects to follow, creating a fully sustainable development platform

Issues/Risks:

- Gaining agreement of joint funding and selection of the team might be problematic
- Strong demand stimulation through funding some aspects of the services developed within the private sector
- Balance of licensing needs to be carefully considered to ensure it is stimulating uptake and not restricting access or usage

Option 6 : DataCo

Description and Rationale:

This is an extension of Option 5, creating a private sector entity to develop and co-invest in costed business plans that utilise the data resources developed. A smaller team and wider skill set will be required

Costs:

£ 500k/Annum

Costs are estimated as a team of 8 per annum, plus a private sector funded team of equivalent size. High costs are assumed as a high degree of professional and technical skills needed. Resources needed are minimal and considered as normal tools for technical staff. Some costs may be offset by combining with SMEs who will fund some of the effort directly themselves, or offer a return of the costs through a later revenue share

Benefits:

£ 1,000k

Benefits will be more certain as a common framework and delivery platform will be achieved making it more efficient and effective for the Open Data resources to be utilised across a larger population. The efficiencies gained by not having each LA deploy their own teams will mean at least 10 people, (1 open data FTE per authority), would be saved. The benefits would therefore equate generally to the costs.

The DataCo would lead all development activity with a clear goal of commercialisation, possibly through a deferred licensing arrangement. The target would be to achieve a 'Better -Than-Break-Even' position with shared risks in the development of the data usage.

The PoCs delivered would act as a beacon for other Open Data projects to follow, creating a fully sustainable development platform. It would also be hoped that the DataCo would identify gaps in data resources and partner or develop additional resources, particularly around IoT data being gathered.

Issues/Risks:

- Gaining agreement of joint funding and selection of the team might be problematic
- Strong demand stimulation through funding some aspects of the services developed within the private sector
- Balancing the commercial imperatives of the DataCo and the opportunity for innovation in the public sector that does not immediately have a return on the investment could add complexity – but would drive discipline and ultimate delivery of PoCs

3.4 Economic Appraisal

3.4.1 Long list to short list criteria assessment

In order to derive a preferred short list of options, each of the long list options has been assessed against the critical success factors for the programme, namely;

- Does any of the options deliver the strategic objectives of CCRCD?
- Do any of the options deliver sufficient economic benefits, bearing in mind that the intention is to invest to deliver a positive economic benefit to the region
- Is the option achievable in a timely manner?
- Are there any supply side constraints on the project?
- Is the option compatibility and complementary with other programmes

The table presents a preliminary assessment for each long list option against each of the success factors and colour codes accordingly with green strongly achieving the criteria through to red where there is limited benefit.

Full Fibre	Aligned to Strategy	Economic Impact	Achievability	Affordability	Attractive to Supply Chain	Compatibility to other Programmes	Risk	Rank
1. Do Nothing:	Good	Poor	Poor	Good	Poor	Good	Poor	4th
2. Do Minimum: <i>Supply Side Engagement</i>	Good	Medium	Good	Good	Good	Good	Good	1st
3. CCRCD Asset Investment Programme	Good	Good	Good	Good	Medium	Good	Medium	2nd
4. CCRCD procurement	Good	Good	Good	Good	Medium	Good	Medium	2nd
5G and IoT Support	Aligned to Strategy	Economic Impact	Achievability	Affordability	Attractive to Supply Chain	Compatibility to other Programmes	Risk	Rank
1. Do Nothing:	Poor	Poor	Poor	Poor	Poor	Good	Poor	5th
2. Do Minimum: <i>Supply side market engagement</i>	Good	Poor	Medium	Good	Medium	Good	Good	3rd
3. <i>Undertake Future Telecom Infrastructure Review guidance in full</i>	Good	Medium	Good	Good	Good	Medium	Good	1st
4. <i>Funded Intervention to extend 4G coverage</i>	Good	Medium	Medium	Poor	Medium	Medium	Medium	4th
5. <i>5G and IoT Support</i>	Good	Medium	Medium	Good	Good	Good	Medium	2nd
Rural Broadband Provision	Aligned to Strategy	Economic Impact	Achievability	Affordability	Attractive to Supply Chain	Compatibility to other Programmes	Risk	Rank
1. Do nothing:	Poor	Poor	Poor	Good	Poor	Good	Poor	5th
2. Do Minimum: <i>Supply Side Engagement</i>	Good	Medium	Good	Good	Medium	Good	Good	2nd
3: <i>Demand stimulation programme</i>	Good	Good	Medium	Good	Medium	Good	Good	2nd
4: <i>CCRCD undertaken strategic investments in service providers & operators</i>	Good	Good	Good	Good	Good	Good	Medium	1st
5: <i>Community Programmes</i>	Good	Poor	Poor	Medium	Poor	Medium	Poor	4th
Open Data	Aligned to Strategy	Economic Impact	Achievability	Affordability	Attractive to Supply Chain	Compatibility to other Programmes	Risk	Rank
1. Do nothing:	Poor	Poor	Poor	Good	Poor	Medium	Poor	6th
2: Do Minimum: <i>Making data sets available</i>	Good	Medium	Medium	Good	Poor	Medium	Good	4th
3: Centrally organised Open-Data	Good	Good	Medium	Good	Medium	Good	Good	2nd
4: Open Data and Open Market intervention	Good	Good	Good	Good	Good	Good	Medium	1st
5: Implemented PoC	Good	Good	Medium	Medium	Good	Medium	Medium	3rd
5: DataCo	Medium	Good	Medium	Medium	Good	Medium	Poor	5th

Table 26 - Success Factor Map

It should be noted that some of these options may be highly achievable from a financial viewpoint (e.g. a small grant to a community fund) but still face external risks and challenges beyond the control of CCRCD.

The key external risks that impact the proposed CCRCD Digital Infrastructure are:

- **State Aid:** It will be time consuming and costly for CCRCD to undertake its own state aid application – typically 2 years and several man years of resources. In addition, the process remains uncertain given Brexit. If CCRCD wishes to minimise risk in this field it should:
 - Prioritise demand side measures (e.g. vouchers, demand stimulation) which do not attract state aid issues
 - Undertake rural in-fill procurements working in conjunction with national or regional programmes that have or are obtaining state aid clearance (e.g. Welsh Govt or DCMS Rural Gigabit Connectivity). This also applies to Community led schemes. However, CCRCD should retain local control and direction of any intervention
- **Supplier appetite:** Industry is constrained in its capacity and the CCRCD is competing with similar measures across the country. The key risks are:
 - Community schemes may attract smaller specialist operators, but there is a risk they do not attract sufficient industry appetite
 - Economic development full fibre projects may be viewed as less attractive outside central urban areas such as Cardiff. In this case a blend of Full fibre procurement and public asset investment may be more appropriate.
- **UK and Welsh Government Programmes:** Such programmes will part fund and address the challenges the region faces. There is a risk that the funding and programmes do not materialise in a timely manner, or that CCRCD funding is used in-lieu of funding when other sources are available.
- **Ability to recruit and attract resources** to lead the digital programme and undertake all procurement, stimulation and co-ordination activities. Failure to have such resources would lead to a failure to deliver economic benefits
- **Stakeholder co-ordination** between authorities and other key stakeholders such as Welsh Govt and PSBA could result in delay and increased costs
- Under any heading, Do-nothing will be in breach of UK and Welsh policy objectives and commitments at the local authority level, but not CCRCD level

3.4.2 The Preferred Option(s)

Given the above analysis a recommended strategy could consist of the following blend of activities

Strategic Objective	Original Outline Business Case Theme	Recommended approach
Full Fibre Provision	Regional Connectivity	<ul style="list-style-type: none"> • Opens 3 and 4: Fully or partially fund duct and fully open access fibre infrastructure in selected areas • Option 2 : Supply side engagement
	Global Connectivity	<ul style="list-style-type: none"> • Support Welsh Govt Initiative in funding applications and design
	Welsh Connectivity	<ul style="list-style-type: none"> • Sort term programme to reposition and promote IX
Stimulate innovation through the delivery of enhanced wireless infrastructure.	5G	<ul style="list-style-type: none"> • Option 5: Targeted investments in specific projects and use cases • Option 2: Supply side engagement • Option 3: Implement Telecoms Infrastructure Review
	Sensing CCRCD	<ul style="list-style-type: none"> • Option 5: Establish innovation framework and targeted investments
	Wi-Fi	<ul style="list-style-type: none"> • Do nothing
Facilitate equality of access – Rural Broadband Provision	Community Fibre	<ul style="list-style-type: none"> • Option 4: Strategic supply side investments from Challenge Funds • No direct investment in projects • Support UK and Welsh Govt initiatives
Open Data	Open Data	<ul style="list-style-type: none"> • Option 4: Open Data and Open Market

		<ul style="list-style-type: none">• Through a form of Challenge funding, develop both private and public sector PoC (under Option 5)• Ensure all actions allow the evolution into a DataCo at the earliest opportunity to stimulate demand, skill, jobs and outcomes (Option 6)
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4 Commercial Case

4.1 Background

This section presents the commercial case for the short-listed options. It should be noted that there are a range of commercial choices to be made under each of the proposed workstreams and external factors that shape the commercial choices to be made. The following sections discuss in turn:

- Potential procurement routes
- Service requirements
- Risk transfer
- Commercial and contractual considerations.

4.2 Procurement Strategy

4.2.1 Background

A sub-set of the recommended shortlisted options will require the conduct of a procurement of assets and/or services. These are the full fibre asset upgrade and infrastructure procurement.

All will need to be undertaken in accordance with public sector procurement regulations and be fully compliant with relevant state aid regulations.

The chosen procurement strategies will take into account existing contractual arrangements and the role of the Welsh Government and the Public Sector Broadband Aggregation (PSBA). It is used by all authorities in the region from which they source connectivity services and service wrap (note there are a small number of sites not sourced from PSBA). It is desirable that any new infrastructure or services procured is either via the PSBA or through a third-party infrastructure provider over which the PSBA is able to provide existing services to the local authorities.

4.2.2 Full Fibre

Infrastructure asset investment

Under this scenario, CCRC fund the expansion and upgrade of public sector ducting within the region. The following points should be noted:

- Any ducting built or upgraded with public sector funding must be used by the authorities for their own use and the delivery of public sector services – it cannot be built purely for commercial objectives
- Any spare duct capacity can subsequently be offered to the commercial market to lower its costs of deploying fibre infrastructure in the region. However, this must be at benchmarked market prices and open access. Any investment in ducting what is subsequently offered to the market is subject to state aid and CCRC will need to ensure compliance. The approach is to demonstrate ‘no aid’ through a Market Economy Operating Principle (MEOP). The MEOP provides a mechanism to demonstrate whether there is a market distorting

effect from a public sector organisation delivering goods or services. If there is not a distorting effect, there is no state aid. CCRCD must be able to demonstrate through the MEOP principle that there is no aid and that the project is a genuinely commercial investment, including clearly demonstrating risks and profits and market-based pricing. In practice this requires CCRCD commissioning a state aid lawyer or auditing company to prepare a report on the investment undertaken and express formal advice that there is no aid.

- With the exception of central Cardiff, authorities have indicated there is limited ducting in the region that is suitable for fibre deployment.

Any duct infrastructure built must be for public sector use, linking property or street assets.

In terms of procurement planning CCRCD will need to segment the initial design and build of duct infrastructure from any subsequent operation.

Initial design and build of ducting are typically undertaken by the preferred highways contractor of each of the respective authorities. This can be procured using existing frameworks and contracts but under an agreed, common, commercial grade duct specification

The planning and permissions required from local authorities to build the duct network should wherever possible be put in place prior to the tender process to give certainty to the bidders and allow a fast start to the work.

Upon building the duct, there will be a requirement to facilitate the opening of the ducts to commercial operators. There are effectively three commercial models to do this:

- A concession (e.g. Welsh Govt Trunk Road Network)
- A Co-Op (e.g. Tameside Council)
- An open model (e.g. Aberdeen City Council)

A fuller description and the merits of each approach are described in the enclosed link (<https://www.gov.uk/guidance/commercial-models>)

From a procurement perspective an open model is the simplest to undertake. In contrast a concession will require a full OJEU procurement process, usually under the Open or CPN procedures. A Co-Operative involves the transfer of duct assets into a co-operative venture which can be time consuming in terms of establishing the entity, its governance. establishment of operational contracts and asset transfer.

Procurement of infrastructure and/or managed service

Under this Option CCRCD authorities procure either:

- Infrastructure; Notably the build and use of dark fibre (or an equivalent wavelength service) to a defined portfolio of public sector sites
- A Managed Service; Gigabit capable connectivity to sites.

This procurement will represent a service driven approach; whereby specific locations²² are to be provided with a service rather than a specified physical network connection. The manner in which the service is provided will have some limitations placed upon it, but in general it is left to the supplier to provide the service through their selection of the most appropriate network connectivity.

a) Infrastructure procurement

If CCRCDC wishes to procure digital infrastructure it is typical to undertake an OJEU procurement (although some authorities have attempted to use existing frameworks' such as SWAN, YHPSN etc but these are typically limited in terms of their flexibility and suitability for an infrastructure procurement). A list of mandatory (and potential optional sites) are defined along with a proposed budgetary ceiling.

The cost, timescales and complexity of such a procurement process means that it would be beneficial to undertake this on a pan CCRCDC level led either by the City Deal or an agreed lead authority.

It is recommended that there is the establishment of a CCRCDC framework contract from which the authorities (and potentially other public sector bodies in the region) can call off as and when required. This maintains a higher degree of control at the authority level but is a two-stage procurement process.

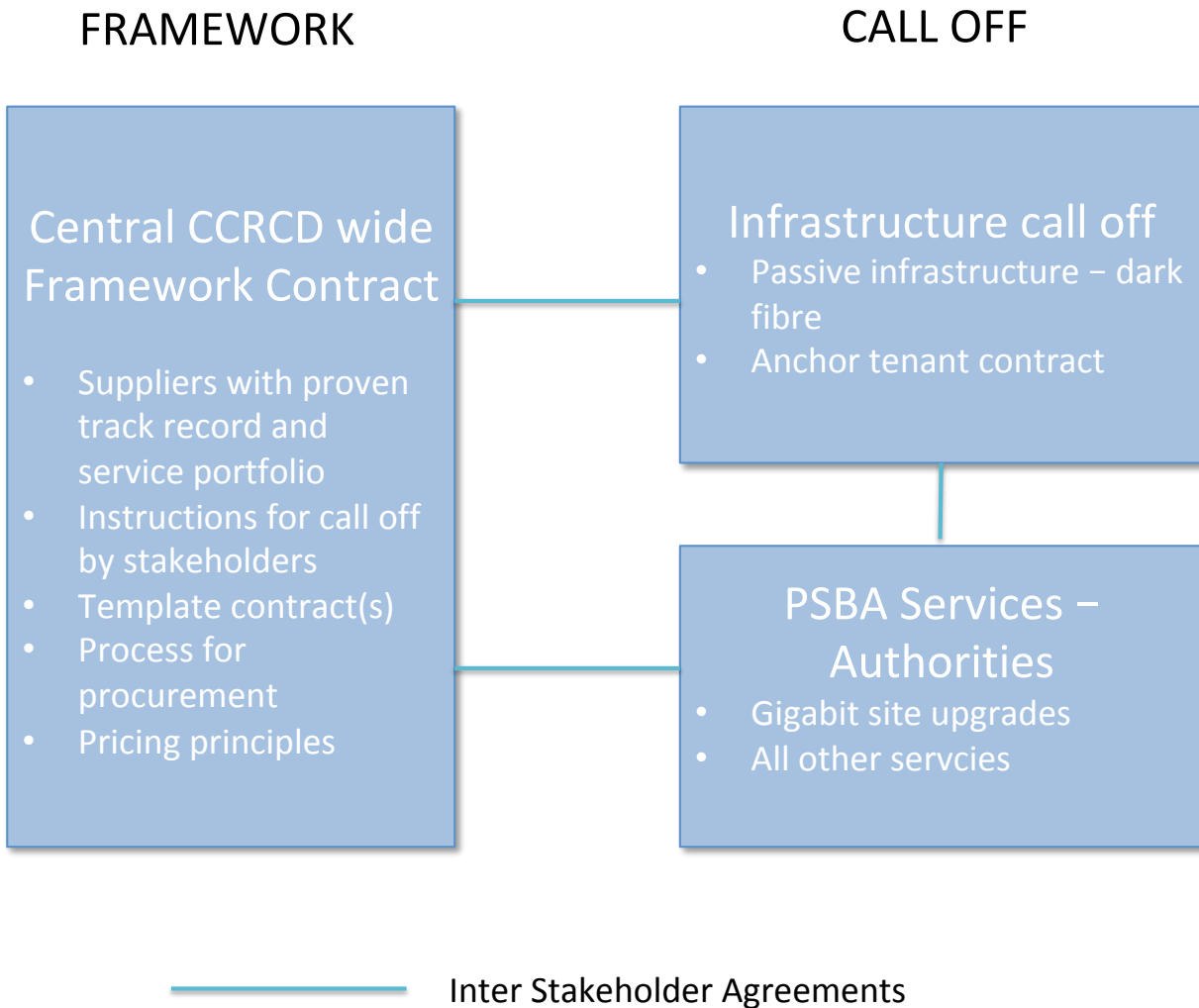
Under the framework approach, a central framework will be procured by CCRCDC on behalf the participating stakeholders. Points to note about this central framework are as follows:

- Suppliers will be placed on the framework following a competitive process – possibly using an Open Procedure
- Suppliers must have demonstrated a track record and capability to deliver at least one of the following services; dark fibre, Gigabit capable connectivity, additional services.
- The framework will include a template contract
- It will include instructions on how to call off
- Although pricing will be bespoke for each call off based on local requirements, the framework will specify high level pricing principles to ensure value for money. This will include benchmarking.
- Each authority or groups of authorities will then define a call off contract based on their individual service needs, coverage and budgets.
- Each authority sources a service wrap from PSBA who delivers services over the new infrastructure

²² Locations are public sector locations which represent an anchor customer for services

- There will be inter-stakeholder legal and financial agreements between all respective purchasing bodies as appropriate across this structure.

Figure 5 - Procurement Framework



Asset ownership

A key commercial question is the ownership of this duct and fibre asset and whether it is in the public sector or commercial sector. This will need to be specified in the procurement as it will shape the commercial model and evaluation criteria. For example the City of Cardiff has received propositions from industry to enter into commercial relationships.

The table below summarises the merits of each approach;

Benefits	Ownership of ducts/fibre	Challenges
Public sector	<p>Public sector owns an asset in return for its investment</p> <p>Scope to use to deliver other public sector services</p> <p>Potential for a revenue stream to recoup initial investment</p>	<p>Public sector unable to expand reach to commercial and residential market unless assets moved to commercially viable SPV</p> <p>Public sector responsible for operations, SLAs, sales etc</p> <p>Access to capital for future expansion</p> <p>Transfer of public assets into a new vehicle such as a co-op or SPV?</p> <p>Supplier appetite toward use of state-owned infrastructure may be limited</p>
Commercial sector	<p>Commercial sector owns assets but gives public sector an IRU in return for capital investment</p> <p>Likely to lower authority's revenue spend on connectivity</p> <p>No state aid constraints on expansion of network to commercial and residential areas</p>	<p>Public sector does not control coverage and reach</p> <p>Risk commercial parties will concentrate on limited number of high value commercial areas.</p>

Table 27 - Ownership Models

Effectively there is a risk reward trade-off for CCRC authorities, a commercially led approach reduces state aid and operational risk but does not deliver a revenue stream or asset to the public sector. Much depends on the motivation for the procurement. If

driven by a desire for inward investment and connectivity to businesses and resident's commercial ownership tends to be favoured. If driven by a desire for the public sector to have an asset and a revenue stream, public sector ownership is favoured..

However, there is not a consensus across the country on this matter. Both approaches deliver connectivity to the public sector estate and much depends on political priorities. Cities that have sought to maximise commercial inward investment into their region to serve businesses and residents have tended to favour an IRU on a commercial asset. These include Peterborough, Aberdeen, Newport and York. In contrast other have favoured public ownership for political and social reasons and to generate an income stream. These include Bristol, Mid Sussex and Liverpool.

It should also be noted that some bidders may also be willing to take on risk, building some of the network and providing services at their own cost. Risk appetite will be reflected in the overall cost.

As part of the economic case the estimated build cost of Options3/4 across the key connected cities of the region was £20m. It is likely that this cost would not be fully carried by the public sector as the winning tenderer would be able to use the infrastructure for commercial use. A key element of the procurement process could be to score the level of contribution offered by the commercial sector in the selection of the winner. A further variation should be allowed. Bidders can explicitly show their risk appetite by committing to building and offering services across a wider footprint than that specified in the tender. A wider build-out at their cost would represent an inward investment. The weighting for this would need to be determined during the tender process.

The sources of capital funds from the public sector is typically derived from a blend of three sources;

- CCRC funds
- Other DCMS funding streams (e.g. LFFN)
- A local contribution by the authority.

In the latter case, authorities have looked at their on-going expenditure on connectivity services over a period of say 15-20 years. A percentage of this has then been capitalised to fund the building of a dark fibre network over which they will have a right to use. By using the IRU on a dedicated dark fibre savings can be made on an on-going basis as there will be a reduced requirement to procure circuits. As an illustrative example the Cardiff region analysed its PSBA costs across a time period. These costs are actually a blend of circuit cost with BT and a service wrap and management fee. PSBA provided this breakdown. It assumes that there is still a need to pay for the service wrap and management fee along with one-off costs for equipment upgrades and interest charges. However, there was a saving in circuit expenditure by migrating to an IRU approach and hence spend was migrated from the revenue account to the capital account to fund the initial build. This approach has also been used around the country by bodies such as Greater Manchester Combined Authority.

Managed Service Procurement

Under this approach CCRC authorities procure a gigabit cable managed service. This in turn will drive investment in fibre within the chosen footprint.

Under this approach services would be procured directly from PSBA without the need for a further procurement.

4.2.3 Equality of Access – Rural Broadband

It is NOT proposed that CCRC undertakes a rural infill procurement as this would replicate other UK and Welsh Govt initiatives.

The procurement is the provision of connectivity to residential and commercial premises with no, or poor, internet access. All of the exact locations to be reached are to be specified within each procurement action, as well as the level of service²³ to be provided.

Should CCRC wish at any point to directly fund rural broadband procurement the optimum procurement path is through the use of other existing procurement facilities, but against a CCRC provided scope. Several options may be available, including working through Welsh Government procurement channels and UK USO programme²⁴.

Possible state aid compliant procurement routes open to CCRC are:

- PSBA; This can be used for connection of the public sector estate in rural areas and PSBA is already in discussions with some of the local authorities in the region on this matter. (Note; If CCRC is successful in obtaining funding from the DCMS Wave 4 Rural Gigabit Connectivity Programme which seeks to drive fibre into public sector hubs in rural locations the PSBA can be used for delivery under this programme)
- Welsh Government Dynamic Purchasing System; The Welsh Govt is considering establishing a Dynamic Purchasing System whereby the region can call off its requirements from an approved list of suppliers under the shelter of a national state aid clearance. At the time of writing this scheme is yet to be finalised but CCRC should liaise with Welsh Govt on this matter to ensure its technical and commercial requirements are addressed in the design of the scheme
- DCMS USO channels; It is recommended that discussions are begun immediately with the DCMS to ascertain the best way for interaction. If at all possible, CCRC authorities could influence control of the funding and delivery of the USO in the region, and top-up individual connections where they exceed the £3,400 cap. This will introduce a local knowledge capability that a national scheme could not hope to fulfil. It would also allow more effective aggregation of the fee for each connection, sharing some of the costs to provide main fibre

²³ Service should be defined as a minimum Mbs

²⁴ Announced but yet to be put in place.

bearers into an area. This approach would also open the market for provision to smaller Alt-Net providers who may well agree to recruit from the local population for construction and on-going service support

Such smaller alt-net carriers may well be candidates for investment by CCRCDC under its Challenge Fund

4.2.4 Next Generation Wireless

Undertake Future Telecom Infrastructure Review guidance in full

There is no direct procurement action necessary.

The action will require the set-up and recruitment of a dedicated specialist team to provide, on behalf of the four local authorities, a service in line with that proposed in the Future Telecoms Infrastructure Review, (FTIR). A team of five is thought sufficient, provided each authority provides a single point of contact through which to deliver the streamlined services as proposed in the FTIR.

Due to the specialised nature of the staff, it is recommended that an external agency is used to identify candidates and to negotiate their recruitment.

Funded intervention to deliver 5G and IoT connectivity in selected locations

Procurement will be undertaken in respect of a project by project requirement, covering one, or a combination of three actions;

- 4G-Adv coverage and services
- 5G coverage and services
- IoT coverage and services

The only source for providing such coverage and services are the existing mobile operators and a few specialist IoT providers. Procurement will therefore be to seek one or more operators to deploy the necessary network services. The initial work will be to issue an RFI seeking to gauge market interest and to establish direct contact with each mobile service provider bidding teams. It is likely that there will be a need for one-to-one briefings of the mobile companies to discuss the procurement, contract framework and service provision. It is not recommended to have a single supplier briefing as there are different commercial options that bidders may choose to offer.

An important note is that any network coverage and services deployed through CCRCDC intervention would be open to the public and businesses to use, they would not be limited to the specifics of any one project. In this way, the benefits associated with the services being made available will be spread across a wide range of uses.

The specification that will be provided to the operators is simply the geographic coverage required and the type of service needed. Operators may respond in several ways;

1. Where the coverage request intersects with the operator's own coverage plans and meets their own investment criteria, then a timetable can be agreed, with adjustments made to this depending on willingness to cooperate. In effect this would be an acceleration of commercial deployment by one or more mobile service provider and would represent a zero cost to CCRCD.
2. Where the coverage request is not in the mobile service providers current one-year planning horizon, then an accelerated timetable can be agreed, with adjustments made to this depending on willingness to cooperate. This is again an acceleration of deployment but may involve some level of commitment to purchase service in the coverage area. Again, this would represent a zero cost to CCRCD, but the project being supported will need to give a commitment to purchase services at a defined level and over a period of time. This might be particularly suited to IoT networks.
3. Where the coverage request is not in the CSPs current one-year planning horizon and there is no commercial justifiable cause to accelerate deployment, then proposals can be invited from the operators to identify their individual *risk increment* in providing the coverage requested.
 - a. The *risk increment* is the amount of co-investment they would need to have from CCRCD in order to cover their losses over the initial three-year operational period, after which time the risk increment is ended and no further support is offered. This is in effect, assisting the CSP to establish a customer base within a fixed window, continuation of the service beyond this window is at risk, but it is highly unlikely than a CSP would cease services as the cost of removing the equipment would be prohibitive as would the public response.
 - b. Different CSPs will have a different view of the risk increment, depending on their five-year horizon for coverage in the identified geographic area. The lowest *risk increment* would then be agreed with one or more CSPs that can achieve immediate deployment and service offering
 - c. The project benefiting from the coverage would then be able to proceed and the CCRCD team promote further use of the network coverage being provided for new use cases and further innovation
 - d. Chosen CSPs would also be expected to promote the service and maximise usage and thereby revenue. Should the revenue being gained by the operator in the coverage area reach an agreed level during the three-year period when the *risk increment* is being paid, then the payment will stop immediately
 - e. A mechanism will also be included by which the *risk increment* paid can be recovered on a quarterly basis should the coverage deployed exceed a level of agreed usage, (revenue), this would be reflecting a now profitable deployment, (i.e. the risk perceived in deployment did not materialise or ended sooner than anticipated through stronger user uptake).

The procurement is therefore a process undertaken on a project by project basis, with different CCRCD cost and payment arrangements depending on the risk the

deployment represents. The procurement would also be treated as an investment with the potential for successful deployments returning the investment made by CCRC.

A single set of template requirements documents and contractual framework should be developed and used for all deployments.

The procurement itself should be in the form of a framework agreement for the supply of network coverage. Within the framework, there will be provision to run mini-competitions against each project’s needs. The basis of the framework award will be on capability and willingness to accept the structure of a risk increment approach and in providing a return on the CCRC investments, made against set pre-determined success criteria. The risk increment value will be allowed to vary between 0% and 80%²⁵ of the total deployment and service provision cost.

4.2.5 Open Data

Procurement in terms of Open Data is not related to capital investment, the primary effort is in identifying and recruiting a team of specialists in data and analytics. There may be some additional costs for hosting databases and tools for the development of applications and tools, but these are now normal office-based computing access.

As such, there is no procurement exercises anticipated.

4.3 Summary and Key Commercial Considerations

4.3.1 Key commercial questions

With the chosen short-listed options, there are a number of options in terms of procurement, delivery model and ownership.

Each of these decisions are dependent on both internal factors such as budgets, resources, existing contracts and political preferences and external dependencies such as national and regional programmes and state aid.

Stream	Key Dependencies
Equality of Access	
<p>How should an CCRC connectivity focused investment be defined and undertaken?</p> <ul style="list-style-type: none"> • What is the desired company profile? • Term? • Anticipated returns? 	<p>Target market segments and alignment to CCRC objectives</p> <p>Technical, commercial and legal due diligence</p> <p>State aid compliance</p>

²⁵ 80% is given as an upper bound to ensure some risk is taken by the CSP and some investment is made. The selection of projects will affect the risk increment applied.

<ul style="list-style-type: none"> • Debt or equity? • Scale of funding 	<p>Competition</p> <p>Skills and resources</p> <p>Track record</p>
<p>Full Fibre</p>	
<p>What is the desire to invest in public sector assets (e.g. ducting)?</p>	<p>Willingness of CCRCD authorities to use new ducting</p> <p>Appetite of commercial bodies to use public sector owned ducting</p> <p>State aid challenges</p>
<p>What is the scope of the procurement for commercial full fibre services in the region?</p> <ul style="list-style-type: none"> • Infrastructure or managed service? • Geographic coverage? • CCRCD framework or one-off procurement? 	<p>Available budget</p> <p>Integration with PSBA</p> <p>Integration with WAN and other contracts</p> <p>Supplier appetite to invest in region</p> <p>State aid</p>
<p>What is the level of commercial risk/reward that CCRCD wishes to take?</p>	<p>Is the key motivation for the procurement to;</p> <ul style="list-style-type: none"> • Enhance public sector connectivity? • Deliver additionality i.e. connectivity to businesses and residents in the region • Generate revenue and value?
<p>Next Generation Wireless</p>	
<p>Selection of projects to be supported with coverage</p> <p>Service types to be deployed</p> <p>Level of risk increment that is acceptable to CCRCD</p>	<p>CCRCD core projects and target sectors underpinned</p> <p>Appetite of CSPs</p> <p>Funding structure to be applied</p>
<p>Open Data</p>	
<p>Identifying lead Local Authority and team members</p>	<p>Agreement across LAs to a central team to deliver Open Data</p>

<p>Priorities in the provision of Open Data</p> <p>Path to commercialisation</p>	<p>Achieving a common schema across LAs for data sets</p> <p>Form of licensing to stimulate usage and uptake of services without sacrificing later economic exploitation to at least meet the costs of data provision and curation</p>
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Table 28 - Commercial Issues

5 Financial Case

5.1 Introduction

This section presents the financial case for the streams of work defined in this outline case. Key assumptions are;

- All capital-intensive procurements take place in the financial year 2020/21 and 2021/22
- All capital programmes are spent over a four-year period between 2020/21 and 2024/25
- Capital programmes are funded by the CCRCID Infrastructure Fund – supplemented in some cases by central Govt funding, notably DCMS LFFN.
- A Challenge Fund is used for strategic investments in industry and possible Joint Ventures.

In addition the following points should be noted:

- **Income Streams:** An income stream is not envisaged under the Infrastructure investment programme. Expenditure is incurred for the purposes of procuring infrastructure for the public sector own use or GAP funding telecommunications infrastructure investment into areas that are not commercially viable. Income would however be generated under strategic investments made under the Challenge Fund.

5.2 Infrastructure Fund - Capital Expenditure

This section presents the capital expenditure profile for each of the themes. The following points should be noted;

- In each table the anticipated contribution from CCRCID, commercial sector and central government has been estimated
- In a number of cases it is anticipated that the programme will encourage additional further on-going commercial investment. This has been estimated wherever possible
- No commercial or central funding sources are guaranteed at the time of writing and will be dependent on the outcome of procurements and the region successfully applying for central government grant funding.

5.2.1 Urban/ Economic Development Areas

The chosen option includes a requirement for new duct and fibre infrastructure to be built in the key cities and development zones of the region. A detailed bottom up cost modelling exercise was undertaken and the projected capital costs of the build programme was £20m. This assumes:

- Infrastructure is built in each of the priority areas identified in the economic case, notably the M4 development corridor across Monmouthshire, Caerphilly,

RCT and Bridgend, Vale of Glamorgan and the key development zones in Gwent

- There is a build of new duct infrastructure across the region to facilitate this fibre deployment. It is possible that costs might be lowered through wholesale access to commercial owned ducting (notably from BT). However, this will not be known until the procurement process is completed. Some telecommunications providers do not use third party ducting as they prefer to own their own infrastructure for reasons of financial, operational and management control. In addition, there may be a desire on behalf of the public sector to build and own its own ducting over some routes.

There is a greater commercial appetite for investment in key urban economic development areas and significant commercial investment has been leveraged elsewhere in the country. This is typically in two stages; an initial contribution to the building of a network to public sector sites followed by further waves of investment as the commercial sector connects residential and business premises.

Once again, such activity has to be initially stimulated by public sector intervention through the state aid compliant approach of connecting public sector premises. A number of other Cities have adopted this approach and these are attracting inward investment from industry. For example, Vodafone has announced a plan to build FTTP connectivity to 5m homes by 2025. So far, the cities that have been chosen are those where it has access to a dark fibre network infrastructure of the type envisaged in this programme. They include Peterborough, Milton Keynes, Aberdeen, Stirling, Coventry, Edinburgh and Huddersfield. In all of the above cases the Councils have driven inward investment through the use of public sector purchasing power to anchor investment.

Figure below presents the estimated capital expenditure profile for this programme of work. It assumes that;

- A procurement is conducted throughout 2019/20 with contract award by end of the year
- A three-year build programme commencing in 2021
- Capital costs are paid upon delivery of key build milestones (e.g. routes completed, or sites connected)
- The commercial sector contributes 30% of initial build costs for connectivity to public sector sites as it will subsequently be in a position to commercialise this infrastructure.

Project Capital Expenditure						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
CCRCD/Local authorities	-	4.0	3.0	2.0	-	7.0
Central Government Grants (LFFN)	3.5	3.5	-	-	-	7.0
Private Sector	-	2.0	2.0	2.0	-	6.0
Total	0.0	9.5	5.0	4.0	0.0	20.0

Table 29 - Estimated development zone Capital Expenditure Profile and Funding Source

5.2.2 Next Generation Wireless (5G/loT)

Table 31 presents the capital expenditure profile for the transport corridor theme. This is driven by the accelerated deployment by operators of 5G and IoT services over the first 5 years. This investment will be primarily commercial led under encouragement and initiative from CCRCD.

The tables show a front ended expenditure, this is considered reasonable and indeed necessary as all of the digital infrastructure is enabling later benefits. The sooner the infrastructure is in place the sooner benefits can be realised. It is also stand-alone in that much of the expenditure is time limited only by the availability of resources within the digital infrastructure team.

Project Capital Expenditure						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
CCRCD	-	3.0	2.0	2.0	-	7.0
Central Government Grants	-	-	-	-	-	0.0
Private Sector	-	3.0	2.0	2.0	-	7.0
Total	0.0	6.0	4.0	4.0	0.0	14.0

Table 30 - Estimated Next Generation Wireless Capital Expenditure Profile and Funding Sources

5.2.3 Infrastructure Fund - Capital Expenditure Summary

Estimated Capital Expenditure						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
Development Zones Fibre	0.0	9.5	5.0	4.0	0.0	20.0
Next Generation Wireless	0.0	6.0	4.0	4.0	0.0	14.5
Total	0.0	15.5	9.0	8.5	0.0	34.5

Table 31 - Estimated Digital Programme Capital Costs

5.3 Funding Sources - Revenue Expenditure

5.3.1 Development Zones Fibre

It is assumed that any duct/fibre infrastructure built as part of this programme will be maintained and commercialised by a commercial partner. As a result, revenue costs are relatively light and limited to;

- On-going supplier engagement and potentially some programme management and stakeholder liaison will need to be undertaken. Hence an additional expenditure of £150k per annum has been included
- One off procurement of duct and full fibre infrastructure. It is assumed that this occurs in 2019/20

This is presented in the figure below:

Estimated Revenue Costs						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
Supply side engagement and demand stimulation	0.15	0.15	0.15	0.15	0.15	0.75
Procurement support:						
internal	0.1		-	-	-	0.25
external	0.15					
Total	0.4	0.15	0.15	0.15	0.15	1.0

Table 32 - Estimated Connected Cities Programme Revenue Costs

5.3.2 Next Generation Wireless

The action will require the set-up and recruitment of a dedicated specialist team to provide, on behalf of the four local authorities, a service in line with that proposed in the Future Telecoms Infrastructure Review, (FTIR).

In addition a team will be required to specify and manage IoT and 5G intervention projects.

Estimated Revenue Costs						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
FTIR		0.25	0.25	0.25	0.25	1.0
Specific IoT 5G projects	-	0.25	0.25	0.25	0.25	1.0
Total	-	0.5	0.5	0.5	0.5	2.0

Table 33 – Next Generation Wireless Programme Revenue Costs

5.3.3 Open Data

The formation of a small central team dedicated to developing the data sets within CCRCDC with a programme and remit to make them available in a common structure with all City Deal members agreeing to a common delivery team. This may be extended in reach and ambition into a commercial venture using the Challenge Funds

Estimated Revenue Costs						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
Open Data		0.5	0.5	0.5	0.5	2.0
Total	-	0.5	0.5	0.5	0.5	2.0

Table 34 – Open Data Programme Revenue Costs

5.3.4 Revenue Expenditure Summary

Estimated Revenue Costs						
(£m)	Year1 (19/20)	Year 2 (20/21)	Year 3 (21/22)	Year 4 (22/23)	Year 5 (23/22)	Total
Development Zones Fibre	0.4	0.15	0.15	0.15	0.15	1.0
Next Generation Wireless	-	0.5	0.5	0.5	0.5	2.0
Open Data	-	0.5	0.5	0.5	0.5	2.0
Total	0.4	1.15	1.15	1.15	1.15	5.0

Table 35 - Estimated Digital Programme Revenue Costs

5.4 Challenge Fund

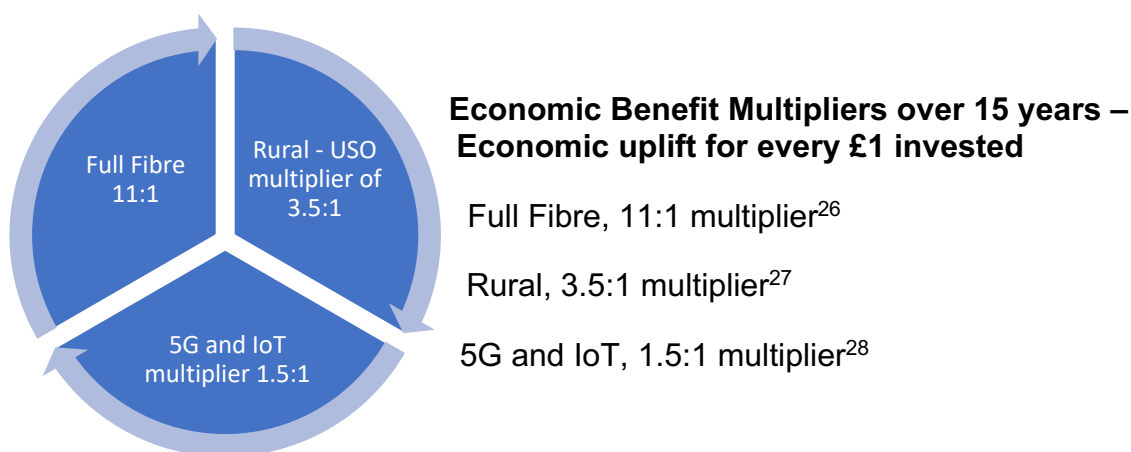
The key opportunities identified for the CCRC Challenge Fund from this programme of are to provide equity or working capital for ventures in the following areas:

- Equality of Access – Rural Broadband; There are a number of emerging broadband infrastructure providers seeking to address the residential and commercial broadband market in the CCRC region. These range from innovative wireless providers to those seeking to deploy fibre infrastructure in BT ducting. Many such operators are proactively seeking support from seeking financial support from CCRC. A Challenge Fund could be allocated for such investments. Given the addressable market a fund of up to **£20m** could be envisaged
- Open Data – Establish commercial venture **£5m**
- Next Generation Wireless Ventures – Establish innovation ventures **£7m**.

Hence a total fund of **£30m** could be envisaged for investment in commercial digital initiatives.

5.5 Economic Benefits

As part of our business case we have undertaken research into the benefit/cost ratios that apply vary for different interventions across different deployments of digital infrastructure, but all are positive in their impact. Considering three main headings and applying a conservative aggregation interpretation of current figures to make them directly appropriate, the following applies;



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

²⁷ UK Govt case for USO intervention

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

Full fibre has the highest immediate economic and social impact and is therefore a primary concern to establish, evidenced by the UK government statement that the UK must achieve full fibre²⁹ for 15 million premises by 2033. Having fibre coverage this deep into the fabric of the nation, establishes a perfect base on which to build further reaching rural coverage.

For 5G, fibre connectivity is an absolute pre-requisite for each of the radio base station sites providing the wireless coverage, piggybacking on the fibre infrastructure allows 5G to be rapidly deployed and reduces build costs. Citizens and businesses having access to world class fibre networks and 5G will open the door to innovation at all levels and herald the move towards full digital transformation across both public and private sector organisations.

²⁹ <https://www.gov.uk/government/publications/future-telecoms-infrastructure-review>

5.6 Financial Summary

The table below summarises the budget spend and investment sources along with associated benefits.

	£ millions	Estimated Leveraged Private Sector Investment over 5 years	Economic Benefit over 15 years
Infrastructure Fund (5-year programme)			
Development Zones Fibre	£7.0m (plus £7.0m grant from DCMS)	£6.0 million initial investment plus > £70.0m pull through investment (1)	>£220m
Challenge Fund (5-year programme)			
Equality of access; Investment in broadband service providers	£20m	£40m – based on pull through investment and demand stimulation (3)	>£70m
Next Generation Wireless Ventures	£7m	£7m (2)	>20m
Open Data Ventures	£5m	£5m (2)	>15m
Cumulative 5 Year Revenue Costs	£5m		
TOTAL	£43m	>£125m	>£325m

(1) The split of costs in LFFN projects of this nature have shown that that the public sector bears much of the cost of the initial project (typically 60%). This is because the initial project is solely to connect public sector sites due to state aid constraints. However, the commercial sector does acknowledge a contribution to the cost as it is able to commercial the assets. In subsequent pull through investment, the commercial sector bears the full cost as it is based on build out to homes and business premises.

(2) Match funding assumed

(3) It is estimated that approx. £60m is raised to serve up 20,000 premises at £3000 per line (Note currently 8000 premises have limited or no service and we assume a further 12,000 sites connected through demand stimulation activities) . CCRCDC contributes up to 33% of this capital requirement through equity investment.

Cardiff Capital Region City Deal



DCMS LFFN Wave 2 SUBMISSION

Table of Contents

1	<u>INTRODUCTION</u>	<u>3</u>
2	<u>OUTLINE STRATEGIC CASE.....</u>	<u>5</u>
2.1	STRATEGIC CONTEXT	5
2.1.1	BACKGROUND.....	5
2.1.2	ORGANISATION OVERVIEW.....	6
2.2	THE CASE FOR CHANGE	8
2.2.1	SPENDING AND INVESTMENT OBJECTIVES	8
2.2.2	DELIVERING FULL FIBRE UNDER LFFN.....	8
3	<u>ECONOMIC CASE - SCOPE OF PROJECT</u>	<u>13</u>
4	<u>COMMERCIAL CASE.....</u>	<u>14</u>
4.1	BACKGROUND	14
4.2	PROCUREMENT STRATEGY	14
4.3	SERVICE REQUIREMENTS.....	15
5	<u>FINANCIAL CASE.....</u>	<u>16</u>
5.1	INTRODUCTION.....	16
5.2	CAPITAL EXPENDITURE	16
	ANNEX 1 : Site list	

1 Introduction

The breadth and quality of digital infrastructure available in Wales has fallen behind that found in many other parts of the UK and the Cardiff Capital Region has significant gaps in service provision and availability. For example;

- There remain a large number of rural sites not able to access superfast (>30Mbps) broadband services. There are over 8000 sites in the region falling beneath the UK Governments stated Universal Service minimum threshold of 10Mbps for broadband services
- The number of business and residential premises with access to full fibre services is <3% in the region. In contrast the City of London has 12.5% availability. Internationally the comparisons are starker with Japan 97%, Sweden 44% and an EU average of 14%.

CCRCD intends to work alongside the UK Government, the Welsh Government and industry to deliver world class, high-quality, full fibre and wireless digital services across the region.

Connectivity is a key aspect of the City Deal that calls for a future-proofed deployment of both fixed fibre and mobile networks that will provide a transformative foundation for both businesses and citizens across the region and beyond.

However, it should be stated that digital connectivity is not an end in itself but a key enabler for the region in its economic investment plan. CCRCD aspires to an intervention, growth and investment prospectus that is underpinned by enhanced digital connectivity.

There are a range of digital connectivity interventions that will support the strategic aims for the region, but these will need to be developed into separate sets of objectives as follows;

- i. Ensure cities and development zones have access to open world class full fibre infrastructure. This will:
 - improve the quality of public service delivery by ensuring all public buildings are digitally connected, facilitating improved efficiency and public access to services
 - deliver cost savings to the public sector for digital connectivity
 - stimulate competition and choice in digital services
 - stimulate inward investment in the region by telecommunications industry and hence improve access to services for residents and businesses
 - deliver economic benefits through the usage of digital infrastructure, notably increased efficiency and enhanced productivity
 - directly support and stimulate the digital transformation of services and products

- ii. Facilitate equality of access to broadband services across the region, notably in rural areas. This will deliver the following spending objectives;
 - improve the quality of public service delivery by ensuring communities in remote areas have access to services
 - social cohesion and inclusion across the region to sustain communities
 - stimulate economic growth by enhancing opportunities for employment.

- iii. Stimulate innovation through the delivery of enhanced wireless infrastructure by:
 - specific projects should be identified that will act as a proof of concept against which decision about further investment by the operators, or in cooperation with CCRCD, can be made. In order to open 5G and IoT use cases and projects to the widest audience, a challenge fund is proposed through which innovation can be stimulated.

- iv. Creation of a fully Open Data environment by:
 - making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available to all, without copyright, patents or other methods of control to drive competitiveness and innovation.

This paper present the CCRCD revised application to DCMS LFFN WAVE 2 to facilitate equality of access across the region through the upgrade of existing public sector sites currently served by copper infrastructure.

2 Outline Strategic Case

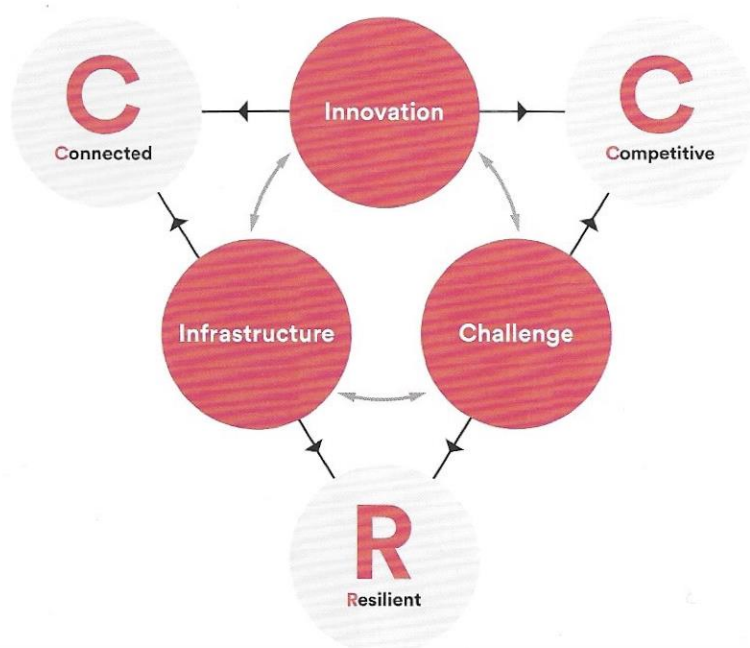
2.1 Strategic Context

2.1.1 Background

The CCRC was established in 2016 based on the key objectives of driving growth, inclusivity and sustainability. It is a region with the main urban centres in Wales, complemented by a wider urban and rural landscape and a significant coastal footprint that has created a diverse economic profile with numerous opportunities and challenges.

The region has a highly skilled and educated workforce. However there remain challenges; notably the need for an upturn in productivity and increased participation rates. The region also has challenges in terms of availability of physical and digital infrastructure.

The planned interventions within the City Deal represent a fifteen-year programme with a commitment of £1.2 billion for the region, focussed around three key dimensions, Innovation, Infrastructure and Challenge. Within this framework a requirement has been identified for enhanced connectivity.



Connectivity is a key aspect of the City Deal that calls for a future-proofed deployment of both fixed fibre and mobile networks that will provide a transformative foundation for both businesses and citizens across the region and beyond.

Improving the connectivity within the region is critical as the region has suffered from a lack of commercial investment in digital infrastructure that consequently has resulted in an underlying gap in delivery

capability compared with other regions of the UK.

A continued failure to address the issue directly, will have a severe negative impact on the region and lead to:

- Loss in local productivity, employment and reduction in GVA
- A failure to attract inward investment by highly skilled digital intensive industries

- An adverse impact on the delivery of local services, notably education, health and transport
- Environmental challenges
- A widening gap in access to digital services across the region leading to further isolated communities
- Limiting digital transformation across the public and private sector
- The cities and development zones of the region losing competitive advantage.

2.1.2 Organisation overview

The Cardiff Capital Region (CCR) comprises the ten local authorities in South East Wales (Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan), and the CCR Cabinet is made up of the Leader from each of those authorities. It is the ultimate decision-making body for the CCR City Deal, responsible for overseeing and coordinating the councils' obligations in respect of the City Deal.

The main responsibilities of the CCR Cabinet include:

- Managing the CCRCW Wider Investment Fund (decisions on projects and schemes to be funded are taken by the Regional Cabinet)
- Overseeing the progress of the CCR City Deal and to give strategic direction, delivering the agreed CCR City Deal Strategic Business Plan; The plan specifies the regional strategic objectives of the CCR City Deal and key themes have been identified to focus the approach:
 - Skills and Employment,
 - Innovation,
 - Connecting the Region, and
 - Regeneration and Infrastructure.
- Considering the scope for strengthening Capital Region governance further, subject to the agreement of the ten local authorities.

The programme aims to deliver up to 25,000 new jobs, achieve 5% increase in GVA and leverage an additional £4 billion of private sector investment.

Both the UK and Welsh Government are contributing to the Capital City Region Investment Fund, while the ten local authorities themselves will also contribute over the 20-year duration of the Fund. The largest part of the investment will fund the proposed Metro network for South East Wales.

The Cabinet are responsible and accountable for;

- Managing the CCR Wider Investment Fund (decisions on projects and schemes to be funded are taken by the Regional Cabinet)
- Overseeing the progress of the CCR City Deal and to give strategic direction,
- Delivering the agreed CCR City Deal Strategic Business Plan
- Considering the scope for strengthening Capital Region governance further, subject to the agreement of the ten local authorities

To support the Cabinet, there are a number of advisory bodies;

- CCR Transport Authority
- CCR Skills Partnership
- CCR Economic Growth Partnership
- CCR Business Council

All interventions will be subject to the submission of detailed business cases and approval by the Welsh and UK Governments.

22 The Case for Change

2.2.1 Spending and Investment Objectives

Digital connectivity is a key enabler to deliver the economic and social benefits within the City Deal.

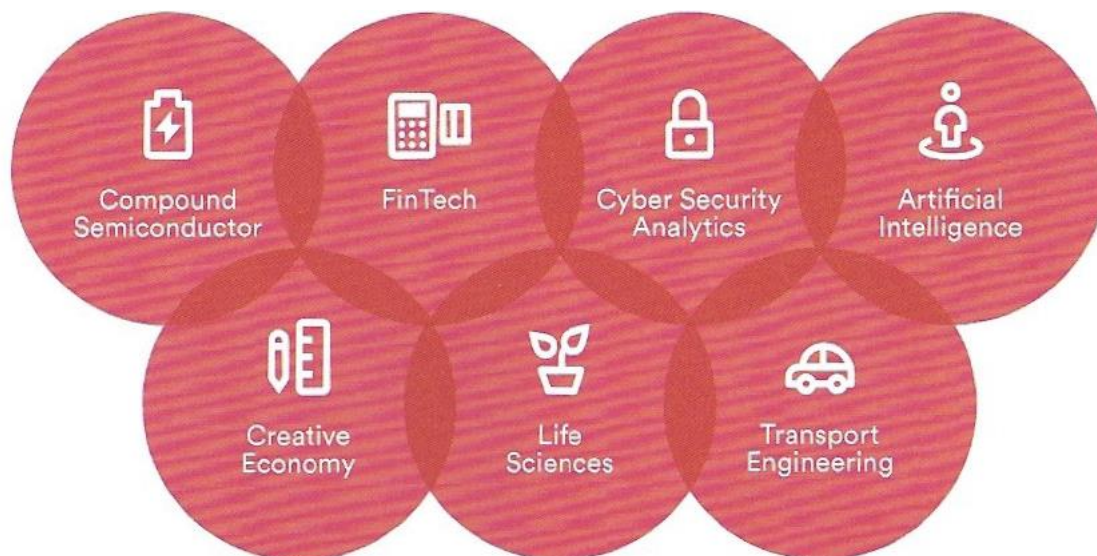
CCRCD will work alongside the UK Government, the Welsh Government and industry to deliver world class, high-quality, full fibre and wireless digital services across the region.

The CCRCD Vision;

“A Prosperous Capital City-Region for Wales” - a decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales”

City Deal’s digital strategy will deliver its objectives by supporting intervention in specific areas and for specific projects through a combination of connectivity types, and service delivery depending on what is most suited.

Figure 1 - CCRCD Investment Sectors



It must be remembered that the digital connectivity rests within a dynamic service provision environment, operated by large independent private sector organisations. It also exists within a number of existing digital infrastructure intervention programmes operated by the UK and Welsh governments.

2.2.2 Delivering Full Fibre Under LFFN

Existing Arrangements

The region has a very low penetration of full fibre to the premise. Figure 2 shows the 2018 Ofcom data that reveals the penetration full fibre services in the region.

Local Authority	% of premises able to receive Full Fibre
Bleianau Gwent	1.00%
Bridgend	4.60%
Caerphilly	0.40%
Cardiff	3.30%
Merthyr Tydfil	2.00%
Monmouthshire	5.20%
Newport	2.20%
Rhonda Cynon Taf	1.80%
Torfaen	2.20%
Vale of Glamorgan	3.10%

Figure 2 - Full Fibre Availability (UK 4.1%)

In contrast the City of London has 12.5% availability of Full Fibre. Internationally the comparisons are starker with Japan 97%, Sweden 44% and an EU average of 14%. Despite the fact that BT has announced a programme of investment in the key commercial centres in Cardiff, it is unlikely this will lead to deeper roll out and availability in the region in the next five years. Similarly, alternative network operators are prioritising other centres in the UK. The Cardiff City Region City Deal must therefore have an objective to address this challenge.

Existing infrastructure is largely provided by the incumbent carriers BT and Virgin Media. There is a small footprint of full fibre in the City of Newport delivered by City Fibre (largely linking the CCTV sites) and Pinacl linking Newport City Council buildings.

The Welsh Government is also potentially a relevant stakeholder;

- The PSBA delivers services to public sector sites across the region and is a key channel to deliver full fibre connectivity
- A Trunk Road concession contract is being awarded to deploy ducts and fibres across the trunk roads from the Severn Bridge to Pembroke. This would create a fibre spine across the region potentially facilitating connectivity to Ireland and beyond. At the time of writing this project is subject to DCMS funding approval.

Scope and Service Requirements

An indicative fibre routing and site upgrade programme was proposed by the region under its initial DCMS Local Full Fibre Network (LFFN) proposals for Wave 2 and Wave 3 applications.

These initial proposals are summarised in the map below in Figure 3.

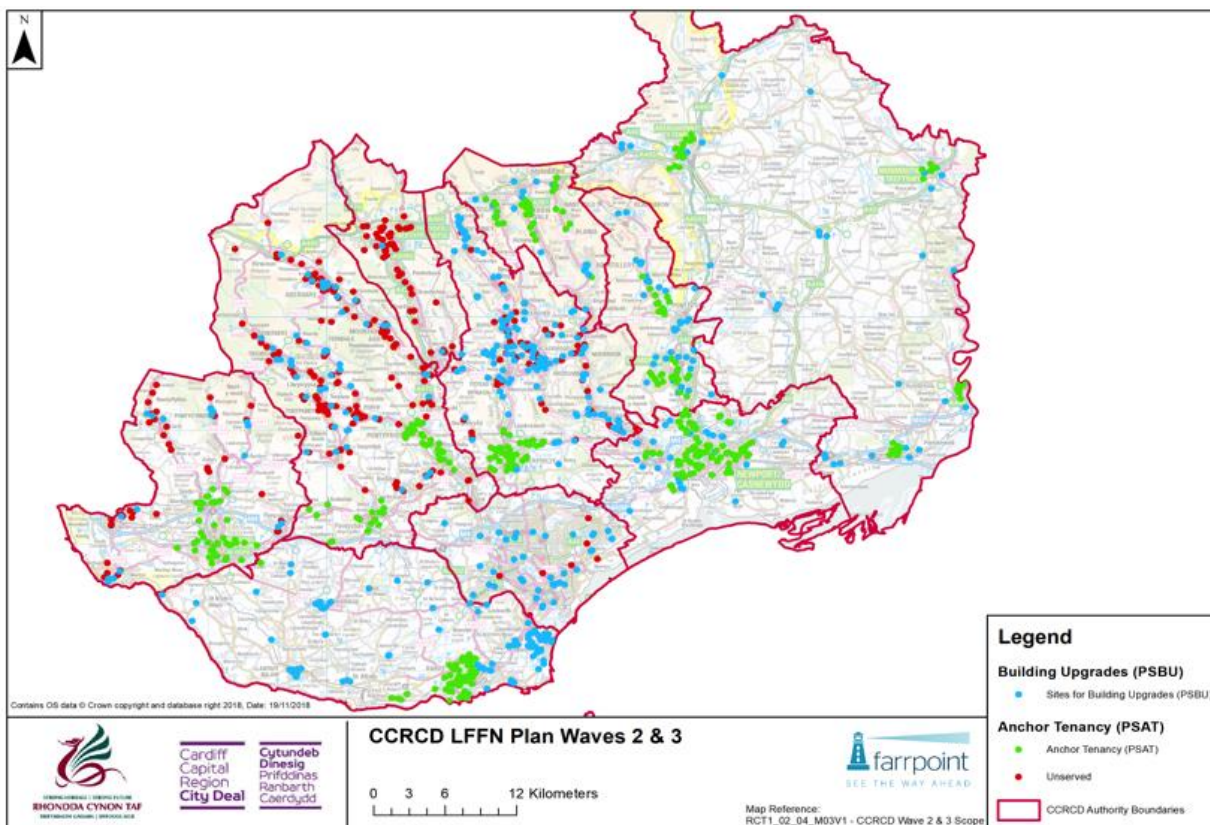


Figure 3 – Scenarios for the deployment of fibre and duct infrastructure into the region.

In the map above:

- Green areas are those into which CCRC wishes to support new fibre and duct investment to align with development zones
- Pale blue sites are public sites in rural areas in the region lacking existing fibre infrastructure in summer 2018 (note since this time PSBA has invested in a number of these sites) which are candidates for upgrade from rural programmes

The full fibre build across the cities/ development zones may be addressed in a number of ways and, indeed, different approaches may be required in different parts of the region. We envisage the following:

- 1) In areas such as the M4 corridor a duct build programme will be required to be complementary to the trunk road initiative. This will need to be undertaken and used by the local authorities and commercialised alongside the Trunk Road and Greenlink initiatives by commercial partners. The has significant corporate demand from the transport and energy sectors.
- 2) In other areas there is a commercial appetite for investment and believe there will be a blend of public sector duct usage, PIA and new commercial build.
- 3) In more rural areas a public site upgrade approach would be adopted, notably those sites currently on copper infrastructure.

This revised bid to DCMS LFFN is focussed on the upgrade of largely rural public sector sites from copper to fibre infrastructure as described in Point 3 above

It should be noted that this represents a refocusing of the proposed intervention to align with PSBA technical and commercial considerations and the refocusing of the LFFN programme on the need for enhanced rural infrastructure.

Rural communities in the region have long suffered from poor internet connectivity. Ofcom's data shows the comparative across local authority areas in the region and that against UK and Wales. Ultrafast defined as service with greater than 300Mbps, Superfast is above 30Mbps, but below 300Mbps.

Ofcom data also shows those **unable** to receive minimal internet connectivity.

Authority	Full Fibre % of Premises Served	Ultrafast % of Premises Served	Superfast % of Premises Served	Premises Below USO
Blaenau Gwent	1.0%	1.0%	96.9%	246
Bridgend	4.7%	4.7%	94.7%	514
Caerphilly	0.4%	0.4%	95.9%	432
Cardiff	3.3%	59.8%	97.8%	626
Merthyr Tydfil	2.0%	2.0%	95.4%	134
Monmouthshire	5.2%	5.2%	83.8%	3254
Newport	2.2%	62.8%	97.4%	586
Rhonda Cynon Taf	1.8%	9.4%	96.4%	728
Torfaen	2.2%	2.2%	95.8%	358
Vale of Glamorgan	3.1%	46.9%	94.6%	1336
				8214

Figure 4 - Ofcom Broadband Data

Existing arrangements

The challenge of bridging the rural gap is recognised by both the UK and Welsh Government and a range of initiatives are either planned or in place including;

- Access Broadband Cymru (ABC) scheme; A De Minimis grant of £400 or £800 towards the installation costs of a better broadband connection
- DCMS Local Full Fibre Network Fund (LFFN Wave 3 & 4) will fund investment into public sector sites in rural areas
- The Welsh Govt is considering setting up a national Dynamic Purchasing Scheme to enable local additional investment to Superfast Cymru
- Universal Service Obligation – USO – introduced in UK legislation March 18 grants a right for residents and businesses with <10 Mbps to order a connection with a grant **up to £3,400** towards delivery. This figure is important as it will

result in many premises in the region remaining below the USO as the cost of delivering the service exceeds this amount. Ofcom is running consultation on the practicalities of implementing USO (suppliers' responsibilities, geographic split, services and technologies).

- DCMS Rural Gigabit Connectivity Fund provides connectivity in the most remote 10% of rural sites. The scheme will provide funding to connect rural hubs in a village or market town with a fibre connection. This must be a public sector site such as GP, health centre, library or school. Vouchers will then be given to SMEs (and possibly residents) in proximity to this site to get connections. It is expected that DCMS will make available connection vouchers to rural SMEs and residences in the region in 2019/2020.

CCRCD fully supports these Welsh Govt and UK Govt initiatives and would not replicate such programmes. Any intervention funded by LFFN for CCRCD will be complementary.

3 Economic Case - Scope of Project

The outcomes from the CCRCD strategic case are to ensure that:

- Cities and development zones have access to world class full fibre infrastructure to deliver economic growth and inward investment
- CCRCD is at the forefront of development and roll out of world class wireless technologies
- ***There is equality of access to digital connectivity across the region and all public sector sites are full fibre enabled***
- The region is a leader in open data provision and usage.

Through a series of meetings and workshops with PSBA and DCMS analysis these themes have been prioritised and redefined and it has been agreed that the emphasis will be on the upgrading of public sector sites across the region currently utilising copper infrastructure.

As discussed in the strategic case there are a range of both national and Welsh Government Initiatives to address requirement to in-fill rural broadband coverage. However, it is likely that there will remain a significant gap in service provision in the region, even after the roll out of Superfast Cymru 2 and Rural Gigabit Connectivity interventions.

The proposed programme is fully complementary to these initiatives and will involve the PSBA upgrading 285 sites from copper to full fibre infrastructure, possibly using Openreach FFIB or an equivalent technical solution. (Note a list of the sites is provided in Annex 1)

A map of the proposed sites is presented below;

ADD PICTURE HERE

4 Commercial Case

4.1 Background

This section presents the commercial case for the proposed option. The following sections discuss in turn:

- Potential procurement routes
- Service requirements

4.2 Procurement Strategy

The chosen procurement strategy will take into account existing contractual arrangements and the role of the Welsh Government and the Public Sector Broadband Aggregation (PSBA). It is used by all authorities in the region from which they source connectivity services and service wrap. It is desirable that any new infrastructure or services procured is via the PSBA.

It is NOT proposed that CCRCDC undertakes its own procurement as this would replicate other UK and Welsh Govt initiatives.

Should CCRCDC wish at any point to directly fund rural broadband procurement the optimum procurement path is through the use of other existing procurement facilities, but against CCRCDC provided scope. Several options may be available, including working through Welsh Government procurement channels.

Possible state aid compliant procurement routes open to CCRCDC are:

- PSBA; This can be used for connection of the public sector estate in rural areas and PSBA is already in discussions with some of the local authorities in the region on this matter. (Note; If CCRCDC is successful in obtaining funding from the DCMS Wave 4 Rural Gigabit Connectivity Programme which seeks to drive fibre into public sector hubs in rural locations the PSBA can also be used for delivery under this programme)
- Welsh Government Dynamic Purchasing System; The Welsh Govt is considering establishing a Dynamic Purchasing System whereby the region can call off its requirements from an approved list of suppliers under the shelter of a national state aid clearance. At the time of writing this scheme is yet to be finalised but CCRCDC will liaise with Welsh Govt on this matter to ensure its technical and commercial requirements are addressed in the design of the scheme

4.3 Service Requirements

All public sector sites will be connected with Gigabit capable passive infrastructure. Typically this will be provided utilising Openreach FFIB or an equivalent infrastructure platform

This will ensure all public sector sites have the same infrastructure that is able to carry all available fibre based services from Gigabit capable Broadband, Ethernet and also Optical high bandwidth services.

Full details of such infrastructure is provided in the enclosed link

<https://www.openreach.co.uk/orpg/home/products/ultrafastfibreaccess/fullfibreinfrastructurebuild/ffib/downloads/ffibfactsheet.pdf>

Individual public sector sites will have a choice of procuring a full portfolio of PSBA services to be delivered over this infrastructure. This will include Fibre to the Premises (GEA-FTTP) broadband, Ethernet leased lines, or Very High Bandwidth services.

Depending on the choice and speed of services required there may be a requirement to upgrade customer premise equipment.

5 Financial Case

5.1 Introduction

This section presents the financial case for the streams of work defined . Key assumptions are;

- LFFN funding is used to finance all the upgrades of copper infrastructure to the chosen public sector sites. This will include multi-purpose nodes and upgrade of the passive infrastructure
- Gigabit routers (CPE) at customer premise
- All PSBA connection and overhead charges for the public sector site to access the gigabit capable service

In addition the following points should be noted:

- **Revenue expenditure:** Public sector organisations using the infrastructure will be responsible for the on-going charges for active services at speeds aligned with their requirements
- **PSBA** will be responsible for the procurement of the gigabit capable site upgrades and all subsequent.

5.2 Capital Expenditure

This section presents the capital expenditure profile for each of the capital expenditure items and presented in Figure 5 below. The following points should be noted;

- all capital expenditure will be incurred by March 2021
- 285 sites are upgraded and fully connected to PSBA services
- CPE equipment will be upgraded at all sites
- It is assumed 50% of sites are upgraded in 2019/20 and 50% in 2020/21

Detailed quotations were obtained from PSBA and Openreach. These are available upon request. The key financial parameters are:

- The total cost for the installation of FFIB across the 285 sites was £5,646,931 at an average of £19,813 per site
- The PSBA install price is £3,186 per site as shown below. This is a blend of equipment and installation activities. Note that this cost is for FttP – 330/30. The price would fall to £1686 per site if FttP – 80/20 was delivered instead.

Quantity	285
Product	Fibre to the Premise (FttP)
Speed	330/30
EVC	150Mb
Router Type	Cisco 4331/K9 & FL-4330-PERF-K9
Accessories*	2 X GLC-TE & 2 x 3M Cat5e cables
Circuit Installation	£0
Router Price	£1,668.85
Accessories Price*	£316.66
Project Management	£736.42
Technical Support Group and Field Engineering	£464.32
INSTALL PRICE (1 circuit)	£3,186.26
TOTAL INSTALL PRICE (285 circuits)	£908,084.10
Circuit Recurring	£824.18
Router Maintenance	£223.30
Service Management	£121.20
ANNUAL RENTAL PRICE (1 circuit)	£1,168.68
TOTAL ANNUAL RENTAL PRICE (285 circuits)	£333,073.80
TOTAL 3-YEAR RENTAL PRICE (285 circuits)	£999,221.40

?

- There is an annual rental cost to the public sector of £1,168 per site for FttP 330/30. This falls to £718 for FttP-80/20. It is to be agreed at the time of writing if this on-going rental cannot be claimed for LFFN or whether the first three years can be capitalised.
- All costs are subject to survey

Project Capital Expenditure			
(£m)	Year 1 (19/20)	Year 2 (20/21)	Total
Passive infrastructure upgrade (assume 285 sites @ £19.8k/site)	2.821	2.821	5.643
PSBA Installation Price (assume 285 sites @ £3.186k per site)	0.454	0.454	0.908
Total	4.33	4.32	6.551

Figure 5 - Capital Expenditure Profile Itemised

Future Generations Assessment






<p>Name of the Officer completing the evaluation:</p> <p>Kellie Beirne</p> <p>Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>The proposal aims to seek cabinet support for future direction on Digital within CCR.</p>
<p>Proposal: Digital way forward</p>	<p>Date Future Generations Evaluation form completed: 8 July 2019</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>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>Digital is an underpinning requirement for economic growth and social prosperity.</p>	<p>The actions taken to maximize impact are around:</p> <ul style="list-style-type: none"> •Development of shared approach with WG •Industry-led commercial infrastructure development
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The proposal reflects a desire to move forward with the digital agenda in ways which impact social, economic and wider wellbeing goals, ensuring we are resilient in the face of future challenges. e natural environment</p>	<p>A focus on data and evidence and the underpinning nature of digital in relation to EV, LEV air quality and active travel all demonstrate the key objectives with which digital interfaces.</p>
<p>A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Digital connectivity is a 'hygiene factor' and seen today, as the fourth utility</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?
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Appropriate levels of connectivity across the region are key to enhancing coherence and connectedness of communities	LFFN bid has been repositioned CCR-wide
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above – digital connectivity is a core service and requirement for communities and businesses and educational establishment.	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Digital offers a key means of optimizing this.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	This proposal goes to the heart of inclusive growth and ensuring equity of provision and equality of access.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>Digital is an underpinning future industry that is central to the success and sustainability of all economic sectors and plays a significant social role.</p>	<p>The report sets out need for a digital plan for CCR which will cover short, medium and long-term aims</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The proposal is a partnership with WG, other public bodies and businesses.</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>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The project supports growth in a long-term high-productivity through a core digital connectivity offer. This will help ensure data, digital competency and bandwidth is in place to support growth and prosperity for all.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The proposal is central to delivery of all wellbeing goals.</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 proposal for base connectivity should be open to all and accessible to all. This makes the case to plan digital infrastructure development to bring a whole region to life.	None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all businesses and communities.	Planning through the Regional Skills Partnership
Disability	The proposal for base connectivity should be open to all and accessible to all		
Gender reassignment	The proposal for base connectivity should be open to all and accessible to all	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above.		
Race	As above.		
Religion or Belief	As above.		
Sex	Again, should the proposal be successful, proper regard will be had to working conditions and rights and ensuring equity. Efforts in this regard need to be twinned with more support for women in particular in STEM related work.	Proportion of women employed in STEM related professions is generally lower than that of male counterparts.	Data and evidence through the activities of the RSP to inform any potential need for targeted recruitment processes.
Sexual Orientation	As with all of the section above.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	We will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

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

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

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

- Data and evidence
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends
- Work to date by Cube Ultra

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

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

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

What are you going to do	When are you going to do it?	Who is responsible	Progress
Page 231 Ensure the plan for digital connectivity is monitored to optimize and maximize contribution to wellbeing goals – e.g. prosperity, connected communities and opportunities through data and evidence to plan, prevent and shape behavioral change.			

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:	July 2020
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15 JULY 2019

UPDATED REGIONAL CABINET PORTFOLIOS

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM: 9

Reason for this Report

1. To update the Regional Cabinet Portfolios consistent with the Investment and Intervention Framework and to ensure all key portfolio areas have a named Cabinet Lead and a clear set of stated responsibilities.

Background

2. The Investment and Intervention Framework was approved by Cabinet on 10 June 2019. One of the elements of this report, in supporting the effective delivery of the framework and deployment of the Wider Investment Fund in line with key strategic priorities, was the agreement of revised Cabinet Portfolio areas. These areas have been updated and refreshed in line with the evolution of the City Deal programme and the sectors and priorities outlined in the Economic and Industrial Growth Plan.
3. The roles are in place to provide enhanced accountability for proposals and projects developed through the Investment and Intervention Framework, to provide a figurehead and ambassador for wider business/community awareness purposes and to work with the Chair and Regional Director to ensure that delegate decisions are made in appropriate ways and in keeping with the principles of good governance. In light of recent discussions the Cabinet portfolios have altered slightly and are set out below.
4. Following a process of Expressions of Interests to the Chair, Cllr Andrew Morgan, the following portfolio holders are now confirmed:
 - i. Resources, Assurance and Local Evaluation – Councillor Andrew Morgan
 - ii. Housing and Clean Growth – Councillor David Poole
 - iii. Planning and the Strategic Development Plan – Councillor Neil Moore
 - iv. Learning, Skills and Talent – Councillor Debbie Wilcox
 - v. Innovation, Research and Business – Councillor Peter Fox
 - vi. Economic Strategy, Cities and Internationalisation – Councillor Huw Thomas
 - vii. Transport and Infrastructure – Councillor Huw David
 - viii. Engagement and Communications – Councillor Nigel Daniels and Councillor Kevin O'Neill

Reasons for Recommendations

5. To ensure there are clear lines of responsibility, key figureheads and reinforcement of good governance around the operation of the Investment and Intervention Framework, it has been necessary to revise the Cabinet Portfolio positions. This report recommends that the above Leaders and Regional Cabinet Members are confirmed in the revised roles

Financial Implications

6. There are no direct financial implications arising from this report, which seeks to allocate members of Regional Cabinet to the respective Cabinet Portfolio positions. .

Legal Implications

7. Under the terms of the JWA, no individual Member has decision-making authority. Formal decisions are made at meetings of the Regional Cabinet or pursuant to a delegation to an Officer. It is understood the recommendation in this report, to change the portfolio arrangements, does not alter this. It is further understood, the revision to the portfolio arrangements is not a substantive amendment to the JWA and therefore within Regional Cabinet's remit to agree, if Cabinet wish to do so.

Wellbeing of Future Generations

8. 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.
9. 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.

10. Regional Cabinet must be satisfied that the proposed decision accords with the principles above.
11. 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.
12. *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

13. 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.
14. **An Equality Impact Assessment** has been undertaken and is attached as an appendix to this report. Regard should be had to the same in reaching a decision on this matter. The purpose of the Assessments is in order to ensure that the Council has properly understood and assessed the potential impacts of the proposals in terms of equality, so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty.

RECOMMENDATION

15. It is recommended that the Cardiff Capital Region Regional Cabinet:-
 1. Notes and endorses the Lead Cabinet Portfolio holders as set out above.

Kellie Beirne
Cardiff Capital Region City Deal Director
15 July 2019

Appendices

Appendix 1 – Well-being of Future Generations Assessment

Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal Revision of Cabinet Portfolios in line with Investment and Intervention Framework
Proposal: CCR Regional Cabinet Portfolios	Date Future Generations Evaluation form completed: 8 July 2019






Page 235

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report revises cabinet portfolios to be in line with new requirements, the evolution of City Deal and sectoral analysis which has formed the basis of clear priorities translated into the IIF	Changes have been to proposed to existing briefs to heighten relevance and capture connectivity and links
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The portfolios include specific focus on planning, housing clean and inclusive growth – all with the aim of building sustainability and resilience	Economic resilience is critical given the need to withstand future economic shocks. As more projects are developed, this will be assessed on an individual business case

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	As above	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	A new role has been developed around Inclusive Growth which includes a specific responsibility for local and foundation economies and local wealth building	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	A new role has been developed with a specific focus on internationalization.	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The portfolio around local prosperity and inclusive growth plays directly into this space	The IIF embeds inclusive growth and a new cabinet portfolio has been created to reflect this

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 does not make a proposal – it ensures that we have the right skills matched to portfolio holder roles.</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>Partnership and collaboration is a theme running through the new set of portfolios</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>A new brief has been devised around Communications, Marketing and Engagement</p>	<p>An engagement and communications plan is being prepared which will have regard to specific issues and sustainable development principles – this will be led by the new portfolio holders</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The whole thrust of the approach is to focus on doing better things – rather than doing things better.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The whole new set of aligned and focused portfolios – and targeted leadership as key priorities – will contribute to better chances of optimizing impact on wellbeing goals.</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	Not directly relevant – this is more relevant to projects and specific proposals		
Disability	As above		
Gender reassignment	Not directly relevant – this is more relevant to projects and specific proposals		
Marriage or civil partnership	Not directly relevant – this is more relevant to projects and specific proposals		
Pregnancy or maternity	Not directly relevant – this is more relevant to projects and specific proposals		
Race	Not directly relevant – this is more relevant to projects and specific proposals		
Religion or Belief	As above.		
Sex	As above		
Sexual Orientation	As with all of the section above.		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	We will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

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

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting			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?

- Analysis of Priority Sectors
- Industrial and Economic Growth Plan
- Investment and Intervention 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?

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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.

Page 240

What are you going to do	When are you going to do it?	Who is responsible	Progress
Cabinet portfolios will be evaluated on an annual basis			

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:	Quarterly through 19/20
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