

Pecyn Dogfennau Cyhoeddus



- 1 CYDBWYLLGOR TROSOLWG A CHRAFFU BARGEN DDINESIG
PRIFDDINAS RANBARTH CAERDYDD - DYDD IAU, 13EG IONAWR, 2022 am
10.00AM.



**CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL**

Bydd cyfarfod o'r

**CYDBWYLLGOR TROSOLWG A CHRAFFU BARGEN DDINESIG PRIFDDINAS-
RANBARTH CAERDYDD**

**DYMA WŶS I CHI i gyfarfod o GYNGOR BWRDEISTREF SIROL RHONDDA
CYNON TAF sydd i'w gynnal yn ar DYDD IAU, 13EG IONAWR, 2022 am 10.00
AM.**

Cysylltwch â: Sarah Daniel 07385 086 169

AGENDA

Tudalennau

1. CROESO AC YMDDIHEURIADAU

2. DATGAN BUDDIANT

Derbyn datganiadau o fuddiannau personol gan Aelodau, yn unol â gofynion y Cod Ymddygiad:

1. Mae gofyn i Aelodau ddatgan rhif a phwnc yr agendwm mae eu buddiant yn ymwneud ag ef a mynegi natur y buddiant personol hwnnw; a
2. Lle bo Aelodau'n ymneilltuo o'r cyfarfod o ganlyniad i ddatgelu buddiant sy'n rhagfarnu, rhaid iddyn nhw roi gwybod i'r Cadeirydd pan fyddan nhw'n gadael.

3. COFNODION

Derbyn cofnodion y cyfarfod ar 4.11.2021

3 - 10

4. SEFYDLU CYDBWYLLGOR CORFFOREDIG

11 - 24

5. CEFNOGI MENTER A THWF BUSNES

6. ADRODDIADAU ER GWYBODAETH

[Prifddinas-Ranbarth Caerdydd Cyfarfod Cabinet Rhanbarthol – 13 Rhagfyr 2021](#)

7. MATERION BRYG

Trafod unrhyw faterion sydd, yn ôl doethineb y Cadeirydd, yn faterion brys yng ngoleuni amgylchiadau arbennig.

Cyfarwyddwr y Gwasanaethau Cyfreithiol a Llywodraethol
At: Pob Aelod o'r Cyngor



CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL

**A meeting of the
CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY
COMMITTEE**

**will be held virtually
THURSDAY, 13TH JANUARY, 2022 at 10.00 AM**

Sarah Daniel - 07385 086 169

LIST OF ITEMS FOR CONSIDERATION

1. WELCOME AND APOLOGIES

2. DECLARATIONS OF INTEREST

To receive disclosures of personal interest from Members in accordance with the Code of Conduct Note:

1. Members are requested to identify the item number and subject matter that their interest relates to and signify the nature of the personal interest: and
2. Where Members withdraw from a meeting as a consequence of the disclosure of a prejudicial interest they must notify the Chairman when they leave.

3. MINUTES

To receive the minutes of the 4.1.2021 as an accurate record of the meeting

(Pages 3 - 10)

**4. VERBAL UPDATE: ESTABLISHMENT OF CORPORATE JOINT
COMMITTEE**

(Pages 11 - 24)

5. SUPPORTING ENTERPRISE AND BUSINESS GROWTH

(Pages 25 - 36)

6. INFORMATION REPORTS

[Cardiff Capital Region City Deal Cabinet Meeting – 13 December 2021](#)

7. URGENT ITEMS



Director of Democratic Services & Communication

Circulation:-

Councillors:

Councillor J Hill – Blaenau Gwent Council
Councillor G Davies (Deputy) Blaenau Gwent Council
Councillor JP Blundell - Bridgend Council
Councillor T Thomas (Deputy)- Bridgend Council
Councillor J Ridgewell - Caerphilly Council
Councillor C Elsbury (Deputy Member) Caerphilly Council
Councillor R Patel - Cardiff Council
Councillor N Howells (Deputy Member) Cardiff Council
Councillor G Lewis - Merthyr Tydfil Council
Councillor K Gibbs (Deputy Member) Merthyr Tydfil Council
Councillor P Jordan - Monmouthshire Council
Councillor R Roden (Deputy Member) - Monmouthshire Council
Councillor J Clarke - Newport Council
Councillor G Thomas – RCTCBC
Councillor S Powderhill (Deputy Member) RCTCBC
Councillor V Crick - Torfaen Council
Councillor B Brooks - Vale of Glamorgan Council
Councillor S Sivagnanam (Deputy Member) - Vale of Glamorgan

Officers:

Mr C Hanagan, Service Director of Democratic Services & Communication



RHONDDA CYNON TAF COUNCIL CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the meeting of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee meeting held virtually on Thursday, 4 November 2021 at 2.00 pm

County Borough Councillors - Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee Members in attendance:-

Councillor G Davies – Blaenau Gwent
Councillor G Thomas -RCTCBC
Councillor K Gibbs - Merthyr Tydfil CBC
Councillor B Brooks - Vale Of Glamorgan Council
Councillor T Thomas - Bridgend County Borough Council
Councillor N Howells - Cardiff Council
Councillor C Crick - Torfaen Council

Officers in attendance

Mr C Hanagan, Service Director of Democratic Services & Communications RCTCBC
Ms Kellie Beirne – CCRCD Programme Director
Mrs Sarah Daniel – Senior Democratic and Scrutiny Officer – RCTCBC

Other Members in Attendance

Councillor A Hunt – Chair, Cardiff Capital Region City Deal Cabinet

27 Welcome and Apologies

The Chairperson welcomed the following officers to the meeting:

Chair of the Cardiff Capital Region City Deal
Director of the CCR City Deal.

Apologies

Cllr Jon-Paul Blundell – Bridgend CBC
Cllr Paul Jordan – Monmouthshire CC
Cllr Richard Roden - Monmouthshire CC
Cllr James Clarke - Newport Council
Cllr Ramesh Patel - Cardiff Council

28 Declarations of Interest

Cllr V Crick (Torfaen) declared a personal interest as she is a member of the the CSC Foundry Board

29 Minutes

RESOLVED:

To approve the minutes of the Cardiff Capital Region City Deal Joint Overview

and Scrutiny Committee held on the 28 July 2021.

30 To receive an update from the Chair of the Cardiff Capital Region City Deal

The Chair of the Cardiff Capital Region City Deal (CCRCD) thanked the Chair and Members for the invite and explained he would give an overview of the CCRCD and he looked forward to developing a productive relationship as Members looked to scrutinise their performance. He viewed his role to ensure every Local Authority in the CCRCD felt they were able to make the most of their input and to get questions answered when they had them.

He continued that he saw the CCRCD as a region, not just as a one-off City Deal, so developing relationships and that positive culture had been key. That extended beyond the 10 Councils to external partners as well as developing those relationships with different levels of Government, so making sure the principal of subsidiarity rules, was key. In terms of the values, he hoped to bring an awareness of the original targets of the CCRCD but accepting that the aims and ambitions for the region, but also to reach all parts of the region to ensure no community was left behind.

A lot of work was being undertaken on inclusive growth and sustainability. There was a need to look at every community and issues, like the foundation economy, and how to maximise the benefit felt by supply chains of investments that were made, not just the headline investments. He acknowledged there was a need to do things differently looking beyond the old model of economic regeneration and just attracting outside investment, but looking much more to try and get an evergreen concept working, by using the strengths of the region to build and then reinvest the money back in the future.

As a group of 10 Leaders it was recognised, they were not going to solve the problems of the region, but they could act as the catalyst to help others in the business. He looked forward to working with Scrutiny Members, recognising this was a difficult job, as the City Deal was so broad.

The Chairperson thanked the Chair of CCRCD for his comprehensive introduction and stated it was reassuring to hear those things said and Members shared the enthusiasm this brought in having an opportunity to move forward. The CCRCD had been in place for some time but nevertheless he sensed there was a momentum being gained now and that was critically important.

He acknowledged that the Chair of CCRCD had mentioned how difficult Members might find it as a Scrutiny Committee, which was true, as views varied and differed, but they were there to play their own part and the role was quite clear as to how they could support.

The Chair of CCRCD recognised the momentum and felt this was a much better phase, as a Scrutiny Committee because there were bricks appearing above the surface, that could begin to be seen, so it was much easier to scrutinise some of the things coming through the pipeline.

31 2021-22 Quarter 1 April – June 2021 - Performance Report

The Service Director, Democratic Services and Communications reminded Members that a summary of the high-level information, very much to support members questions and challenge, had been provided, in respect of what was

an important report in terms of the performance information. This was an approach that would be developed moving forward, around some of those key issues that had already been touched upon.

32 Verbal Update: Establishment of Corporate Joint Committee

The CCRCD Director explained that the CCRCD had been in progress for the last four years and there were some real shoots of growth now appearing above the surface but the CCRCD couldn't standstill and the Corporate Joint Committee CJC represented an important next stage of development. The report set out the background to the CJSs and what the legislation meant, the core principles, the proposed governance option, functions, and some of the issues around the transition process. She felt the CCRCD was in a good position when looking at a map of the region, with dots all across it, because a two-pronged approach to the investment strategy had been taken, by trying to serve all the basic needs of the region in terms of access to a transport scheme, a housing scheme, digital connectivity etc, but at the same time keeping the door open to some of the market driven propositions which the CCRDC tried to spread across the region.

To date over £200 million worth of projects were in the bag, leveraging around £2.5 billion pounds over the long term, and on target to deliver 6900 new roles. There was a lot there, but equally a lot in the pipeline including taking reports to Cabinet to acquire a power station, developing a regional hydrogen hub and a full business case for a £50 million innovation investment fund. There was also a £20 million renovation hub cluster proposal crystallising, and something similar coming forward for Fintech Wales to take forward the Insurtech industry, two strength in places programmes with UK government that brings in nearly £100 million of additional investment for compound semiconductors and the creative industry and a lot more work was being done around marrying up capital investment with some of the investment needed in people and skills through the venture skills hub.

The CCR City Deal was currently governed by a joint committee but didn't exist as an organisation in its own right, only existing because it was backed up by the lead Council accountable body. This meant not being able to act in its own right e.g., not being able to go to UK Government or Welsh Government (WG) and receive money directly, but through very complex back-to-back arrangements with the 10 stake holding authorities. Therefore, the current model was narrow and limiting and the operating model was probably unsustainable and unviable. There was a need to make sure the region was equipped and open to access all the opportunities available, whether they sat with WG, UK governmental, or beyond. That was an important principle, which needed the levers to maximise investment into communities. The CJC, or corporate entity, establishment recommendations and regulations were seen as a good thing by the CRC Cabinet overall, because they would help fill some of those gaps and develop beyond some of the limitations e.g., a balance sheet, act directly, borrowing, hold assets etc.

What was agreed by Cabinet was that the CJC would be established in the mould of the WG regulations, looking at some of the best fit opportunities, and taking advantage of the soonest possible date. Cabinet was clear this was not the strategy, this was already in place, this was just a mechanism for amplifying impact as far as possible. Cabinet very much wanted to take the CCRCD and move that across to the CJC, so everything was aligned and came under one

banner and that would make for the most cohesive and coordinated way of working. So, concurrence with existing arrangements, recognising devolution subsidiarity, whilst making sure that local authorities were at the heart of the move because the CJC would only really do those things that are best done at a regional level. Four different delivery options were looked. One was do nothing, which couldn't be done because the legislation was already in place. One was like for like, which wouldn't take the CCRCD beyond some of the limitations spoken about.

The lift and shift model or a corporate entity group structure, offered the best first stage of transition whilst recognising special purpose vehicles would need to be set up e.g., CSC foundry limited, equity investment in another company. The CJC would effectively take on the City Deal but would also take on the three functions that were bestowed upon the CJC as at the 28th February 2022. There was a comprehensive transition plan with 5 work streams around the legal work, governance, finance, different functions, bringing across stakeholder structures and Transfer of Undertakings (TUPE) and HR issues, plus setting up accounting systems, bank accounts, policy, constitution, standing orders, etc, which was going to be a massive amount of work to get done by the deadline. The report went through Cabinet, setting all of this out in lots of detail, but it also flagged up some serious potential risks and issues e.g., around the financial status of CJC's, the different powers and the fiscal flexibility a CJC would have. But also, some more practical things. The regulations don't make it clear if CJC's, as public bodies are subject to VAT or things like corporation tax. It was agreed with WG to continue working through these issues with the expectation that the CJC could go live by the deadline.

However, it had become clear in recent weeks, that this probably wasn't going to be possible which was nobody's fault, but it was about stepping through a fundamentally different course that nobody had been on before. Some of those issues meant taking things in a different direction with a lot of those issues outside of WG control but were going to take some time to resolve e.g., clarity around VAT status and corporation tax. There were also some issues in relation to the financial status of the CJC and whether CJC's were going to be levying bodies. What had been resolved was to do support WG to make an application to HMRC for the new CJC's to be part of the VAT refund scheme, to have that dispensation around corporation tax and to work through some of the other issues with the financial status of the CJC. It was not, therefore, known how long this process was going to take which probably meant the CCRCD wasn't probably going to happen on the 28th February 2022, because it was not known how long the time frames were.

In terms of next steps, there was a Cabinet briefing on Monday and there were three options now. One was do nothing, which couldn't be done because the CJC legislation was live and there was affectively a CJC. The other was to change the date with WG, but it was unlikely to be possible because the legislation was enshrined. The other one was to do a kind of bare bones or bare minimum CJC, which would mean twin tracking e.g., set up the CJC, just to adopt the powers. There would still be a lot of work to do because it will have to have budget and audited accounts and standing orders and set up certain committees and put regulatory provisions in place but continue to run the CCRCD through the accountable body, at the same time, although this was not ideal because of double resourcing and running two things, but it should come to a point in time when all issues are resolved. There were some risks and issues involved with this, namely in that if the CCRCD continued to transact through the

accountable body and regional Cabinet and the CJC just did the basics, but at a point in time novating the projects to the CJC and in so was the potential to incur two lots of taxations, stamp duty land tax and corporation tax. It raised questions about how this was mitigated, and it could be that if those costs are were prohibitively high, then the project stayed on the balance sheet of the accountable body, but this would be a fragmented approach to consolidating the accounts.

The CCRCD Director finished by explaining that all that could be done was to be very pragmatic, as there was a bump in the road that all were working hard to try and get across. She recognised that it was quite a complex and difficult thing to describe but hopefully she had set things out clearly enough for Members to pose any questions.

A Member asked whether places like Birmingham and the Northern Powerhouse had been looked at to see how they ran their scrutiny and what differences they had in governance.

The CCRCD Director said it was an excellent point because the whole governance environment under a CJC would change massively so very much like a combined authority, like they had in Birmingham, Liverpool, and Manchester. There would still be a scrutiny committee but because of the legislation it would need an audit and governance committee and a standards committee and in respect of planning and transport, there would have to be dedicated sub committees chaired by members, so that they would have delegations around decision making, spending money and so on. So, the governance structure would change massively and be reinforced. One of the issues now was how to make both things work. When the time came to lift and shift it and bring it all together it was definitely something the Scrutiny Committee could look at, in terms of holding Members to account against some of those more mature models that exist out there.

The Service Director, Democratic Services and Communications acknowledged that Heads of Democratic Services across Wales had raised this with WG because the legislation, in terms of the information and direction of CJC's and the Scrutiny Function, was particularly light although he saw this as an asset moving. The examples, referenced in England were different because they had directly elected Mayors, but there was an opportunity for us to influence, shape and direct it, to how best suited the 10 local authorities in South East Wales.

The CCRCD Director acknowledged it was a good point raised, however she was struggling at the moment, given the role, to make sure the Committee could be live and present in the process, as some of the issues were overcome. She hoped to take another report back to Cabinet at the end of the month to put the critical path back together and again, she was happy to share with Members for any input comments and any questions.

The Chairman expressed that this seemed to be a distraction, at this stage and wondered how much this was going to divert focus from the key role all had, in terms of the CCRCD, into dealing with this administrative difficulty.

The CCRCD Director agreed that this would make a difference because it was taking up at least 50% of her time and that was just to get to a bare minimum model, so it was going to be resource intensive. It would come down to working out the implications of running this twin track model. The view could be taken to

delay those things, until certainty with the CJC, but she could not do that because it was not known, how long that delay might be, so there was a need to press ahead, with what the implications might be, so she could be clear with Regional Cabinet and decision makers, that if they went down this road, it was eyes wide open because these maybe some of the implications and unintended consequences as well.

The Chairman asked whether the CCRCD Director had a sense of the resourcing implications there were, in having to do all this.

The CCRCD Director confirmed that a grant had been received from WG for £250k which was helping with some of the legal work which she hoped would be matched. One of the complexities was that the grant counted against the CJC, so accounts would still need to be produced for the CJC in this year and for next year. It was trying to balance the tasks and activities needed to be done, to gain some of the value for money considerations. She thought the resource impacts would really be seen, into next year, when there was the double bump of resource.

The Chairman asked if there was a deadline now, particularly from UK Government, in terms of their input into the funding.

The CCRCD Director stated ideally it would be the 28th February because that is the date the powers were inherited. A budget needed to be set by the 31st January, so a budget had been set for this financial year because some expenditure would count against the CJC, and then by the 31st January the budget needed to be set for next year. Until the issues are resolved, it would be that twin tracked approach.

A Member asked what the impact on contracts would be, in terms of supplies and on staffing costs going up and was this going to affect the timeline regarding the different projects.

The CCRCD Director explained it depended on whether things were delayed because of waiting for the full integrated model to go ahead so things, like the potential for double taxation, being incurred or whether it was felt the path was clear enough to proceed. She acknowledged the hit in changes in global pricing of materials, construction costs, etc., which were going through the roof with inflation, and it was an issue which had been flagged up to both Governments, so it was the main considerations in bringing those projects across to the new CJC, so additional costs weren't incurred.

The Chair of CCRCD explained the region wanted to take the CJC concept and run with it to make sure that a solution was designed for it, rather than having it forced upon, and therefore this had been a frustrating process so there was a need to look at the long term. He acknowledged that the CCRCD Director and her team, had moved mountains to get into a position of being ahead of the curve and had done everything asked but it was frustrating, at this point. Hopefully in the long term the work and frustrations would bear fruit.

The Chairperson asked, in relation to the VAT and corporation tax issue, whether there was a sense of the mood coming back on that, at this moment in time because quite clearly that that would have a massive impact on the whole notion and funding of the Capital Region.

The CCRCD Director explained that there wasn't a time scale. A meeting with WG was due to take place next week. They had just had a first meeting with HMRC and were hopeful they could give some indication of time frame. She couldn't say what the outcome could be, but she knew WG had put together a compelling narrative, making it clear the CJC should be treated as public bodies, so hopefully all the evidence could be brought together to support that argument effectively.

33 Information reports

No questions were raised by Members in relation to the Information reports.

34 Urgent Items

None received

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CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

13th JANUARY 2022

REFRAMING THE APPROACH TO DEVELOPING THE SOUTH EAST WALES CORPORATE JOINT COMMITTEE

REPORT OF THE SERVICE DIRECTOR DEMOCRATIC SERVICES AND COMMUNICATIONS RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL

AGENDA ITEM: 4

1. PURPOSE OF THE REPORT

- 1.1 To advise Members on the Reframing Approach to Developing the South East Wales Corporate Joint Committee as reported to the Cardiff Capital Region Cabinet on the 13th December 2021.

2. RECOMMENDATIONS

It is recommended that Members: -

- 2.1 Acknowledge the content of the report
- 2.2 Consider if they wish to further scrutinise any areas; and
- 2.3 Request that further updates are provided to the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee at appropriate stages of the process.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To update the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee of a number of issues that require a re-defining and re-directing of the approach CCR has proposed to take to the establishment of the South East Wales Corporate Joint Committee (CJC) along with a number of risks which remain live.

- 3.2 To update members on an interim way forward that recognises in a pragmatic way, the need to make progress with initial implementation steps on a 'bare minimum' basis, in so far as they ensure compliance with the legislation and that CCR incurs no worsening of its position in relation to the unresolved issues.
- 3.3 To re-set the critical path towards the statutory budget setting date of on/before 31 January 2022, establishing all resource and sequential reporting requirements; and, in the interim period, standing down the Transition Board, until such time, the new path to 'lift and shift' is resolved, understood and resurrected.
- 3.4 To update the Joint Overview and Scrutiny Committee of the work that continues to be undertaken with Welsh Government (WG), Audit Wales (AW) and other bodies, with a view to supporting resolution of the issues that currently prevent full transition to the 'lift and shift' model agreed by Regional Cabinet, which is predicated on ensuring a 'no worse-off' position.
- 3.5 For Members' information the link to the report also includes two appendices:

[Agenda for Regional Cabinet on Monday, 13th December, 2021, 9.30 am - Modern Council \(modern.gov.co.uk\)](#)

Appendix 1 – Exempt

[Appendix 2 WFG assessment CJC repurposing Dec 2021 final](#)

4. BACKGROUND

- 4.1 At its meeting of the 20 September 2021, Regional Cabinet approved a report that established Governance and Delivery Option 3 'Lift and Shift' as the preferred model for CCR's transition to one integrated model of regional public investment and economic governance under the CJC. The report further set out a comprehensive Transition Plan and Transition Board model to oversee the process of evolution and a critical path for achieving key milestone dates.
- 4.2 The report described a number of live risks and issues, relating to a series of unresolved matters concerning the implications of CJs' financial status for tax purposes and borrowing and their impacts. It was stated that work would continue to be undertaken with CCR's advisory team and WG to resolve the issues sufficiently in allowing for Lift and Shift model to be implemented from 28 February 2022 – the date on which the functions exercised by the CJC (Regional Transport Plan, Strategic Development Plan and economic wellbeing power) commence. A letter was also provided from the WG Minister for Finance

and Local Government to reiterate this intent and the report sought to commit to a 'no worse off' principle, on this basis as at the point of transition.

- 4.3 In the intervening period, it is clear that the risks and issues highlighted at this time, cannot be resolved to comply with the timescales set out and allow for Lift and Shift. This is mainly because the issues that require resolution, need the approval of bodies such as HMRC and HM Treasury (HMT) and these clearly sit outside the sphere of direct influence and control of WG. In addition, further issues have arisen in respect of Corporation Tax. This is a complex matter not addressed so far in the Regulations; and could have significant implications to the CCR operating model unless similarly addressed through an application to HMT for relevant dispensations. Work is underway on addressing this, with CCR supporting WG's business case application to HMRC for the relevant dispensations.
- 4.4 In other words, there remain a number of substantially unresolved matters, that unless addressed and resolved prior to full 'lift and shift' implementation and are understood and mitigated against ahead of 'bare minimum' implementation – could have a significant impact. On the latter point, even basic activities under a 'bare minimum' CJC may still incur a level of irrecoverable VAT and as such an initial scaled back approach which reduces such a potential risk is proposed.
- 4.5 The impacts of all these issues are not standalone and consideration will need to be given to the matter of seeking UKG support to transfer the existing CCRCDFunding Agreement to the CJC. In addition, it must be understood that these are complex and inter-connected issues and there are no 100% guarantees of success. Wider financial status issues are bound up within making the case for s33 status and in essence, the need to demonstrate the intent and effect of the CJC legislation, which is for them to be 'creatures of LAs' and 'part of the LG family'.
- 4.6 CCR has made representations to WG on these issues, including seeking a re-setting of the statutory budget timeframe. WG has advised that this is not possible due to timescales and the need to carry out statutory consultation on any proposed changes. However, the issues raised are recognised and understood and implementation on the basis of a pragmatic and proportionate provisional approach is supported. Additionally, legal advice has been taken on the risks and challenges posed to CCR of 'doing nothing'. This report is thus, framed in this context and of being minimally compliant.
- 4.7 The 'bare bones' implementation of the CJC legislation will therefore need to be 'twin-tracked' with continuation of the current Joint Committee/Accountable Body-led model for delivering the CCR City Deal for the time being. This dual approach is unavoidable and will provide business continuity for City Deal delivery.
- 4.8 WG has also set out that the date of commencement of immediate duties around preparation of the Regional Transport Plan, Strategic Development

Plan and economic wellbeing powers, can be changed from the original date set for SE Wales of 28 February 2022 to 30 June 2022 – thus, falling in line with other CJC regions. This report recommends that this later date is accepted in order to better align with the proposed bare minimum approach.

5. FINANCIAL IMPLICATIONS

5.1 The Financial Implications are set out in the main report

6. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

6.1 The Legal Implications are set out in the main report

13 DECEMBER 2021

REFRAMING THE APPROACH TO DEVELOPING THE SOUTH EAST WALES CORPORATE JOINT COMMITTEE

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 4

Reason for this Report

1. To appraise Regional Cabinet of the realisation of a number of issues that require a re-defining and re-directing of the approach CCR has proposed to take to the establishment of the South East Wales Corporate Joint Committee (CJC) along with a number of risks which remain live.
2. To set out an interim way forward that recognises in a pragmatic way, the need to make progress with initial implementation steps on a 'bare minimum' basis, in so far as they ensure compliance with the legislation and that CCR incurs no worsening of its position in relation to the unresolved issues.
3. To re-set the critical path towards the statutory budget setting date of on/before 31 January 2022, establishing all resource and sequential reporting requirements; and, in the interim period, standing down the Transition Board, until such time, the new path to 'lift and shift' is resolved, understood and resurrected.
4. To appraise Regional Cabinet of the work that continues to be undertaken with Welsh Government (WG), Audit Wales (AW) and other bodies, with a view to supporting resolution of the issues that currently prevent full transition to the 'lift and shift' model agreed by Regional Cabinet, which is predicated on ensuring a 'no worse-off' position.

Background

The Issues

5. At its meeting of the 20 September 2021, Regional Cabinet approved a report that established Governance and Delivery Option 3 'Lift and Shift' as the preferred model for CCR's transition to one integrated model of regional public investment and economic governance under the CJC. The report further set out a comprehensive Transition Plan and Transition Board model to oversee the process of evolution and a critical path for achieving key milestone dates.

6. The report described a number of live risks and issues, relating to a series of unresolved matters concerning the implications of CJsCs' financial status for tax purposes and borrowing and their impacts. It was stated that work would continue to be undertaken with CCR's advisory team and WG to resolve the issues sufficiently in allowing for Lift and Shift model to be implemented from 28 February 2022 – the date on which the functions exercised by the CJC (Regional Transport Plan, Strategic Development Plan and economic wellbeing power) commence. A letter was also provided from the WG Minister for Finance and Local Government to reiterate this intent and the report sought to commit to a 'no worse off' principle, on this basis as at the point of transition.
7. In the intervening period, it is clear that the risks and issues highlighted at this time, cannot be resolved to comply with the timescales set out and allow for Lift and Shift. This is mainly because the issues that require resolution, need the approval of bodies such as HMRC and HM Treasury (HMT) and these clearly sit outside the sphere of direct influence and control of WG. In addition, further issues have arisen in respect of Corporation Tax. This is a complex matter not addressed so far in the Regulations; and could have significant implications to the CCR operating model unless similarly addressed through an application to HMT for relevant dispensations. Work is underway on addressing this, with CCR supporting WG's business case application to HMRC for the relevant dispensations.
8. In other words, there remain a number of substantially unresolved matters, that unless addressed and resolved prior to full 'lift and shift' implementation and are understood and mitigated against ahead of 'bare minimum' implementation – could have a significant impact. On the latter point, even basic activities under a 'bare minimum' CJC may still incur a level of irrecoverable VAT and as such an initial scaled back approach which reduces such a potential risk is proposed.
9. The impacts of all these issues are not standalone and consideration will need to be given to the matter of seeking UKG support to transfer the existing CCRCDC Funding Agreement to the CJC. In addition, it must be understood that these are complex and inter-connected issues and there are no 100% guarantees of success. Wider financial status issues are bound up within making the case for s33 status and in essence, the need to demonstrate the intent and effect of the CJC legislation, which is for them to be 'creatures of LAs' and 'part of the LG family'.
10. CCR has made representations to WG on these issues, including seeking a re-setting of the statutory budget timeframe. WG has advised that this is not possible due to timescales and the need to carry out statutory consultation on any proposed changes. However, the issues raised are recognised and understood and implementation on the basis of a pragmatic and proportionate provisional approach is supported. Additionally, legal advice has been taken on the risks and challenges posed to CCR of 'doing nothing'. This report is thus, framed in this context and of being minimally compliant.
11. The 'bare bones' implementation of the CJC legislation will therefore need to be 'twin-tracked' with continuation of the current Joint Committee/Accountable Body-led model for delivering the CCR City Deal for the time being. This dual approach is unavoidable and will provide business continuity for City Deal delivery.

12. WG has also set out that the date of commencement of immediate duties around preparation of the Regional Transport Plan, Strategic Development Plan and economic wellbeing powers, can be changed from the original date set for SE Wales of 28 February 2022 to 30 June 2022 – thus, falling in line with other CJC regions. This report recommends that this later date is accepted in order to better align with the proposed bare minimum approach.

Making Progress

13. Whilst the above issues are complex and require the re-doubling of efforts across WG with support from CCR and its technical and legal advisory team, it is recognised that where progress can be made, then it should be made.
14. The minimalist model proposed in this report, thus offers a pragmatic way of enabling CCR to begin implementing the CJC requirements and adopting statutory duties – whilst at the same time – supporting WG to progress the resolution of issues, which are preventing a transition to Lift and Shift at this time.
15. This means putting in place a series of steps that will redefine the critical path between now and 31 January 2022 (the date by which the CJC must approve its budget), in order to ensure compliance with the legislation, but in ways which protects CCR's short and long-term position and wherever possible, safeguards against any detriment.
16. On the basis of external advice and technical support, the proposed 'bare minimum' model will enable CCR to demonstrate it has commenced transition, ensuring compliance with the legislation and regulations. It is essentially creating the outline of the CJC as an absolute statutory minimum and as an interim holding position only. It will include:
 - Setting minimal nominal budgets for the operation of the CJC no later than 31 January 2022;
 - Agreeing with the Auditor General for Wales the CJC audit scope and fee, which is proportionate and reflects the CJC's bare minimum operations;
 - Adopting model Standing Orders and any basic supplements – i.e. scheme of delegations (draft attached at Appendix 1);
 - Arrangements to place any staff at disposal of CJC – again this will be on the basis of proportionality;
 - Establish statutory sub-committees e.g. Audit and Governance Committee etc.;
 - Appoint Chair/ Vice Chair/s – which can mirror existing CCR arrangements; and,
 - Establish practical arrangements in respect of the CJC's basic infrastructure as a separate legal entity – accounting & reporting requirements, bank account, VAT registration, minimum insurances, proportionate records scheme etc.
17. The minimalist model will operate on the expectation that the absolute minimal operational activity required will be undertaken. Therefore, any extraneous activity such as production of a business plan; meetings of the CJC beyond initial budget setting/ 'establishment'; meetings of the Audit and Governance

Committee; and staffing arrangements beyond those linked to the above – is unlikely to take place.

18. In order to provide a level of certainty to all CJC stakeholders and constituent councils, the bare minimum model, will be predicated on being in place until the 31 March 2023. However, should the issues be resolved sooner, there is provision for the budget requirement to be re-visited in-year and as 'lift and shift' becomes do-able and is supported through the relevant financial status issues being resolved. This means that for the initial operating period - a nominal budget is set – with the clear expectation of minimal expenditure against it. This is an important principle. If even low-level expenditure can be justified, the advice is there is a strong case to avoid incurring such expenditure if it can be demonstrated that it would “prejudice the CJC’s position or suffer any detriment”.
19. Therefore, whilst a provisional budget can be set, and actions taken to set-up and ‘ready’ the CJC – it does not follow that enactment beyond this is necessary – at least until such time the CJC is ready to be operable and lift and shift can occur. The timeframe outlined above will be kept under constant review throughout the year as the outstanding matters are progressed. An update report will be brought back Regional Cabinet for further consideration, as soon as sufficient information is available to do so.
20. The CJC will be required to comply with all necessary regulations and legal requirements. The principle of ‘proportionality’ will be adopted in assessing bare minimum compliance, along with the requirement to minimise any adverse budgetary impacts. It should be noted that the two duties to begin preparation of both a Regional Transport Plan and Strategic Development Plan will commence in 2022/23. As per paragraph 12 above, it is now proposed this date is re-set as 30 June 2022 and this has been communicated with Welsh Government. Whilst there are no immediate actions required in relation to the commencement duties, some progress will need to be demonstrated from July 2021 and plans for such will be presented to the CJC during the year.
21. This pragmatic, proportionate and reasonable approach will require key stakeholders to adopt a shared endeavour approach. As a result, this report has been shared with Audit Wales and Welsh Government, both of which have been consultees to this report and understand the scope and provisions of the ‘bare minimum’ model.
22. Given the process to put this new set of actions and revised critical path in train, will be fairly clear, time-limited (until the end of January 2022) and require no reference to the Transition Plan for lift and shift – it is proposed that the Transition Board is stood down. The Transition Board and Plan for lift and shift can be resurrected at such time as clarity on timeframes for resolving the issues around VAT, means that this substantive work can be re-started.
23. It should also be noted that in setting this process in plan, the clear milestone to work towards is budget setting for the CJC on or before 31 January 2022. Approval of the budget requires unanimous support of CJC constituent councils. Brecon Beacons National Park Authority will feature as part of this in relation to the estimated budget for preparing an SDP and as such, ongoing communication and engagement is taking place.

Update on work to resolve issues

24. Work led by WG on behalf of all regions/ constituent CJsCs in Wales, is underway with HMRC and HM Treasury on the outstanding issues named in this report. An update has been provided to clarify that CCR CJC is not a 'levying body' with workarounds being put in place with respect to access to LGPS as a 'connected body' instead. In relation to access to PWLB at the relevant future point, WG has had initial positive discussions with HMT that suggest borrowing capability through this medium, can be considered and potentially, developed.
25. On the s.33/ VAT front, WG has developed and submitted a business case application to HMRC to enable CJsCs to be able to re-claim non-business VAT in the same way that local authorities do. CCR has contributed to this process with input from technical financial and legal advisors. As yet, there is no emergent timeframe for full resolution of the issues, though the indicative timeline provided by HMRC for considering applications is 6 months (which would be May 2022) – further confirmation is awaited on timescale matters
26. Work continues to be put in place regarding arrangements for interim accounting systems, processes and relevant systems infrastructure for the CJC. This is being carried out in partnership with RCT Council, which will be providing basic 'transactional services' for the initial period of 'bare minimum' CJC operation. CCR City Deal will continue to be supported by the 'Lead Council/ Accountable Body' mechanism. This reflects the arrangements underpinning the twin-tracking approach which will be needed, at least initially and until the remaining issues are resolved.

Risks and Issues

27. There are several risks related to the proposed approach. However, if the bare minimum model principles set out above are adopted and risks continually mitigated against by the detailed technical work that is ongoing and continued liaison WG and Audit Wales, it is suggested that these can be kept in check, monitored and managed. This means that Value for Money issues can be responded to in as much, that the CJC keeps expenditure to the bare minimum during this interim period and on the basis of no significant detriment to its short or long-term operating model.
28. Other risks concern the resources now needed to implement 'bare minimum' which will be met from existing budgets, albeit there will be some effect given efforts that will need to now be fully channelled to getting work done in an ever-decreasing timeframe. Timeframes present a further risk in that at this time, there is no clear point at which lift and shift occurring can be estimated – however, this could be clarified via WG shortly. Arguably, the bigger issue is guaranteeing successful outcomes – although it is anticipated a strong case will be made to both HMRC and HMT and it remains the strong intent, and wider effect, of the WG legislation for CJsCs to be part of the LG landscape and treated as if a Local Authority.
29. It should also be noted that the identification of risks to date, has arisen through work 'on the job'. Further risks that only become apparent through the process of application and implementation cannot be ruled out.

30. Potential risks around potential for double taxation at the point of lift and shift are unpreventable, with work needed ongoing to develop the conversations, flexibilities where they exist and pragmatism to deal with such eventualities. The possibility of fragmented legacy accounts also requires analysis and conclusions to be presented at the relevant time.
31. It is also noted that Councils upon whom the duty to implement CJC legislation falls, also need to report progress, current status and next steps on this matter into their individual decision-making processes. This report and the approach suggested, now provides the means for constituent CCR Councils to do this.

Financial Implications

32. The report considers the approach to the transition of the Current Joint Committee to a new Corporate Joint Committee entity for the South East Wales Region. Enabling legislation is in place which has created the new Corporate Joint Committee with its associated powers and functions continuing to be the subject of detailed regulations determined by Welsh Government to support the operationalising of the entity.
33. The report recommends the implementation of a 'bare minimum' interim solution, until a lift and shift of existing CCR activities can take place and following resolution of issues identified in this report. Movement to a bare minimum will require the establishment of practical arrangements in respect of the CJC's basic infrastructure as a separate legal entity – accounting & reporting requirements, bank account, VAT registration, minimum insurances, etc. It will also include appointment of key officers such as Responsible Finance Officer with the approach to remuneration etc. being the subject of a future report. Corporate Joint Committees have the same financial reporting and disclosure requirements as existing local authorities, including compliance with relevant codes of practice where deemed to be relevant. A bare minimum approach to the CJC will need to consider and work with partners such as Welsh Government and Audit Wales at an early stage to determine approach to compliance in a proportionate way.
34. It should be noted that regulations require the CJC to determine a capital and revenue budget by 31 January 2022. This is for the 2021/22 and 2022/23 financial year. It is proposed that any budget set will be on a bare minimum basis and will be a minimal nominal budget.
35. This is to be the subject of a future report to CCRC Regional Cabinet and similar approval by the CJC in accordance with the deadlines.
36. Where activities are undertaken within the scope of the Corporate Joint Committee, the expenditure and income of these activities will need to be costed and identified as part of CJC budget proposals by 31 January 2022 and annually thereafter. This is to include:
 - Where there are increases or reductions in budgetary requirements from local authorities
 - Whether additional activities are to be paid for as part of grant support from Welsh Government and or other grant funding providers
 - Where additional costs are to be met from within existing budgets

- Where there are commitments to support credit arrangements or similar liabilities arising as part of approved investment plans
37. This should be considered for revenue costs as well as the approach in respect to the servicing costs of any liabilities undertaken for capital expenditure and the operating costs of any financial or physical assets. This will need to be considered as part of the annual budget setting process for the Corporate Joint Committee for inclusion in respective Local Authority budgets.
 38. This report will also need to include the basis on which any budget requirement, not funded by external grant or similar, is to be met by CJC Constituent Councils and the Brecon Beacons National Park Authority where relevant.
 39. It should be noted that in accordance with the regulations establishing CJCs, the budget must be agreed on a unanimous basis by constituent Councils of the CJC, with Welsh Government determining contributions in any scenario where a budget cannot be agreed. Any assets or liabilities entered into by the CJC are the liabilities of the constituent Councils and will need to be included as part of the budget setting processes of respective local authorities.
 40. The current Joint Working Arrangement and the principles of the financial model in respect to delivery of City Deal activities set out Local Authority Contributions towards the Wider Investment Fund. The establishment of the bare minimum Corporate Joint Committee does not change the quantum of the already agreed financial obligations of each authority in respect to the Wider Investment Fund.

Legal Implications

41. The constituent local authorities are obliged to comply with the Regulations surrounding CJC's. Enacting the 'bare minimum' model which comprises the actions listed in paragraph 15 of this report is sufficient to ensure that members and their authorities comply with their statutory duty and are not acting unlawfully.

Well-being of Future Generations

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

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

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

31. 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.

RECOMMENDATIONS

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

- (1) notes the contents of this report and the realisation of risks and issues that now prevent full implementation of the chosen Governance and Delivery option to 'Lift and Shift' on the previously proposed timescale; and the revised arrangements to be reported through CCR's ten constituent local authorities, along with draft CJC Standing Orders;
- (2) approves the re-direction and re-purposing of the principles contained in the report of 20 September 2022 and agrees the implementation of the 'bare minimum' interim solution set out in the report, allowing CCR to be compliant with the CJC legislation, until such time transition via 'lift and shift' can be resurrected and in tandem with outstanding issues being resolved.

- (3) approves re-setting of the critical path in relation the tasks and activities which will need to be undertaken in the run-up to budget setting before 31 January 2022 and resolves to stand down the Transition Board in this period;
- (4) agrees to ask the Welsh Government to amend the regulations to change the date on which immediate duties commence under the Regulations from 28 February 2022 to 30 June 2022; and,
- (5) notes the work ongoing to resolve the remaining issues and the position of WG and Audit Wales in supporting this approach, as well as being mindful of the risks and issues, which require constant attention and mitigation wherever possible.

Kellie Beirne
Director, Cardiff Capital Region
13 December 2021

Appendices

- Appendix 1 Draft CJC Standing Orders
- Appendix 2 Well-being of Future Generations Assessment

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CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

13 January 2022

SUPPORTING ENTERPRISE & BUSINESS GROWTH

REPORT OF HEAD OF BUSINESS AND INCLUSIVE GROWTH AND CHALLENGE FUND LEAD

1 PURPOSE OF THE REPORT

- 1.1 To provide The JOSOC with an overview of activity to support enterprise and business growth specifically through the lens of the City Deal and the foundational economy; Well-being of Future Generations; placed based strategies; economic Inclusion; Anti-poverty; Valleys Regional Park; Valleys Task force; Mutual / Co-ops and Shared prosperity.

2 BACKGROUND

- 2.1 One of the main drivers of City Deal activity is to ensure that an inclusive approach to investments is made across the region. The aim of which is to drive up prosperity in locations which have historically been exposed to deprivation, outward migration and a lack of opportunity. Whilst placed based interventions such as Valleys Task Force focus efforts across a specified geography, this doesn't always reflect the more ingrained concerns of economic inclusion across the Region, as many of our least prosperous areas can be overshadowed through macro-economics as evidenced through the UK Competitiveness Index.
- 2.2 The UK Competitiveness Index provides a good evidence base as to how Regional prosperity can easily overshadow local economies. The UKCI provides a benchmarking of the competitiveness of the UK's localities and it has been designed to be an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. 2021 evidence suggests that the Regions such as Wales, having relatively more competitive localities generally centred around their main urban areas, such as Cardiff, which overshadows our least competitive local authorities in Blaenau Gwent & Merthyr. A link to the full report can be found in the appendices E.

- 2.3 **Placed based Strategies** – the starting point for CCR’s place-based approach is the Investment Framework. This has had two key elements. The first has been to ensure all areas of the regions can access funds to fulfil priority ‘basic needs’. As a result, programmes such as Metro Plus, the Housing Viability Gap Fund, Challenge Fund, ULEV, strategic sites and premises and on the horizon, digital connectivity – offer opportunities for every area to invest in upgrading its infrastructure. The second part of the approach is then to allow the remainder of the investment fund to be targeted at market-driven investments such as R&D growth, clusters and innovation proposals. Even whilst this is ‘market-led’ it is still the job of the CCR team to ensure distribution of impact through interventions around supply chain development (good examples with CS Cluster); skills (Venture Graduate, Cyber Masters and Shared Apprenticeships) and ensuring the benefits of R&D investment can be felt more widely (Strength in Places programmes up and running for both CS Connected and Media Cymru).
- 2.4 The Valleys Regional Park (VRP) and Valleys Task Force (VTF) are both initiatives that have been created to focus activity and additional resource across the geography where it has been recognised that enhanced focus is needed to instigate change (VRP report in Appendix D) . As the programmes have evolved various components of best practice have emerged and are being developed with the assistance of the City Deal team. This includes the emergence of a Northern Valleys (NV) approach which will deliver a more bespoke offer to assist with varying economic challenges the area is exposed to. Examples of this include the development of bespoke NV viability assessment for strategic sites and premiss fund and housing fund. Exploring the continuation and further roll out of Tech Valleys, bespoke business support & engagement models along with a place based approach for Tourism and inward investment.
- 2.5 The recent City Deal investment in Zipworld encapsulates much of the above in terms of a placed based investment opportunity in the foundational economy that creates opportunity and drives forward economic activity for the sub-region.
- 2.6 The CCR Cabinet provides the ‘host’ mechanism for the governance of the Valleys Regional park. To date this has been a successful venture with all Northern Valley authorities receiving funding support from the Programme and the team of enablers and ambassadors assembled. CCR is actively engaged in supporting the Valleys Regional park through its next stage of evolution and developing the appropriate operating model (which is expected to link to the establishment of CJs in Wales), in which top optimise its future reach and impact.

- 2.7 **Shared prosperity** – Whilst the City Deal has not been a direct recipient of Community Renewal Funds (which is a revenue pre-cursor fund the Shared Prosperity Fund – details of which are awaited through the anticipated forthcoming Levelling-up White Paper) through round 1 of submissions. We have strategically endorsed and worked alongside all of our partners to ensure alignment with Regional policy aims and objectives. This is evident through the successful CELT (Connect, Engage, Listen, Transform) submission that was made by the 10 LAs within the Region. As the funding model matures and aims align City Deal can be more instrumental with engagement and the development of regional projects to fill current gaps in service delivery.
- 2.8 **Economic Inclusion** – a key activity of economic inclusion that the city deal has operationalised over the past 18 months is the Venture Graduate offer. Engagement with SME's across the region providing support for growth; succession planning and graduate recruitment has become a key driver for inclusive growth, reducing outward migration whilst retaining our graduates within SE Wales. This coupled with additional investments with innovate UK and exploratory work around apprenticeships will provide the foundations for CCR to be an inclusive region ready for future inward investment. CCR has also invested in early piloting of a Cyber Masters scheme in conjunction with PWC and Cardiff University. The key feature of the scheme and the bursary available is one of 'widening access' with the course actively recruiting people from more diverse backgrounds and so supporting the ESG and ED&I agendas. In addition, Regional cabinet has recently approved investment in developing a Shared Apprenticeship scheme for the region. This is predicated on Aspire being one of the key delivery agents for the scheme and building upon the success of the programme run in Blaenau Gwent and Merthyr.
- 2.9 **Well-being of Future Generations** Regional Cabinet has adopted and endorsed the principles of the WFGA through taking account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet:
- 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.
- 2.10 A copy of WFG considerations that the City Deal evaluates prior to all decisions is attached in appendix A. Through evolution to the new Corporate

Joint Committee for SE Wales, full duties in respect of sustainable development and the Wellbeing of Future Generations will apply to the CCR. In addition, work is underway through the development of a new Policy and Economic Intelligence sub-committee of the Regional Economic Growth Partnership, to scope the basis of a range of alternative metrics and measures that will focus on wellbeing economics. The new Enterprise Risk Policy for CCR also approved by Regional Cabinet in November 2021, sets out tolerance levels in respect of critical factors for investment decisions. This places a much stronger focus on ED&I and ensuring that principles of Fair Work and a commitment to working to the Real Living Wage are enshrined in our approach to investment.

2.11 Challenge Fund The CCR £10m Challenge Fund aimed at re-building local wealth through bringing innovative solutions to tackling some of the CCR's most urgent societal problems is now in delivery phase (report link appendix B). Working in partnership with Cardiff University and Y Lab, the fund invites our public sector bodies to develop challenges and connect with organisations that are able to provide innovative solutions to the challenges identified. This approach aims to draw on the region's creativity and ingenuity and bring together the public and private sector in order to deliver novel solutions, where no commercial solution currently exists, and to provide a route to market for the solution. Notable updates include:

- Delivery of the first CCR challenge in collaboration with Cardiff and Vale Health Board and Welsh Government, focussed on prototyping and commercialising innovation in simulation technologies for tracheostomies.
- £3.15m commitment in December 2021 to support two further challenges: in health service innovation, and regional food security /sustainable agriculture.
- Commissioned expert support from the Knowledge Transfer Network (KTN) to deliver 4 LEV fleet and infrastructure challenges in partnership with Local Authorities.
- Opportunities for businesses in the region to pitch solutions and competitively bid for contracts in 2022.
- Working with partners to develop future challenges in the areas of Social Care Innovation, Circular economy and Regeneration.

2.12 Foundation Economy The example above of the Local Wealth Building Challenge Funding is explicit in its focus on local wealth building – a core theme and element of the Foundational Economy. similarly, aforementioned

investments such as Zipworld are specifically focussed on developing the Foundational Economy with wider activity to support better jobs closer to home and incentives to engage local communities in the experience, as well as in developing wider scope for adventure tourism and related food, drink and hospitality.

- 2.13** All investments made through the City Deal initiative have consideration of the broader supply chain and wider eco-system within which it operates. The development of these relationships and structures is fundamental to the core principles of the success of programmes such as Strength in Places which aim to engender a cluster approach to supporting industry requirements. An emerging factor underpinning sector success has been access to the right type of skills within the foundation economy to provide the firm foundations from which all sectors can grow. Bringing elements of digitisation and automation into the future approach will be key to the ongoing development and evolution of the foundational economy and developing links with rapidly emerging knowledge economy. Various initiatives are being developed and endorsed to assist with up-skilling, making use of transferable skills, introducing relevant qualifications along with consideration to the real living wage being the acceptable minimum.

3 RECOMMENDATIONS

It is recommended that Members:-

- 3.1 Note the contents of the report and associated presentations and seek further information as relevant on the projects and investments set out.

4. BACKGROUND DOCUMENTS

The following reports can be accessed by clicking on the links below:

Appendix A: Well-being & Future Generations Assessment

Appendix B: Challenge Fund Report [item-5-challenge-fund.pdf \(cardiffcapitalregion.wales\)](#)

Appendix C: Graduate Report [item-6a-graduate-scheme-excl-exempt-appendix-4.pdf \(cardiffcapitalregion.wales\)](#)

Appendix D: Valleys Regional Park Report [item-6-vrp.pdf \(cardiffcapitalregion.wales\)](#)

Appendix E UK Competitiveness Index 2021 [Report \(cforic.org\)](#)

4. EQUALITY AND DIVERSITY IMPLICATIONS

4.1 There are no Equality and Diversity implications arising from this report and no Equality Impact Assessment is deemed necessary for the purposes of this report.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications in relation to this report

6. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

6.1 There are no Legal Implications in relation to this report

Future Generations Assessment Evaluation

(includes Equalities and Sustainability Impact Assessments)

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Name of the Officer completing the evaluation: Phone no: E-mail:	Please give a brief description of the aims of the proposal
Proposal:	Date Future Generations Evaluation form completed:

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		
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)		
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood		





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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		
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing		
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		

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future <small>Long Term</small>		

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>Collaboration Working together with other partners to deliver objectives</p>		
 <p>Involvement Involving those with an interest and seeking their views</p>		
 <p>Prevention Putting resources into preventing problems occurring or getting worse</p>		
 <p>Integration Considering impact on all wellbeing goals together and on other bodies</p>		

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

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

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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			
Corporate Parenting			

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

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

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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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