

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

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

**Agenda**

1. Welcome and Apologies
2. Declarations of Interest
3. Minutes of the meetings held on 9 March and 4 May 2020 Attached
4. Joint Committee Revenue Budget Final Outturn Position Attached
5. 2019/20 Annual Business Plan Quarter 4 Performance Report Attached
6. Gateway Review – One Year Out Report: Risks & Issues Attached
7. A Framework for Regional Investment in Wales – Securing Wales’ Future Attached
8. CCR Priorities for Addressing Economic Impact of COVID-19 and Beyond Attached
9. Reports of Investment Panel
  - a) Recommendation Logs and Projects Update Attached
  - b) EXEMPT Confidential Proposal – FBC COVID-19 Plasma Technology  
*This report is exempt from publication because it contains such information as described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of sections 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*
10. EXEMPT CSC Foundry Limited – Annual Update Report  
*This report is exempt from publication because it contains such information as described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of sections 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*
11. Wales Audit Office Annual Audit Plan 2019/20 Attached

**Kellie Beirne  
CCR Director  
18 May 2020**

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

2.00-4.00pm Ddydd Iau 18 Mai 2020  
Cyfarfod o Bell yn defnyddio Microsoft Teams

**Agenda**

1. Croeso ac Ymddiheuriadau
2. Datgan Buddiannau
3. Cofnodion y cyfarfod a gynhaliwyd ar 9 Mawrth a 4 Mai 2020 Atodedig
4. Sefyllfa Alldro Terfynol Cyllideb Refeniw'r Cydbwyllgor Atodedig
5. Cynllun Busnes Blynyddol 2019-20 Adroddiad Perfformiad Chwarter 4 Atodedig
6. Adolygiad Gateway – Adroddiad Un Flwyddyn Allan: Risgiau a Phroblemau Atodedig
7. Fframwaith ar gyfer Buddsoddi Rhanbarthol yng Nghymru – Sicrhau Dyfodol Cymru Atodedig
8. Blaenoriaethau Prifddinas-Ranbarth Caerdydd ar gyfer Mynd i'r Afael ag Effaith Economaidd COVID-19 a Thu Hwnt Atodedig
9. Adroddiad Panel Buddsoddi P-RC
  - a) Cofnodion Argymell a Diweddariad Projectau Atodedig
  - b) WEDI'I EITHRIO Cynnig Cyfrinachol – Achos Busnes Llawn Technoleg Plasma COVID-19  

*Mae'r adroddiad hwn wedi'i eithrio rhag cael ei gyhoeddi oherwydd ei fod yn cynnwys gwybodaeth o'r fath a ddisgrifir ym mharagraffau 14 (gwybodaeth yn ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*
10. WEDI'I EITHRIO Datganiad Cyfrifon IQE 19/20, Cynllun Busnes Blynyddol a Chais Gohirio Rhent  

*Mae'r adroddiad hwn wedi'i eithrio rhag cael ei gyhoeddi oherwydd ei fod yn cynnwys gwybodaeth o'r fath a ddisgrifir ym mharagraffau 14 (gwybodaeth yn ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.*
11. Cynllun Archwilio Bargen Ddinesig SAC Prifddinas-Ranbarth Caerdydd Atodedig



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

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

### **Minutes**

#### **Present**

##### **Leaders and Chief Executives**

Cllr Nigel Daniels	Leader	Blaenau Gwent CBC
Michelle Morris	Chief Executive	Blaenau Gwent CBC
Cllr Huw David	Leader	Bridgend CBC
Mark Shephard	Chief Executive	Bridgend CBC
Cllr Philippa Marsden	Leader	Caerphilly CBC
Christina Harrhy	Chief Executive	Caerphilly CBC
Cllr Huw Thomas	Leader	Cardiff Council
Neil Hanratty	Director Economic Development	Cardiff Council
Cllr Kevin O'Neill	Leader	Merthyr Tydfil CBC
Ellis Cooper	Chief Executive	Merthyr Tydfil CBC
Cllr Peter Fox	Leader	Monmouthshire CC
Paul Matthews	Chief Executive	Monmouthshire CC
Cllr Jane Mudd	Leader	Newport CC
Sheila Davies	Interim Chief Executive	Newport CC
Cllr Andrew Morgan (Chair)	Leader	Rhondda Cynon Taf CBC
Chris Bradshaw	Chief Executive	Rhondda Cynon Taf CBC
Cllr Anthony Hunt	Leader	Torfaen CBC
Alison Ward	Chief Executive	Torfaen CBC
Cllr Neil Moore	Leader	Vale of Glamorgan Council
Rob Thomas	Chief Executive	Vale of Glamorgan Council

##### **Officers**

Gareth Gates	Accountant	Accountable Body
Anil Hirani	Accountancy Manager	Accountable Body
Christopher Lee	Section 151 Officer	Accountable Body
Jenna Walters	Solicitor	Accountable Body
Jon Day	Economic Development	Cardiff Council
Kellie Beirne	Director	City Deal Office
Rhys Thomas	Chief Operating Officer	City Deal Office
Nicola Somerville	Head of Inclusive Growth & Business Development	City Deal Office
Robert O'Dwyer	Head of Infrastructure	City Deal Office
Hrjinder Singh	Head of Finance, Risk & Assurance	City Deal Office

Suzanne Chesterton	Marketing & Communications Lead	City Deal Office
Nathan Llewellyn	Marketing & Communications Officer	City Deal Office
Nicola Butler	Business Development & Partnership Officer	City Deal Office
Liz Fitzgerald	Business Development & Partnership Officer	City Deal Office
<b>Guests and Observers</b>		
David Pendlebury	Manager, Deal Advisory Infrastructure Advisory Group	KPMG
Ffion Pocock	Senior Account Manager	Effective
Sara-Jane Byrne	Audit Manager	Wales Audit Office
Jenna Dillon	South East Regional Team	Welsh Government
<b>Apologies</b>		
Paul Orders	Chief Executive	Cardiff Council

## ACTION

### 1. Welcome and Apologies

Cllr Morgan opened the meeting and apologies were noted.

### 2. Declarations of Interest

Cllr Fox and Paul Matthews declared an interest in respect of Item 6c as officers of Monmouthshire CC.

### 3. Minutes of the meeting held on 19 December 2019

The minutes of the meeting held on 19 December were approved.

### 4. 2019/20 Month 10 Joint Committee Revenue Budget Monitoring Position

- 1) Christopher Lee presented the report.
- 2) Cllr Thomas asked for an update on staffing; Kellie Beirne advised that 10 posts had been appointed but another two posts may be required; Kellie was liaising with Accountable Body HR and Legal officers in terms of stabilising the current staffing levels.

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

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

**5. 2019/20 Annual Business Plan Quarter 3 Performance Report**

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

- 1) Kellie introduced the report and highlighted three points:
  - (1) processes were working well alongside the new investment tracker and investment framework. Kellie referred to paragraph 9 which set out wider CCR team activity;
  - (2) Kellie thanked Bridgend CBC for overseeing the CCR scrutiny processes for the previous two years. Following a request for Expressions of Interest, Rhondda Cynon Taf CBC had responded;
  - (3) the CCR Investment Panel were meeting regularly. Rob Thomas had stepped down and Chris Bradshaw would be taking his place.
- 2) Cllr Fox acknowledged the pressures on the CCR Team.
- 3) Cllr Marsden enquired as to the impact of MIPIM. The event had currently been rescheduled to 2-5 June but attendance would be informed by next steps on the coronavirus.
- 4) Cllr Morgan asked for nominations to take his place as Chair of the CCR Regional Cabinet as his tenure ended at the end of the month.

**Leaders**

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

- a) noted the overall progress at Quarter 3 2019/20, including the budget position reported at Appendix;
- b) approved the Quarter 3 performance report and authorise the Director of the Cardiff Capital Region City Deal to formally submit the report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet;
- c) approved that Rhondda Cynon Taf County Borough Council becomes the lead for scrutiny support and administration of the CCR Scrutiny Committee for a two year period at a cost of £25,000 per annum to be met from the City Deal office budget;
- d) noted the change in regards to Investment Panel and the Chief Executive of Rhondda Cynon Taf County Borough Council now becoming a member;

e) noted the Forward Planner contained at Appendix 6.

## 6. Investment Framework Reports & Recommendations of Investment Panel

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

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

- 1) Kellie introduced the rationale behind the engagement process and the applications received.
- 2) A lack of statistics that could be communicated across all the local authorities was noted. It was agreed that a short list of bullet points should be provided as regular updates alongside the CCR page on Business News Wales (<https://businessnewswales.com/cardiff-capital-region/>). A discussion was held around the importance of communicating achievements and relevance across the region. **KB**
- 3) It was agreed that Cllr O'Neill and Cllr Daniels would provide a communications update at the next briefing session as portfolio leads for this topic. **KB**

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

- a) noted and approved the proposed CCR City Deal Future Ready Skills Framework;
- b) approved the recommendations of Investment Panel, as endorsed by both Regional Economic Growth Partnership and Programme Board, to agree the Full Business Case for scale-up of the CCR Graduate Scheme, subject to the suggestions set out above regarding review points, progressing the digital platform and new opportunities to drive ambition as well as leverage the expertise of the REGP in driving this forward;
- c) approved costs of £1.538m over a four year period commencing April 2020 in respect of this proposal which relate to establishing an expanded team structure and investment in key areas which reflect the evidence based findings of the Nesta review and ensure the scheme will be fit for future. This will be funded via the revenue component of the Wider Investment Fund;

## ACTION

- d) noted the potential outcomes associated with scaling-up the Graduate Scheme in respect of job placements, private leverage and other added value benefits;
  - e) agreed to receive future reports in respect of the Future Ready Skills Framework in relation to a Shared Apprenticeship Scheme and a programme to co-ordinate and align schools-based Learner-Employer interaction;
  - f) agreed to receive annual reports via the Investment Panel in relation to monitoring and evaluation.
- b) Homes for all the Region – Full Business Case For a CCR Housing Investment Fund
- Appendices 1a, 1b, 2 and 3 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 1) Kellie introduced the report which had been endorsed by the CCR Investment Panel.
  - 2) Cllr Mudd congratulated the team on the work completed.

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

- a) approved 'Homes for the Region' and the FBC for the establishment and operation of a CCR Housing Investment Fund, which shall be structured in two parts: a Viability Gap Fund and a SME Finance Fund (in accordance with the terms of the FBC);
- b) approved, on account of the evidence presented in the FBC, increasing the fund envelope to £45m (£30m CCR and £15m WG) noting the potential to seek further co-investment as the scheme progresses;
- c) in respect of the principal Viability Gap Fund, approved the set-up of a £35m capital housing fund, along with the revenue resources as set-out in Confidential Appendix 3 to facilitate scheme operationalisation through a third party technical panel and co-ordinator and for which procurement is currently underway and to provide match funding to support to Local Authorities through Phase A and Phase B stages of the process (as detailed in the FBC);
- d) noted the timescales in respect of fund launches and the process that will need to be concluded to operationalise the fund, with the

## ACTION

proposed prioritised list of sites being brought back to Regional Cabinet for consideration and approval;

- e) approved the decision to nominate Cardiff Council as the Accountable Body for the Fund and, if approved, delegate authority to the City Deal Director (in consultation with the Chair/Vice Chairs of the Regional Cabinet, the Section 151 Officer and Monitoring Officer for the CCR Regional Cabinet) to put in place a suitable 'back-to-back' funding agreement (principally in the form of the Overarching Funding Agreement agreed for the IIF) to recognise that Cardiff Council is acting for and on behalf of itself and the other LA partners and shall not assume any additional liability or be placed in any worse position by virtue of accepting this role (noting point (f) below); and approve entry by the Councils into such agreement;
- f) noted that details of the final Welsh Government Funding Terms & Conditions are yet to be received and agree to delegate authority to the City Deal Director in consultation with the Chair/Vice Chairs of the CCR Regional Cabinet, the Joint Committee's Section 151 and Monitoring Officers to review and accept these, in conjunction with these being acceptable to Cardiff Council;
- g) noted that appropriate monitoring and evaluation arrangements will be put in place, which amongst other matters will include annual reports to Regional Cabinet, through the advice/ auspices of Investment Panel;
- h) in respect of the SME Finance Fund:
  - I. approved a £10m capital fund along with revenue resources as set-out in Confidential Appendix 3 (in respect of Recommendation hII below);
  - II. agreed to delegate authority to the City Deal Director in consultation with the Chair/Vice Chairs of the CCR Regional Cabinet, the Section 151 and Monitoring Officers of the CCR Regional Cabinet to commence the detailed preparation for the commissioning of a FCA Regulated Fund Manager and once complete, the final stages of the SME Finance Fund business case can be concluded and reported back to Regional Cabinet for consideration and approval.
- c) Cardiff Capital Region Digital Infrastructure Framework and Strategic Outline Cases for Fibre Provision Programme & Wales 5G Programme



## ACTION

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

- 1) Rhys Thomas introduced the report and noted that the project was supported by Welsh Government.
- 2) The Board discussed issues around the report; Cllr Morgan advised that these discussions were *in camera* due to commercial sensitivity.

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

- (1) approved the Digital Infrastructure Framework drawn up as a means of positioning and aligning priority digital interventions and activities required in the Cardiff Capital Region;
  - (2) endorsed the recommendation of Investment Panel that the Strategic Outline Case for the Fibre to the Premise proposal is approved and £35,000 of funds from the Programme Development Budget is released to support early stage due diligence;
  - (3) endorsed the recommendation of Investment Panel that the Strategic Outline Case for the Wales 5G Programme and release of up to £150k of funds from WIF Top Slice to advance and shape the proposal and fully secure and leverage the DCMS and partner investment potential of £31m;
  - (4) noted and supported the ongoing discussions with Welsh Government regarding collaboration;
  - (5) noted the compatibility of other related proposals which are currently in the very early stages of the Investment Framework process;
  - (6) noted and supported the current position of the LFFN DCMS project.
- d) Strategic Framework for Medical Devices and Diagnostics and Strategic Outline Case for Life Sciences Park, Lower Taf Valley

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

outweighs the public interest in disclosing the information

- 1) Rhys Thomas introduced the report.
- 2) The Board discussed issues around the report; Cllr Morgan advised that these discussions were *in camera* due to commercial sensitivity.
- 3) Cllr Morgan requested that investment policy documents were included with reports to CCR Regional Cabinet to ensure that external organisations that the CCR may work with were aligned with the region's ethical policies.

KB

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

- a) noted and endorsed the Strategic Framework for Medical Devices and Diagnostics which provides context to, and a set of priorities against which to position future interventions and investment proposals; and,
- b) approved the recommendation made by Investment Panel that the Strategic Outline Case is approved and £30,000 released from the Programme Development Budget to support the immediate commissioning of demand analysis/ initial due diligence
- c) approved to receive a further report, setting out findings and any proposed next steps of the business case development process, once Investment Panel has had opportunity to consider output
- e) Metro Central – Technical Works Report

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

- 1) Kellie introduced the report. Cllr David supported Kellie's statement and emphasised the need for future-proofing the project.

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

- a) noted the revised governance arrangements, as outlined above and inclusion of the CCRCD Director as a member of the Metro Central Delivery Partnership;
- b) noted the commissioning by the scheme proposers, Transport for Wales and Welsh Government of a programme-level Full

## **ACTION**

Business Case that responds in full to City Deal Requirements;

- c) gave full consideration of the programme contribution to the Cardiff Capital Region City Deal project objectives of jobs created, GVA uplift and private sector leverage and returns on investment;
- d) noted receipt of bi-annual updates from the MCDP to the Regional Transport Authority and Investment Panel in respect of costs, procurement processes, delivery updates and periodic progress with programme development as a whole. This should include all finalisation of GRIP and WeITAG processes.

### **Additional Note**

Cllr Morgan announced this would be his last meeting as the Chair of the CCR Regional Cabinet. He thanked colleagues for their support.

Cllr Fox acknowledged the achievements of the CCR Regional Cabinet under Cllr Morgan's chairmanship. Cllr Thomas seconded Cllr Fox's comments and noted the variety of issues that the CCR Regional Cabinet had been faced with during Cllr Morgan's tenure as Chair.



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

10.30am-12.30pm ddydd Llun 9 Mawrth 2020

ICC Casnewydd, Y Coldra, Catsash Road, Caerllion, Casnewydd NP18 1HQ

### **Cofnodion**

#### **Presennol**

##### **Arweinwyr a Phrif Weithredwyr**

Y Cyngorydd Nigel Daniels	Arweinydd	CBS Blaenau Gwent
Michelle Morris	Prif Weithredwr	CBS Blaenau Gwent
Y Cyngorydd Huw David	Arweinydd	CBS Pen-y-bont ar Ogwr
Mark Shephard	Prif Weithredwr	CBS Pen-y-bont ar Ogwr
Y Cyngorydd Philippa Marsden	Arweinydd	CBS Caerffili
Christina Harrhy	Prif Weithredwr	CBS Caerffili
Y Cyngorydd Huw Thomas	Arweinydd	Cyngor Caerdydd
Neil Hanratty	Cyfarwyddwr Datblygu Economaidd	Cyngor Caerdydd
Y Cyngorydd Kevin O'Neill	Arweinydd	CBS Merthyr Tudful
Ellis Cooper	Prif Weithredwr	CBS Merthyr Tudful
Y Cyngorydd Peter Fox	Arweinydd	CS Sir Fynwy
Paul Matthews	Prif Weithredwr	CS Sir Fynwy
Y Cyngorydd Jane Mudd	Arweinydd	CS Casnewydd
Sheila Davies	Prif Weithredwr Dros Dro	CS Casnewydd
Y Cyngorydd Andrew Morgan (Cadeirydd)	Arweinydd	CBS Rhondda Cynon Taf
Chris Bradshaw	Prif Weithredwr	CBS Rhondda Cynon Taf
Y Cyngorydd Anthony Hunt	Arweinydd	CBS Torfaen
Alison Ward	Prif Weithredwr	CBS Torfaen
Y Cyngorydd Neil Moore	Arweinydd	Cyngor Bro Morgannwg
Rob Thomas	Prif Weithredwr	Cyngor Bro Morgannwg

##### **Swyddogion**

Gareth Gates	Cyfrifydd	Corff Atebol
Anil Hirani	Rheolwr Cyfrifeg	Corff Atebol
Christopher Lee	Swyddog Adran 151	Corff Atebol
Jenna Walters	Cyfreithiwr	Corff Atebol
Jon Day	Datblygu Economaidd	Cyngor Caerdydd
Kellie Beirne	Cyfarwyddwr	Swyddfa'r Fargen Ddinesig
Rhys Thomas	Prif Swyddog Gweithredol	Swyddfa'r Fargen Ddinesig
Nicola Somerville	Pennaeth Twf Cynhwysol a Datblygu Busnes	Swyddfa'r Fargen Ddinesig
Robert O'Dwyer	Pennaeth Seilwaith	Swyddfa'r Fargen Ddinesig

Hrjinder Singh	Pennaeth Cyllid, Risg a Sicrwydd	Swyddfa'r Fargen Ddinesig
Suzanne Chesterton	Arweinydd Marchnata a Chyfathrebu	Swyddfa'r Fargen Ddinesig
Nathan Llewellyn	Swyddog Marchnata a Chyfathrebu	Swyddfa'r Fargen Ddinesig
Nicola Butler	Swyddog Datblygu Busnes a Phartneriaethau	Swyddfa'r Fargen Ddinesig
Liz Fitzgerald	Swyddog Datblygu Busnes a Phartneriaethau	Swyddfa'r Fargen Ddinesig

### **Gwesteion ac Arsylwyr**

David Pendlebury	Rheolwr, Grŵp Cyngori Seilwaith Ymgynghorol y Fargen	KPMG
Ffion Pocock	Uwch Reolwr Cyfrifeg	Effective
Sara-Jane Byrne	Rheolwr Archwilio	Swyddfa Archwilio Cymru
Jenna Dillon	Tîm Rhanbarthol y Deddwyrain	Llywodraeth Cymru

### **Ymddiheuriadau**

Paul Orders	Prif Weithredwr	Cyngor Caerdydd
-------------	-----------------	-----------------

**CAM  
GWEITH  
REDU**

## **1. Croeso ac Ymddiheuriadau**

Agorodd y Cynghorydd Morgan y cyfarfod a nodwyd yr ymddiheuriadau.

## **2. Datgan Buddiannau**

Datganwyd buddiannau gan y Cynghorydd Fox a Paul Matthews mewn perthynas ag Eitem 6c a hwythau'n swyddogion Cyngor Sir Fynwy.

## **3. Cofnodion y cyfarfod a gynhaliwyd ar 19 Rhagfyr 2019**

Cytunwyd ar gofnodion y cyfarfod a gynhaliwyd ar 19 Rhagfyr.

## **4. Sefyllfa Monitro Cyllideb Refeniw y Cydbwyllgor Mis 10 2019/20**

- 1) Cyflwynodd Christopher Lee yr adroddiad.
- 2) Gofynnodd y Cynghorydd Thomas am y wybodaeth ddiweddaraf am staffio; dywedodd Kellie Beirne fod 10 swydd wedi cael eu llenwi ond efallai y byddai angen dwy swydd arall. Roedd Kellie yn cydgysylltu â swyddogion Adnoddau Dynol a Chyfreithiol y Corff Atebol o ran

sefydlogi'r lefelau staffio presennol.

**PENDERFYNODD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:

- a) nodi'r gwir wariant, incwm a'r sefyllfa alldro blwyddyn lawn a ragwelir ar 31 Ionawr 2020 (Mis 10) yn erbyn ei Gyllideb Refeniw gymeradwy ar gyfer 2019/20.

**5. Cynllun Busnes Blynnyddol 2019/20 – Adroddiad Perfformiad Chwarter 3**

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

- 1) Cyflwynodd Kellie'r adroddiad a thynnodd sylw at dri phwynt:
  - (1) Roedd y prosesau'n gweithio'n dda law yn llaw â'r traciwr buddsoddi a'r fframwaith buddsoddi newydd. Cyfeiriodd Kellie at baragraff 9 sy'n nodi gweithgarwch ehangach tîm Prifddinas-ranbarth Caerdydd;
  - (2) Diolchodd Kellie i CBS Pen-y-bont ar Ogwr am oruchwylio prosesau craffu Prifddinas-ranbarth Caerdydd ar gyfer y ddwy flynedd flaenorol. Yn dilyn cais am ddatganiadau o ddiddordeb, roedd CBS Rhondda Cynon Taf wedi ymateb;
  - (3) Roedd panel buddsoddi Prifddinas-ranbarth Caerdydd yn cyfarfod yn rheolaidd. Roedd Rob Thomas wedi ymddiswyddo a byddai Chris Bradshaw yn cymryd ei le.
- 2) Cydnabu'r cynghorydd Fox y pwysau sydd ar dîm Prifddinas-ranbarth Caerdydd.
- 3) Holodd y Cynghorydd Marsden ynghylch effaith MIPIM. Roedd y digwyddiad wedi'i aildrefnu ar hyn o bryd i 2-5 Mehefin ond byddai presenoldeb yn dibynnu ar y camau nesaf a gymerir yn argyfwng y coronafeirws.
- 4) Gofynnodd y Cynghorydd Morgan am enwebiadau i gymryd ei le fel Cadeirydd Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd wrth i'w ddeiliadaeth ddod i ben ar ddiwedd y mis.

**Arweinw  
yr**

**PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:

- a) nodi'r cynnydd cyffredinol yn Chwarter 3 2019/20, gan gynnwys sefyllfa'r gyllideb a adroddwyd yn yr Atodiad;

- b) cymeradwyo adroddiad perfformiad Chwarter 3 ac awdurdodi Cyfarwyddwr Bargen Ddinesig Prifddinas-Ranbarth Caerdydd i gyflwyno'r adroddiad yn ffurfiol, gan gynnwys gwybodaeth ategol i lywodraethau'r DU a Chymru, ac i randdeiliaid eraill yn ôl yr angen, ar ran y Cabinet Rhanbarthol;
- c) cymeradwyo bod Cyngor Bwrdeistref Sirol Rhondda Cynon Taf yn arwain o ran cymorth craffu a gweinyddu'r Pwyllgor Craffu Prifddinas-ranbarth Caerdydd am gyfnod o ddwy flynedd ar gost o £25,000 y flwyddyn i'w thalu o gyllideb swyddfa'r Fargen Ddinesig;
- ch) nodi'r newid mewn perthynas â'r Panel Buddsoddi a Phrif Weithredwr Cyngor Bwrdeistref Sirol Rhondda Cynon Taf sydd bellach yn dod yn aelod;
- d) nodi'r Blaengynlluniwr a geir yn Atodiad 6.

**6. Adroddiadau'r Fframwaith Buddsoddi ac Argymhellion y Panel Buddsoddi**

- a) Fframwaith Sgiliau Parod i'r Dyfodol Prifddinas-ranbarth Caerdydd ac Achos Busnes Llawn dros Ehangu'r Cynllun Graddedigion

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

- 1) Cyflwynodd Kellie'r rhesymeg y tu ôl i'r broses ymgysylltu a nododd hi'r ceisiadau a dderbyniwyd.
- 2) Nodwyd diffyg ystadegau y gellid eu cyfleu ar draws yr holl awdurdodau lleol. Cytunwyd y dylid darparu rhestr fer o bwyntiau bwled fel diweddariadau rheolaidd ynghyd â thudalen Prifddinas-ranbarth Caerdydd ar Business News Wales (<https://businessnewswales.com/cardiff-capital-region/>). Cynhaliwyd trafodaeth ynghylch pwysigrwydd cyfleu cyflawniadau a pherthnasedd ar draws y rhanbarth. **KB**
- 3) Cytunwyd y byddai'r Cynghorydd O'Neill a'r Cynghorydd Daniels yn rhoi diweddariad cyfathrebu yn y sesiwn frifio nesaf fel arweinwyr portffolio ar gyfer y pwnc hwn. **KB**

**PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:

- a) nodi a chymeradwyo Fframwaith Sgiliau Parod i'r Dyfodol Bargen Ddinesig arfaethedig Prifddinas-ranbarth Caerdydd;
  - b) cymeradwyo argymhellion y Panel Buddsoddi, fel y'u cadarnhawyd gan y Bartneriaeth Twf Economaidd Rhanbarthol a Bwrdd y Rhaglen, i gytuno ar yr achos busnes llawn ar gyfer ehangu Cynllun Graddedigion Prifddinas-ranbarth Caerdydd, yn amodol ar yr awgrymiadau a nodir uchod ynghylch pwyntiau adolygu, datblygu'r llwyfan digidol a chyfleoedd newydd i sbarduno uchelgais yn ogystal â manteisio ar arbenigedd y PTERh wrth fwrw ymlaen â hyn;
  - c) cymeradwyo costau o £1.538 miliwn dros gyfnod o bedair blynedd gan ddechrau ym mis Ebrill 2020 mewn perthynas â'r cynnig hwn sy'n ymwneud â sefydlu strwythur tîm estynedig a buddsoddiad mewn meysydd allweddol sy'n adlewyrchu canfyddiadau ar sail tystiolaeth adolygiad Nesta a sicrhau y bydd y cynllun yn addas ar gyfer y dyfodol. Caiff hyn ei ariannu trwy gydran referniw'r Gronfa Fuddsoddi Ehangach;
  - ch) nodi'r canlyniadau posibl sy'n gysylltiedig ag ehangu'r Cynllun Graddedigion o ran lleoliadau swyddi, geriad preifat a buddiannau eraill o ran gwerth ychwanegol;
  - d) cytuno i dderbyn adroddiadau yn y dyfodol o ran y Fframwaith Sgiliau Parod i'r Dyfodol mewn perthynas â Chynllun Prentisiaeth ar y Cyd a rhaglen i gydlynu a chysoni'r rhyngweithio rhwng dysgwyr a chyflogwyr mewn ysgolion;
  - dd) cytuno i dderbyn adroddiadau blynyddol trwy'r Panel Buddsoddi mewn perthynas â monitro a gwerthuso.
- b) Cartrefi i bawb yn y Rhanbarth – Achos Busnes Llawn ar gyfer Cronfa Buddsoddi mewn Tai Prifddinas-ranbarth Caerdydd

Mae atodiadau 1a, 1b, 2 a 3 i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.

- 1) Cyflwynodd Kellie'r adroddiad a gymeradwywyd gan Banel Buddsoddi Prifddinas-ranbarth Caerdydd.
- 2) Llongyfarchodd y Cynghorydd Mudd y tîm ar y gwaith a gwblhawyd.

**PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:



- a) gymeradwyo 'Cartrefi i'r Rhanbarth' a'r achos busnes llawn dros sefydlu a gweithredu Cronfa Fuddsoddi Tai Prifddinas-ranbarth Caerdydd, a fydd wedi'i strwythuro mewn dwy ran: Cronfa Bwlch Hyfywedd a Chronfa Cyllid Busnesau Bach a Chanolig (yn unol â thelerau'r Achos Busnes Llawn);
- b) cymeradwyo, ar sail y dystiolaeth a gyflwynwyd yn yr Achos Busnes Llawn, gynyddu amlen y Gronfa i £45m (£30m Prifddinas-ranbarth Caerdydd a £15m LIC) gan nodi'r potensial i geisio cyd-fuddsoddiad ychwanegol wrth i'r cynllun fynd yn ei flaen;
- c) mewn perthynas â'r brif Gronfa Bwlch Hyfywedd, cymeradwywyd sefydlu cronfa tai cyfalaf gwerth £35m, ynghyd â'r adnoddau refeniw fel a nodir yn Atodiad 3 cyfrinachol i hwyluso'r broses o roi'r cynllun ar waith drwy banel technegol a chydlynnydd trydydd parti y mae gwaith caffael yn cael ei wneud ar ei gyfer ar hyn o bryd ac i ddarparu arian cyfatebol i gynorthwyo awdurdodau lleol trwy Gam A a Cham B y broses (fel a nodir yn yr Achos Busnes Llawn);
- ch) nodi'r amserlenni o ran lansio'r gronfa a'r broses y bydd angen ei chwblhau i roi'r gronfa ar waith, gan ddod â'r rhestr arfaethedig o safleoedd wedi'u blaenoriaethu yn ôl i'r Cabinet Rhanbarthol i'w hystyried a'i chymeradwyo;
- d) cymeradwyo'r penderfyniad i enwebu Cyngor Caerdydd fel y corff sy'n atebol am y Gronfa ac, os caiff ei gymeradwyo, dirprwyo awdurdod i Gyfarwyddwr y Fargen Ddinesig (mewn ymgynghoriad â Chadeirydd/Is-gadeiryddion y Cabinet Rhanbarthol, y Swyddog Adran 151 a'r Swyddog Monitro ar gyfer Cabinet Rhanbarthol Prifddinas-ranbarthol Caerdydd) i roi cytundeb ariannu 'cefn wrth gefn' addas (yn bennaf ar ffurf y Cytundeb Cyllid Trosfwaol y cytunwyd arno ar gyfer yr IIF) i gydnabod bod Cyngor Caerdydd yn gweithredu drosto'i hun ac ar ei ran ei hun a phartneriaid eraill yr ALI ac na fydd yn ymgymryd ag unrhyw rwymedigaeth ychwanegol nac yn cael ei roi mewn unrhyw sefyllfa waeth trwy dderbyn y rôl hon (gan nodi pwynt (dd) isod); a chymeradwyo ymrwymiad y cynghorau i gytundeb o'r fath;
- dd) nodi nad yw manylion am delerau ac amodau ariannu terfynol Llywodraeth Cymru wedi'u derbyn eto a chytuno i ddirprwyo awdurdod i Gyfarwyddwr y Fargen Ddinesig mewn ymgynghoriad â Chadeirydd/Is-gadeiryddion Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd, a Swyddogion Adran 151 a Monitro'r Cydbwyllgor i adolygu a derbyn y rhain, ar yr amod eu bod yn

dderbyniol i Gyngor Caerdydd;

- e) nodi y bydd trefniadau monitro a gwerthuso priodol yn cael eu rhoi ar waith a fydd, ymysg materion eraill, yn cynnwys adroddiadau blynyddol i'r Cabinet Rhanbarthol, trwy gyngor/nawdd y Panel Buddsoddi;
  - f) o ran y Gronfa Cyllid Busnesau Bach a Chanolig;
    - I. cymeradwyo cronfa gyfalaf gwerth £10m ynghyd ag adnoddau refeniw fel a nodir yn Atodiad 3 cyfrinachol (mewn perthynas ag Argymhelliad II isod);
    - II. cytuno i ddirprwyo awdurdod i Gyfarwyddwr y Fargen Ddinesig mewn ymgynghoriad â Chadeirydd/Is-gadeiryddion Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd, a Swyddogion Adran 151 a Monitro Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd i ddechrau paratoi'n fanwl ar gyfer comisiynu Rheolwr Cronfa a reoleiddir gan yr FCA ac unwaith y bydd wedi'i gwblhau, gellir cwblhau camau terfynol achos busnes y Gronfa Gyllid i Fusnesau Bach a Chanolig a'u hadrodd yn ôl i'w cymeradwyo.
  - c) Fframwaith Seilwaith Digidol Prifddinas-ranbarth Caerdydd ac Achosion Amlinellol Strategol ar gyfer Rhaglen Darpariaeth Ffeibr a 5G Cymru.

Mae atodiadau 2 (Achos Amlinellol Strategol - Ffeibr Llawn), 3 (Cynllun Ffeibr Llawn), 4 (Log y Panel Buddsoddi) a 5 (Achos Amlinellol Strategol - 5G Cymru) i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.

    - 1) Cyflwynodd Rhys Thomas yr adroddiad gan nodi bod Llywodraeth Cymru yn cefnogi'r project.
    - 2) Trafododd y Bwrdd faterion sy'n ymwneud â'r adroddiad; dywedodd y Cynghorydd Morgan y dylid cynnal y trafodaethau hyn yn y *dirgel* oherwydd sensitifrwydd masnachol.
- PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:
- (1) gymeradwyo'r Fframwaith Seilwaith Digidol a luniwyd fel dull o leoli ac alinio ymyriadau a gweithgareddau digidol â blaenoriaeth sy'n ofynnol ym Mhrifddinas-ranbarth Caerdydd;

- (2) cymeradwyo argymhelliad y Panel Buddsoddi y dylid cymeradwyo'r Achos Amlinellol Strategol ar gyfer y cynnig Ffeibr i'r Adeilad a rhyddhau £35,000 o Gyllideb Ddatblygu'r Rhaglen i gefnogi diwydrwydd dyladwy yn ystod y camau cynnar;
  - (3) cymeradwyo argymhelliad y Panel Buddsoddi y dylai'r Achos Amlinellol Strategol ar gyfer Rhaglen 5G Cymru a rhyddhau hyd at £150k o frig-doriad y Gronfa Buddsoddi Ehangach i ddatblygu a llunio'r cynnig a sicrhau potensial buddsoddiad gwerth £31m gan yr Adran Diwylliant, y Cyfryngau a Chwaraeon a phartneriaid;
  - (4) nodi a chefnogi'r trafodaethau parhaus â Llywodraeth Cymru ynghylch cydweithio;
  - (5) nodi pa mor gydnaws yw cynigion cysylltiedig eraill sydd ar hyn o bryd yng nghamau cynnar iawn y broses o lunio'r Fframwaith Buddsoddi;
  - (6) nodi a chefnogi sefyllfa bresennol project LFFN yr ADCCh.
- d) Fframwaith Strategol ar gyfer Dyfeisiadau Meddygol a Diagnosteg ac Achos Amlinellol Strategol ar gyfer Parc Gwyddorau Bywyd, Cwm Taf Isaf

Mae atodiadau 2 a 3 i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwysu budd y cyhoedd o ran datgelu'r wybodaeth.

- 1) Cyflwynodd Rhys Thomas yr adroddiad.
- 2) Trafododd y Bwrdd faterion sy'n ymwneud â'r adroddiad; dywedodd y Cynghorydd Morgan y dylid cynnal y trafodaethau hyn yn y *dirgel* oherwydd sensitifrwydd masnachol.
- 3) Gofynnodd y Cynghorydd Morgan i ddogfennau polisi buddsoddi gael eu cynnwys gydag adroddiadau i Gabinet Rhanbarthol Prifddinas-ranbarth Caerdydd er mwyn sicrhau bod sefydliadau allanol y gallai Prifddinas-ranbarth Caerdydd weithio gyda nhw yn cyd-fynd â pholisïau moesegol y rhanbarth.

**KB**

**PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:

- a) nodi a chymeradwyo'r Fframwaith Strategol ar gyfer Dyfeisiau Meddygol a Diagnosteg sy'n rhoi cyd-destun a chyfres o

flaenoriaethau i gyflwyno cynigion ar gyfer buddsoddi ac ymyrryd yn y dyfodol; a

- b) cymeradwyo'r argymhelliad a wnaed gan y Panel Buddsoddi i gymeradwyo'r Achos Amlinellol Strategol a rhyddhau £30,000 o Gyllideb Datblygu'r Rhaglen i gefnogi'r broses o gomisiynu dadansoddiad o'r galw yn syth/diwydrwydd dyladwy cychwynnol
- c) cymeradwyo derbyn adroddiad ychwanegol gan nodi'r canfyddiadau ac unrhyw gamau nesaf arfaethedig i'r broses o ddatblygu achos busnes, unwaith y bydd y Panel Buddsoddi wedi cael cyfle i ystyried allbwn.

e) **Metro Canolog – Adroddiad Gwaith Technegol**

Mae atodiadau 2 (Adroddiad Weston Williamson), 3 (Achos Busnes Amlinellol) a 4 (Llythyrau Ymrwymiad Ariannu) i'r adroddiad hwn wedi'u heithrio rhag cael eu cyhoeddi oherwydd eu bod yn cynnwys y fath wybodaeth a ddisgrifir ym mharagraffau 14 (gwybodaeth sy'n ymwneud â materion ariannol neu fusnes unrhyw berson penodol) a 21 (prawf budd y cyhoedd) o rannau 4 a 5 Atodlen 12A i Ddeddf Llywodraeth Leol 1972 ac o dan holl amgylchiadau'r achos, mae budd y cyhoedd o ran cynnal yr eithriad yn gwrthbwyso budd y cyhoedd o ran datgelu'r wybodaeth.

- 1) Cyflwynodd Kellie yr adroddiad. Cafodd datganiad Kellie ei gefnogi gan y Cyngorydd David a bwysleisiodd yr angen i sicrhau hyblygrwydd y project ar gyfer newidiadau'r dyfodol.

**PENDERFYNWYD** i Gyd-gabinet Prifddinas-Ranbarth Caerdydd:

- a) nodi'r trefniadau llywodraethu diwygiedig, fel a amlinellir uchod, a chynnwys Cyfarwyddwr BDdPRC fel aelod o Bartneriaeth Cyflenwi'r Metro Canolog;
- b) nodi bod cynigwyr y cynllun, sef Trafnidiaeth Cymru a Llywodraeth Cymru, wedi comisiynu Achos Busnes Llawn ar lefel rhaglen sy'n diwallu gofynion y Fargen Ddinesig yn llawn;
- c) rhoi ystyriaeth lawn i gyfraniad y rhaglen at amcanion project Bargaen Ddinesig Prifddinas-ranbarth Caerdydd, sef creu swyddi, cynyddu GYC, geriad y sector preifat ac enillion ar fuddsoddiad;
- d) nodi derbyn diweddariadau ddwywaith y flwyddyn gan Bartneriaeth Cyflenwi'r Metro Canolog i'r Awdurdod Trafnidiaeth Rhanbarthol a'r Panel Buddsoddi o ran costau, prosesau caffael, diweddariadau cyflenwi a chynnydd cyfnodol o ran datblygu rhaglenni yn gyffredinol. Dylai hyn gynnwys holl brosesau terfynol GRIP a WeITAG.

### **Nodiadau Ychwanegol**

Cyhoeddodd y Cynghorydd Morgan mai hwn fyddai ei gyfarfod olaf fel Cadeirydd Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd. Diolchodd i'w gydweithwyr am eu cefnogaeth.

Cydnabu'r Cynghorydd Fox yr hyn mae Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd wedi'i gyflawni o dan gadeiryddiaeth y Cynghorydd Morgan. Eiliodd y Cynghorydd Thomas sylwadau'r Cynghorydd Fox a nododd yr amrywiaeth o faterion fod Cabinet Rhanbarthol Prifddinas-ranbarth Caerdydd wedi'u hwynebu yn ystod cadeiryddiaeth y Cynghorydd Morgan.



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

1.30pm-1.45pm on Monday 4 May 2020  
Remote Meeting using Microsoft Teams

### **Minutes**

#### **Present**

##### **Leaders and Chief Executives**

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

##### **Officers**

Christopher Lee	Section 151 Officer	Accountable Body
Kellie Beirne	Director	City Deal Office
Rhys Thomas	Chief Operating Officer	City Deal Office
Nicola Somerville	Head of Inclusive Growth & Business Development	City Deal Office
Robert O'Dwyer	Head of Infrastructure	City Deal Office
Hrjinder Singh	Head of Finance, Risk & Assurance	City Deal Office
Suzanne Chesterton	Marketing & Communications Lead	City Deal Office
Nathan Llewellyn	Marketing & Communications Officer	City Deal Office
Nicola Butler	Business Development & Partnership Officer	City Deal Office

Liz Fitzgerald (minutes)

Business Development &  
Partnership Officer

City Deal Office

### **Apologies**

Gareth Gates

Accountant

Accountable Body

Anil Hirani

Accountancy Manager

Accountable Body

## **1. Welcome and Apologies**

Cllr Morgan formally opened the virtual meeting and welcomed attendees.

## **2. To Elect the Chairperson for the Regional Cabinet for 2020/21**

As outgoing Chair Cllr Morgan asked Kellie Beirne to take nominations.

Cllr Anthony Hunt was nominated as Chair. The motion was proposed by Cllr Andrew Morgan and seconded by Cllr Peter Fox. No objections were raised and Cllr Anthony Hunt was elected as Chair of the CCR Regional Cabinet for 2020/21.

Cllr Hunt thanked Cllr Morgan for his chairmanship of the CCR Regional Cabinet and the wider CCR Cabinet for his election.

## **3. To Appoint the Deputy Chairpersons**

Cllr Hunt requested nominations for the two Vice Chairs.

Cllr Peter Fox was nominated by Cllr Huw Thomas and his nomination was seconded by Cllr Andrew Morgan. Cllr Peter Fox was elected as one Vice Chair of the CCR Regional Cabinet for 2020/21.

Cllr Huw Thomas was nominated by Cllr Andrew Morgan and his nomination was seconded by Cllr Anthony Hunt. Cllr Huw Thomas was elected as the other Vice Chair of the CCR Regional Cabinet for 2020/21.

Cllr Fox reiterated his thanks to Cllr Andrew Morgan for his leadership which Cllr Thomas seconded.

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

## **Cyfarfod Cyffredinol Blynyddol Cabinet Rhanbarthol** **Bargen Ddinesig Prifddinas-Ranbarth Caerdydd**

1.30pm-1.45pm ddydd Llun 4 Mai 2020  
Cyfarfod o Bell yn defnyddio Microsoft Teams

### **Cofnodion**

#### **Presennol**

##### **Arweinwyr a Phrif Weithredwyr**

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

##### **Swyddogion**

Christopher Lee	Swyddog Adran 151	Corff Atebol
Kellie Beirne	Cyfarwyddwr	Swyddfa'r Fargen Ddinesig
Rhys Thomas	Prif Swyddog Gweithredol	Swyddfa'r Fargen Ddinesig
Nicola Somerville	Pennaeth Twf Cynhwysol a Datblygu Busnes	Swyddfa'r Fargen Ddinesig
Robert O'Dwyer	Pennaeth Seilwaith	Swyddfa'r Fargen Ddinesig
Hrjinder Singh	Pennaeth Cyllid, Risg a Sicrwydd	Swyddfa'r Fargen Ddinesig



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

### **Ymddiheuriadau**

Gareth Gates	Cyfrifydd	Corff Atebol
Anil Hirani	Rheolwr Cyfrifeg	Corff Atebol

## **1. Croeso ac Ymddiheuriadau**

Agorodd y Cyng Morgan y cyfarfod rhithwir yn ffurfiol a chroesawodd y mynychwyr.

## **2. Ethol Cadeirydd y Cabinet Rhanbarthol ar gyfer 2020/21**

Fel y Cadeirydd sy'n gadael, gofynnodd y Cyng. Morgan i Kellie Beirne dderbyn enwebiadau.

Enwebwyd y Cynghorydd Anthony Hunt yn Gadeirydd. Cynigiwyd y cynnig gan y Cyng. Andrew Morgan ac fe'i heiliwyd gan y Cyng. Peter Fox. Ni chodwyd unrhyw wrthwynebiadau ac etholwyd y Cyng. Anthony Hunt yn Gadeirydd Cabinet Rhanbarthol P-RC ar gyfer 2020/21.

Diolchodd y Cyng. Hunt i'r Cyng. Morgan am gadeirio Cabinet Rhanbarthol P-RC ac i gabinet ehangach P-RC am ei ethol.

## **3. Penodi'r Dirprwy Gadeiryddion**

Gofynnodd y Cyng. Hunt am enwebiadau ar gyfer y ddau Is-gadeirydd.

Enwebwyd y Cyng. Peter Fox gan y Cyng. Huw Thomas ac eiliwyd ei enwebiad gan y Cyng. Andrew Morgan. Etholwyd y Cyng. Peter Fox yn un o Is-gadeiryddion Cabinet Rhanbarthol P-RC ar gyfer 2020/21.

Enwebwyd y Cyng. Huw Thomas gan y Cyng. Andrew Morgan ac eiliwyd ei enwebiad gan y Cyng. Anthony Hunt. Etholwyd y Cyng. Huw Thomas yn Is-gadeirydd arall Cabinet Rhanbarthol P-RC ar gyfer 2020/21.

Diolchodd y Cyng. Fox i'r Cyng. Morgan eto am ei arweinyddiaeth a gafodd ei eilio gan y Cyng. Thomas.

**18 MAY 2020**

---

## **2019/20 JOINT COMMITTEE REVENUE BUDGET FINAL OUTTURN POSITION**

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

#### **AGENDA ITEM 4**

---

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

1. To provide the Cardiff Capital Region Joint Cabinet (Regional Cabinet) with details of the final outturn position (subject to audit) against the Joint Committee Revenue Budget for the year ending 31 March 2020.

#### **Background**

2. At its meeting of the 18 February 2019, Regional Cabinet approved its 2019/20 Joint Committee Revenue Budget. This budget supports the City Deal Office (CDO) and the Accountable Body (AB) support arrangements for the work of the Regional Cabinet.
3. The budget is funded from local authority Revenue Contributions and the Wider Investment Fund 'Top-Slice'.
4. Earmarked Reserves of £85,495 and a General Reserve of £123,498 were also available at 1 April 2019 to fund approved Regional Cabinet expenditure during 2019/20.

#### **Issues**

5. The 2019/20 out-turn position, detailed in Table 1 below shows a net underspend of £279,947 compared to the budget for the year set in February 2019.
6. The Monitoring reports considered by Regional Cabinet at its meetings throughout the financial year have noted that underspends would be realised

against the staffing budget for the year and accordingly, the budgeted contribution to the City Deal Office from the Wider Investment Fund Top-Slice would not be required in full.

7. The underspend during the year has resulted in a £279,947 reduction in the budgeted drawdown of Wider Investment Fund Top-Slice funding. Further, expenditure to be covered by the Earmarked Reserves of £85,495 brought forward to 2019/20 has been met from in year resources. These are deemed to be added to the General Reserve available at 31<sup>st</sup> March 2020 which will now stand at £208,993 and be carried forward to 2020/21 to fund future approved Regional Cabinet expenditure.

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

	2019/20 Budget £	2019/20 Outturn £	2019/20 Variance £
<b><u>City Deal Office (CDO)</u></b>			
Employee Related	1,063,585	788,759	(274,826)
Premises Related	21,000	15,262	(5,738)
Transport Related	18,750	28,368	9,618
Supplies & Services	68,695	182,852	114,157
Joint Scrutiny	25,000	14,612	(10,388)
5 Year Gateway Review Support	72,810	68,645	(4,165)
Assurance Framework Support	25,000	18,058	(6,942)
WAO Performance Audit Fee	15,000	14,644	(356)
Contingency	68,576	24,601	(43,975)
<b>Sub Total</b>	<b>1,378,416</b>	<b>1,155,801</b>	<b>(222,615)</b>
<b><u>Accountable Body Support Services</u></b>			
HR People Services	20,685	16,510	(4,175)
Finance & Accountancy Support	138,296	112,619	(25,677)
Exchequer, Internal Audit & Insurance	3,566	3,100	(466)
Legal & Governance Support	80,000	79,996	(4)
ICT, Information & Governance	13,722	11,695	(2,028)
External Audit Fee	12,500	27,518	15,018
Procurement	15,000	0	(15,000)
Contingency	25,000	0	(25,000)
<b>Sub Total</b>	<b>308,769</b>	<b>251,437</b>	<b>(57,332)</b>
<b>Gross Expenditure</b>	<b>1,687,185</b>	<b>1,407,238</b>	<b>(279,947)</b>
<b><u>Funded by:-</u></b>			
Partner Contribution – Blaenau Gwent (4.6%)	(50,324)	(50,324)	0
Partner Contribution – Bridgend (9.5%)	(102,821)	(102,821)	0
Partner Contribution – Caerphilly (12.0%)	(130,371)	(130,371)	0
Partner Contribution – Cardiff (23.7%)	(258,450)	(258,450)	0
Partner Contribution – Merthyr Tydfil (3.9%)	(42,928)	(42,928)	0
Partner Contribution – Monmouthshire (6.1%)	(66,918)	(66,918)	0
Partner Contribution – Newport (9.8%)	(106,929)	(106,929)	0

Partner Contribution – RCT (15.8%)	(171,796)	(171,796)	0
Partner Contribution – Torfaen (6.1%)	(66,455)	(66,455)	0
Partner Contribution – Vale of Glam (8.5%)	(92,328)	(92,328)	0
WIF 'Top-Slice' Contribution	(597,865)	(317,918)	279,947
<b>Gross Income</b>	<b>(1,687,185)</b>	<b>(1,407,238)</b>	<b>279,947</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **City Deal Office: Underspend (£222,615)**

8. City Deal Office expenditure for the year ending 31 March 2020 amounts to £1,155,801 representing just under 84% of the budget.

### **Employee Related Budgets: (£274,826)**

9. The Employee Related budget of £1,063,585, was based on 15 Full Time Equivalents and was partially filled. As indicated during the year, there have been delays in fully implementing the new staffing structure of the City Deal Office, resulting in an underspend against this budget heading, However short-term support for services has been procured to mitigate the impact, some of which are shown as increased costs against the supplies and services budget.

### **Premises Related Budgets: (£5,738)**

10. The premises related budget included a contingency of £5,000 which was in place to cover potential office re-modelling costs at the Tredomen office and was not required.

### **Supplies & Services: £114,157**

11. Additional costs of £83,162 were incurred on costs relating to External Communications and Media support while in-house employee related resources were in the process of being put in place.
12. Further costs of £30,828 were incurred in the setting up of more targeted media publicity and marketing work.

### **Contingency Budget: (£43,975)**

13. Costs amounting to £24,601 were funded from the contingency budget of £68,576 towards Programme Development and Procurement Support, with the balance shown as an underspend

### **All other City Deal Office Budgets: (£12,233)**

14. A total underspend of £12,233 was realised against the other City Deal Office budgets at year-end.

### **Accountable Body Support & Related Services: Underspend (£57,332)**

15. Accountable Body expenditure for the year ending 31 March 2020 amounted to £251,437 representing just over 81% of the budget.
16. The underspend was mainly as a result of temporary staffing changes within the team providing Finance and Accountancy Support (£25,677).
17. In addition to this, no costs were incurred against either the Procurement support costs budget (£15,000) or the contingency budget (£25,000).

### **Reasons for Recommendations**

18. To inform Regional Cabinet of the final outturn position against its Joint Committee Revenue Budget for the year ending 31 March 2020.

### **Financial Implications**

19. As stated in the main body of the report, there is a surplus position in 2019/20 compared to the budget approved for that year.
20. This underspend has reduced the planned Wider Investment Fund (WIF) 'Top Slice' contribution to the Joint Committee Revenue Budget during the year and, as stated above, negated the need to drawdown the Earmarked Reserves brought into 2019/20 which will now be added to the General Reserve.
21. The report sets out the General Reserve held as at 31 March 2020. Reserves support financial resilience including contingencies for unexpected events or emergencies or to meet specific, known or predicted future expenditure. Reserves need to be maintained in accordance with the CIPFA Code of Practice on Local Authority Accounting and agreed accounting policies in accordance with relevant codes of practice for each reserve established, the purpose, usage and basis of transactions should be clearly identified. Approval of any expenditure that is to be met from specific Earmarked Reserves is delegated to the Joint Committee s151 Officer. Approval of any expenditure that is to be met from the General Reserve is delegated to the Joint Committee S151 Officer in consultation with the Joint Committee Chair

### **Legal Implications**

22. The Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal (JWA) provides that the Regional Cabinet's terms of reference include monitoring performance. One of the purposes of this report is to facilitate such monitoring by providing details of the final out-turn position against the Joint Committee Revenue Budget for the year ending 31<sup>st</sup> March 2020.
23. As this report simply sets the final outturn position for Joint Cabinet to note, there are no other legal implications for this report.

## Well-being of Future Generations

24. 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.

25. 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 1.

## **RECOMMENDATION**

26. It is recommended that Cardiff Capital Region Joint Cabinet:
- a) notes the final out-turn position against the approved Joint Committee Revenue Budget for the year ending 31 March 2020.

**Christopher Lee**  
**Section 151 Officer, Cardiff Capital Region City Deal**  
**18 May 2020**

Appendix 1 Well-being of Future Generations Assessment

## Future Generations Assessment Evaluation

<b>Name of the Officer completing the evaluation:</b>  <b>Gareth Gates</b>  <b>Phone no: 02920 872275</b> <b>E-mail: Gareth.gates@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  To provide details of the full year out-turn position against the approved 2019/20 Joint Committee Revenue Budget.
<b>Proposal: 2019/20 Joint Committee Revenue Budget Final Out-turn</b>	<b>Date Future Generations Evaluation form completed: 11 May 2020</b>






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

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



Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	Not direct applicable.	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Not directly applicable.	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Not directly applicable.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Not directly applicable.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of £1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

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

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

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	The report is an overview of financial performance. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.	None arising at this time.	
Disability	As above.	As above.	
Gender reassignment	As above.	As above.	
Marriage or civil partnership	As above.	As above.	
Pregnancy or maternity	As above.	As above.	
Race	As above.	As above.	
Religion or Belief	As above.	As above.	
Sex	As above.	As above.	.
Sexual Orientation	As above.	As above.	
Welsh Language	As above.	Not at this time but the situation will be kept under review.	

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

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

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

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

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

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

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

<b>The impacts of this proposal will be evaluated on:</b>	<b>Quarter 1 2020/21</b>
---	--------------------------



**18 MAY 2020**

---

**2019-20 ANNUAL BUSINESS PLAN - QUARTER 4 PERFORMANCE  
REPORT**

**REPORT OF CARDIFF CAPITAL REGION DIRECTOR**

**AGENDA ITEM 5**

---

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

**Reason for this Report**

1. To inform key stakeholders, principally Regional Cabinet and also Wales and UK Governments, of the Quarter 4 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 4 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 4 report, in order for formal submission to government partners.

**Background**

4. Regional Cabinet approved its 2019/20 Annual Business Plan at its meeting on the 19<sup>th</sup> February 2019, which included details of the Wider Investment Fund budgets for that year. The report also provided an overview of the key work streams that would need to be progressed during the year in accordance with key 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.
5. 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 report in order to situate 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.

6. In addition to this, now that the Investment and Intervention Framework (IIF) is activated, further enhancements to the process have been made. This includes:

- a revised version of the 'balanced scorecard' that relates to the targets specifically set for delivery in the relevant quarterly period – in this case – Q4;
- performance of the Compound Semi-conductor (CSC) Project – the single 'live' investment of CCRDCD. This Q4 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;
- an up-to-date report on the Investment Fund is included as item 9 on the agenda, and a version of the IIF 'Current Status' tracker document; enabling Regional Cabinet and partners to understand the status and progression of schemes through the Framework. This is attached at Exempt Appendix 5;
- 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.

7. 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 in respect of the following:

- Contribute to current policy debates, partnerships and developing thought leadership role, namely:
  - publication of 'Resilience' third in series with Podcast and guest speaker;
  - facilitation of the WG event on Economic Strengths at the invitation of the Chief Scientific Adviser for Wales;
  - contributions to Regional Investment Wales Steering Group;
  - submission of written and oral evidence to the WG Economy Infrastructure and Skills Select Committee;
  - speaker at various MIPIM partner events;
  - speakers and leads for 3 Wales Week in London keynote event as well as support to IoD and Chamber of Commerce at the first 'Audience with the SoS Wales';
  - sponsor of Wales Week London;
  - participation in continued Western Gateway networks;
  - support to Mid-Wales Growth Deal Business Partnership;

- contributed to ESRC project on supporting improvements in Local Industrial Strategies;
  - participation in Ministerial Advisory Board on the Foundational Economy;
  - convened and facilitated joint CCR-Community Housing Cymru Workshop;
  - attended the WG convened Regional Economic Framework meeting;
  - hosted meeting between CCR and UK Govt DCMS Minister for Economy.
- Promote the investment framework and originate quality projects:
    - two meetings of Investment Panel;
    - framework meeting with Cyber Wale;
    - commissioned full-scale review of CCR Business Council;
    - liaison meetings with OSSW;
    - South East Wales FE Principals' meetings;
    - development of series of podcasts to promote and market the Investment Framework.
  - Develop the International presence – learning visits to partner City Deals; co-development of all MIPIIM work and partnership events; sponsorship of, and participation in Wales Week London, CS Connected events in N America and various podcasts and events broadcast through the new CCR Business News Wales portal.
  - Targeting external investment – confirmation of success of EOI to DCMS for £5m 5G Rural Testbed project.
8. The Annual Business Plan for 2019/20 has been delivered in full, and in many places, targets and objectives have been exceeded. Where there is a minor case of events having to be 'carried over' e.g. work on fiscal levers, holding a CCR Summit and MIPIIM 2020 being two notable areas, this is either due to work straddling more than one financial year or due to the early impact of COVID-19.
  9. Where items are carried forward, these are comprehensively integrated into the 20/21 Annual Business Plan. Given this is the final year of the first five year programme, with Gateway Review falling in March/ April 2021, this also represents a key juncture for taking stock, preparing for Gateway itself and life beyond it.
  10. The communications report in Appendix 7 provides an overview of the significant communications activity in Quarter 4 and provides a quantitative reflection on the performance of the activity. This is complemented by Appendix 8 which is a curation of the totality of media releases during the same period.
  11. The details attached to this report, sets out the core activity in priority areas of:
    - Appendix 1: CCR City Deal Quarter 4 Performance 'Balanced Scorecard'
    - Appendix 2: CCR City Deal CSC Project Quarter 4 Logic Model
    - Appendix 3: AGS Quarter 4 Update
    - Appendix 4: Wider Investment Fund Quarter 4 Budget Update
    - Appendix 5: IIF Current Status Tracker [EXEMPT]
    - Appendix 6: CCR Forward Planner 2020/21
    - Appendix 7: Communications report (January to March 2020)

- Appendix 8: CCR media releases: Quarter 4 collection

## **Reasons for Recommendations**

12. To provide Regional Cabinet with an update on performance against the Annual Business Plan and a range of associated activities (including the Wider Investment Fund budget) as at Quarter 4 report, for review and if deemed appropriate, approval to formally submit the report UK and Welsh Government partners.

## **Legal Implications**

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

## **Well-Being of Future Generations**

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



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.

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

### **Financial Implications**

16. 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 4.

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

17. The final 2019/20 underspend against this budget amounts to (£198,851) with details of this highlighted in Appendix 4. This is primarily in relation to the inclusion of investment income received in the year in respect of cash balances held by the Joint Committee which mainly reflect HMT revenue grant balances held.

#### 2019/20 Approved Project Budgets (£1,525,191)

18. In terms of Approved Projects, i.e. those that are in delivery stage, £1,381,600 approved capital budget for CSC Foundry Ltd was not required in the year due to changes in the work programme. This is carried forward to be spent in 2020/21 and subsequent years. Expenditure on the Graduate Pilot Scheme during the year was £110,355.

#### 2019/20 In-Year Project Approvals

19. In addition to this, the Annual Business Plan contains currently uncommitted revenue and capital resources of £0.856 million and £26.11 million respectively. These resources are in place to provide Regional Cabinet with a level of flexibility to approve additional expenditure during the year in the event that In-Principle and/or emerging projects find themselves in a position to be allocated approved project funding during 2019/20. There are currently no extant decisions which would lead to draw down of these amounts.
20. It is important to note 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.

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

## **RECOMMENDATIONS**

22. It is recommended that the Cardiff Capital Region Joint Cabinet:
- a) notes the overall progress at Quarter 4 2019/20, including the final budget position set-out in Appendix 4;
  - b) notes the breadth and substance of the Communications report (Appendix 7) and CCR Media releases (Appendix 8) prepared during Quarter 4;
  - c) considers the attached report and associated appendices and if deemed acceptable, approves the Quarter 4 performance report and authorise the Director of the Cardiff Capital Region City Deal to formally submit the report, including supporting information to both UK and Welsh Governments, and other stakeholders as required, on behalf of the Regional Cabinet.

**Kellie Beirne**  
**Director, Cardiff Capital Region**  
**18 May 2020**

## **Appendices**

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

Appendix 1	CCR City Deal Quarter 4 Performance 'Balanced Scorecard'
Appendix 2	CCR City Deal CSC Project Quarter 4 Logic Model
Appendix 3	AGS Quarter 4 Update
Appendix 4	Wider Investment Fund Quarter 4 Budget Update
Appendix 5	<b>EXEMPT</b> IIF Current Status Tracker
Appendix 6	CCR Forward Planner 2020/21
Appendix 7	Communications report (January to March 2020)
Appendix 8	CCR media releases: Quarter 4 Collection
Appendix 9	Well-being of Future Generations Assessment

## Annual Business Plan Tracker

	Q1	Q2	Q3	Q4	Status
Activities Completed	2	5	23	31	✓
Activities on Schedule	6	9	8	7	▲
Activities In progress with some issues	4	8	5	1	-
Activities Failing to Progress	0	0	2	1	✗

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

Key:	Total	Total	Total	Total
COMPLETED	2	5	23	31
ON TARGET	6	9	8	7
PROGRESSING - SOME ISSUES	4	8	5	1
PENDING	0	0	2	1
C/F TO NEXT Q	28	18	2	0
TOTAL	40	40	40	40

## 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		
<b>Theory of change</b>			
<p>Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.</p> <p>It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&amp;D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).</p> <p>Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.</p> <p>Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.</p>			
Inputs	Activities	Outputs	Outcomes
<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"><li>£38.5m</li></ul> <p><u>Other inputs (including staffing and in-kind)</u></p> <ul style="list-style-type: none"><li>None</li></ul>	<ul style="list-style-type: none"><li>Construction activities in relation to development of a clean room facility for the production of compound semiconductors at the former LG site between Cardiff and Newport</li><li>Establishment of a Special Purpose Vehicle for the site</li></ul>	<ul style="list-style-type: none"><li>Ha land acquired (LS)</li><li>Ha land assembled for commercial development</li><li>Commercial floor space developed (5,900 sq. m)</li><li>Construction years of employment</li><li>No. of learners enrolling/ completing course (i.e. apprentices in construction) (LT)</li><li>Direct creation of new jobs at the site (501 - achieved over</li></ul>	<p><b>Theme-specific outcomes</b></p> <ul style="list-style-type: none"><li>Private sector leverage up to the value of £375m for kit out of the facility (LS)</li><li>Secure a £50m investment from the Compound Semiconductor Catapult (LS)</li><li>Increase in premises with access to connectivity infrastructure (one) – <i>Celtic Way, Newport has since seen improved road infrastructure and fibre connectivity</i></li><li>Positive property market sentiment survey</li><li>Uplifted commercial sale value (£6m)</li><li>Land value uplift</li><li>Floor space occupied by firms at the facility</li><li>Growth in employment of business located in the facility by number of employees</li></ul>

- time) [70 direct jobs created to date]
  - Safeguarding jobs (156 at head lessee company, 390 jobs at wafer fabrication plant)
  - Indirect and Induced jobs (1088 - achieved over time) [259 indirect and induced jobs created to date]
  - Apprenticeships [8 new apprenticeship opportunities created to date]
  - Growth in turnover of business located in the facility
  - Improved business survival rate of business located in the facility
  - Increased expenditure on business R&D (tenant + subsequently in wider sector)
  - Increase in exports (tenant + subsequently in wider sector)
  - New/improved processes adopted (tenant + subsequently in wider sector)
  - New/improved products entering the market (tenant + subsequently in wider sector)
  - Intellectual Property (IP) registered (e.g. patents) within the cluster
  - Improved attractiveness as a location for inward investment
- Broader outcomes**
- Return on investment up to the value of £33,108,000 (LS) *[anticipated that tenant will exercise option to purchase ahead of year 6 with full return of investment resulting]*
  - A total of 259 indirect jobs have been created off the back of the foundry through local supply chain and household effects, with particular impacts in the construction and higher education sectors and the catapult, along with the creation of a further 8 apprenticeship opportunities.
  - A further 697 jobs indirectly supported to date within the semiconductor sector in SE Wales since the commencement of the Foundry.
  - Enhancement of local innovation ecosystems
  - Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)
  - As of December 2019 it is estimated that IQE supports direct and indirectly around £22m of Welsh GVA and with much of this supported in the Cardiff City Region. Over the same period the wider semiconductor cluster has estimated to support direct and indirectly around £158m of GVA. The commercial fundamentals of the sector are strong and we are fortunate to have so many good companies in this area with the potential for further job creation and enhanced GVA support for the region.
  - CS Connected has attracted Cluster related projects to the value of £124M with a further £56M of projects in the pipeline.

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

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

**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 Action Plan – Qtr 4 Update**

The table below outlines the actions have been captured as part of the 2018/19 Annual Governance Statement (AGS) review, which identified an Action Plan for completion/review during 2019/20 or beyond. Table 1 identifies 'standalone' actions, whilst Table 2 identified those actions which also formed part of the 2019/20 Annual Business Plan, with progress being monitored through these connected reporting arrangements.

Table 1. AGS Action Plan – Qtr 4 Update

Action No	Assurance Statement	Agreed Action	Responsible Officer/s	Target Date	Progress Update
1	<b>Statement 15</b> – 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	<b>In Progress</b> - Discussions have taken place with Internal Audit which has led to the preparation of a bespoke set of slides, which have been shared with the City Deal Office for review and dissemination to staff in 2020/21 (Qtr 1).
2	<b>Statement 1</b> - We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest.	Review arrangements in respect of Declarations of Interest for Officers and Other City Deal advisory bodies and put in place further arrangements if deemed appropriate.	City Deal Director	Qtr 2	<b>Complete (with ongoing review)</b> – Regional Cabinet declaration forms have been updated to include wider scope and, City Deal Office, officer forms are complete. A programme is in place for all other advisory bodies and officers, which are mostly complete.

Action No	Assurance Statement	Agreed Action	Responsible Officer/s	Target Date	Progress Update
3	<b>Statement 14</b> - 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	<b>In Progress</b> - Work completed in to assess and update existing Risk Register. This identified the need to prepare a CCR Risk Policy and updated Strategic Risk Register. Completion of the City Deal Office restructure will provide the capacity to allow this work to be completed during 2020/21.

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

Reference to Assurance Statement No.	Suggested Action (taken from ABP 2019/20 Work Programme)	Responsible Officer/s	Target Date	Progress Update
7 - We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.	Action 4 - Establish the Investment And Intervention Framework & Toolkit, and develop & launch the Three Funds  Action 10 - Develop scheme of delegation	City Deal Director  Accountable Body	Quarterly (to be completed by Qtr 2/3)  Quarterly (to be completed by Qtr 3)	<b>Complete</b> – IIF report approved by Cabinet in June 2019.
8 - We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	Action 12 - Complete Wave 1 of Local Evaluation Framework process and locality review	City Deal Director	Quarterly (to be completed by Qtr 4)	<b>Complete</b> – Baseline report completed and approved in 2019/20. 'One Year Out' Report to be considered in 2020/21.
9 - We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.	Action 30 - Develop and deliver the City Deal Communications Plan (internally –facing)	City Deal Director	Quarterly (to be completed by Qtr 2)	<b>Complete</b> - Significant Communication activities completed in 2019/20 following the appointment of the Market & Communication Officer. This included internal and external Communications Plans as well as significant



## Appendix 3 Q4 AGS Action Plan Update

Reference to Assurance Statement No.	Suggested Action (taken from ABP 2019/20 Work Programme)	Responsible Officer/s	Target Date	Progress Update
				additions via social media and the CCR website.
20 - We incorporate good governance arrangements in our partnerships and other joint working arrangements.	<p>Action 22 - Regional Business Council Support for Council to:</p> <ul style="list-style-type: none"> <li>Review progress in 18/19</li> <li>Foster alignment structures for greater synergy with REGP</li> <li>Business Plan 2019/20</li> <li>Constitute and become membership body</li> <li>Plan of activity with Innovate UK</li> <li>Marketing Plan</li> <li>Post-MIPIM appraisal</li> </ul> <p>Action 23 - Regional Skills Partnership Support for Partnership to:</p> <ul style="list-style-type: none"> <li>Influence and shape Skills for Future</li> <li>Enable effective administration of partnership via support for Newport City Council</li> <li>Monitor the progress of operational schemes such as Skills for the Future</li> <li>Input into proposals for TERCW and Innovation and Research Wales</li> <li>Development of Social Clauses/ Targeted Recruitment and Training programme</li> </ul>	<p>Regional Cabinet</p>       <p>RSP Chair, Leader of Newport and WG</p>	<p>Ongoing programme of work – dates tied in with broader programme milestones and quarterly programme monitoring</p>       <p>Ongoing programme of work – dates tied in with broader programme milestones and quarterly performance monitoring</p>	<b>In Progress</b> - Cardiff University commissioned to carry out review of RBC. Draft report due in April 2020, which will consider findings and agree next steps.
2 - We ensure: • Compliance with relevant laws and regulations, • Compliance with internal policies and procedures, • that expenditure is lawful.	Action 9 - Develop Work Programme and Forward Planner for 2019/20	City Deal Director	Quarterly (to be completed by Qtr 2)	<b>Complete</b> - Work Programme and Forward Plan of CCR meetings prepared and circulated to stakeholders.
13 - We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation	Action 39 - Training, development and investment plan for City Deal Office, members and partners	City Deal Director	Quarterly (to be completed by Qtr 2)	<b>Complete</b> - Training sessions arranged for members as part of away day session.

Appendix 3 Q4 AGS Action Plan Update

Reference to Assurance Statement No.	Suggested Action (taken from ABP 2019/20 Work Programme)	Responsible Officer/s	Target Date	Progress Update
to their strategic roles, supported by appropriate training.				
4 - We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	Action 30 - Develop and deliver the City Deal Communications Plan (externally –facing)	City Deal Director	Quarterly (to be completed by Qtr 2)	<b>Complete</b> - Significant Communication activities completed in 2019/20 following the appointment of the Market & Communication Officer. This included internal and external Communications Plans as well as significant additions via social media and the CCR website.

## **2019/20 Wider Investment Fund Budget: Quarter 4 Update**

1. The Wider Investment Fund (WIF) 2019/20 Budgets were approved by Regional Cabinet at its meeting of 18<sup>th</sup> 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)**

		Medium Term Overview		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b><u>Indicative Programme Expenditure</u></b>				
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
<b>Total Resources</b>	<b>29,235</b>	<b>33,668</b>	<b>44,707</b>	<b>47,406</b>
<b><u>Funded by</u></b>				
HMT Contribution (Revenue)	(1,743)	(1,743)	(1,743)	(1,743)
HMT Contribution (Capital)	0	0	(22,000)	(22,000)
<b>Total HMT Contribution</b>	<b>(1,743)</b>	<b>(1,743)</b>	<b>(23,743)</b>	<b>(23,743)</b>
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	(1,800)	(1,854)	(4,553)
<b>Total Funding</b>	<b>(29,235)</b>	<b>(33,668)</b>	<b>(44,707)</b>	<b>(47,406)</b>

### **Wider Investment Fund Top-Slice**

2. The WIF Top-Slice revenue budget is set at £742,500 and supports the work of the Regional Bodies, as well as including a range of budgets in respect of Programme Development & Support activity.
3. At the time when the budget was set, known commitments were identified which totalled £504,417, with the balance (£238,083) being available to fund new initiatives approved during the year.
4. The actual expenditure at Quarter 4 against the WIF Top-Slice budget is £543,649 (subject to audit). This position reflects the work undertaken in bringing forward both emerging and approved in-principle projects and is net of interest received on grant balances held by the Accountable Body during the Financial

Year and the maximisation of other funding sources such as the Local Transport Fund. Detail of this expenditure is shown in Table 2 below.

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

	<b>2019/20 Budget £</b>	<b>2019/20 Q4 Actual £</b>	<b>2019/20 Variance £</b>
<b>Forward Commitments:</b>			
Contribution to Joint Committee Revenue Budget	163,417	148,615	(14,802)
Development of Metro Plus Programme / RTA Costs	75,000	24,438	(50,562)
REGP PHD Student support	15,000	0	(15,000)
Housing Investment Fund	80,000	255,979	175,979
REGP Costs (Chair Expenses)	1,000	1,680	680
REGP Costs (MIPIM 2020)	0	72,276	72,276
Regional Business Council	15,000	8,568	(6,432)
Challenge Fund Set-Up and Management Support	25,000	0	(25,000)
Investment Fund Set-up / Manager	40,000	0	(40,000)
Emerging Projects	90,000	0	(90,000)
<b>Sub Total</b>	<b>504,417</b>	<b>511,556</b>	<b>7,139</b>
<b>Programme Development &amp; Support:</b>			
Uncommitted Sum	238,083	296,329	58,246
<b>Sub Total</b>	<b>238,083</b>	<b>296,329</b>	<b>58,246</b>
<b>Investment Income:</b>			
Interest on Balances	0	(264,236)	(264,236)
<b>Sub Total</b>	<b>0</b>	<b>(264,236)</b>	<b>(264,236)</b>
<b>Total</b>	<b>742,500</b>	<b>543,649</b>	<b>(198,851)</b>

5. The surplus of £198,851 will be added to the surplus of balances carried forward for use in future years.
6. A breakdown of the costs incurred under the heading of Programme Development & Support is set out below and includes expenditure against early project costs approved by Regional Cabinet throughout the year that were in addition to the Budget approved:

**Table 3: Programme Development & Support Costs**

	<b>2019/20 Q4 Actual £</b>
Digital Scheme	108,861
Metro Central Business Case Development	87,000
CS Connected Team Hosting	27,808
CS Connected Land Costs	20,500
Property Programme Costs	17,500
Compound Semiconductors Overview and Market Opportunities	16,070
Other	18,590
<b>Total</b>	<b>296,329</b>

7. There are a number of approvals which Regional Cabinet have made during 2019/20 against which expenditure will not be incurred until Financial Year 2020/21 and beyond. These include:

- Local Sustainable Growth in Bridgend: £50,000
- SIPF2 Expression of Interest Costs: £50,000
- Digital Scheme, Fibre to the Premises: £35,000
- Digital Scheme, 5G: £150,000
- MedTech Life Sciences Park: £30,000
- Housing Investment Fund – Capital: £30,000,000
- Housing Investment Fund – Revenue: TBC
- Metro Central: £4,000,000

#### **Approved Projects (Revenue & Capital)**

8. Table 4 below sets out the budgets for Approved Revenue and Capital Projects for 2019/20. These are projects which are in their delivery stage.

**Table 4: Approved Project Costs**

	<b>2019/20 Budget £</b>	<b>2019/20 Q4 Actual £</b>	<b>2019/20 Variance £</b>
Graduate Pilot Scheme (Revenue)	143,550	110,355	(33,195)
CSC Foundry Site Funding (Capital)	1,381,641	0	(1,381,641)
<b>Total</b>	<b>1,525,191</b>	<b>110,355</b>	<b>(1,414,836)</b>

9. As approved by Regional Cabinet at its meeting of 9<sup>th</sup> March 2020, the Graduate Scheme has been extended and the 2019/20 underspend will be carried forward to support expenditure in future years.
10. The balance of £1,381,641 from the £38,500,000 budget approved in respect of the CSC Foundry Ltd project is now expected to be paid in 2020/21.

### **Status of Delivery Pipeline and Revenue & Capital Resources Available**

11. As set out in the Quarter 3, there have been no other projects that have reached the point where they require either Revenue or Capital Resources to be drawn down in 2019/20. However, as noted above, there are a number of projects and significant resources allocated for expenditure in 2020/21 and beyond. Updates against these will form part of the Performance Monitoring reports going forward.
12. A narrative update in respect of the Project Delivery Pipeline is provided in Appendix 5. The resources which were set aside in the 2019/20 Annual Business Plan that have not been used will now be carried forward to support future projects in line with the IIF process.

### **Wider Investment Fund Summary**

13. A summary of Wider Investment Fund Resources is shown in Table 5 below. This shows the level of Revenue resources available to Regional Cabinet and the drawdowns made to date. This defines the constraints of the funding available and the balance held is also the source of the investment income described above.

**Table 5: Wider Investment Fund Summary**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Balance</b>	<b>0</b>	<b>(19,393,650)</b>	<b>(29,065,608)</b>
Annual Allocation	(20,000,000)	(10,000,000)	(10,000,000)
Top Slice Expenditure	156,350	171,008	517,291
Top Slice Reserve Expenditure	0	0	198,750
WIF Expenditure	450,000	157,034	110,355
<b>Closing Balance</b>	<b>(19,393,650)</b>	<b>(29,065,608)</b>	<b>(38,239,212)</b>

2020-2021 CCR Meetings Planner

APPENDIX 6

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

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

# **Communications Report**

## **January to March 2020**



# Communications – Jan to March 2020

	Contents
1	Executive Summary
2	Media Publications
3	Web Traffic
4	Social Media
5	Business Impact Survey
6	Appendices

# 1. Executive Summary

We are making significant progress towards our 2020/21 Communications Objectives. In the 1<sup>st</sup> Quarter this year we have:

- Produced, distributed and promoted:
  - ✓ *8 podcasts*
  - ✓ *9 “Board” opinion/ thought leadership pieces*
  - ✓ *8 Industry specific features*
  - ✓ *7 News releases incl 3 all media releases*
  - ✓ *3 Brochures – Connected, Competitive, Resilient*
- Achieved a:
  - ✓ *50% increase in overall website visitor traffic*
  - ✓ *130% increase in traffic to our news pages*
  - ✓ *167% increase in engagement with our twitter account*
  - ✓ *100% increase in Linked In followers*
  - ✓ *290% increase in engagement with our linked in account*
- Responded to covid-19 and our Business Impacts survey by:
  - ✓ *Launching a dedicated Covid-19 web section with FAQ’s, handy links, and guidance notes*
  - ✓ *Posting key updates daily via social channels*
  - ✓ *Switching media focus to ensure a Covid dimension to all thought leadership and industry features including a series profile corporate responses to Covid in our key sectors*

## 2. Publications

In February 2020 we launched our own dedicated CCR section on the Business News Wales web publication and began a concentrated content strategy designed to achieve the following objectives:

### 2020/21 CCRCD/ CCR Communication Objectives:

1. Tell our “story” in a compelling way and position the CCR brand as an **authoritative source of thought leadership**
2. Increase visibility of and stakeholder engagement with the **breadth and depth of activity going on across the CCR** that is contributing toward the overall ambitions for the wellbeing and prosperity of current and future generations
3. Enable the CCR to maximise our opportunities to demonstrate and highlight the region as “**sector leading**” for our **priority sectors**
4. Demonstrate the positive impact that **collaborative working** with local authorities / business leaders/ partnerships/ institutions and government bodies has had / is having on **decision making and delivery of the City Deal business plan**.
5. Demonstrate the impact the City Deal **project pipeline portfolio** is having/ will have on regional business, the communities at large, and the overall attractiveness of the region as a place to live, work and invest.
6. Develop **greater business engagement** with the activities of the City Deal, and stimulate interest, enquiries and leverage in the context of our Wider Investment Fund;

In the last 10 weeks we have produced, distributed and promoted via BNW and CCR:

- **8 podcasts**
- **9 “Board” opinion/ thought leadership pieces**
- **8 Industry specific features**
- **7 News releases**
- **3 brochures**

Resulting in an aggregate **58,000 plus individual engagements through BNW**. The same content promoted through the CCR website has driven a **50% uplift in CCR web traffic**.

**We are making significant progress toward achieving our objectives**

# Publications in date order with individual Business News Wales viewing statistics

Date	Content	Views/Listens	
Week 1 3 <sup>rd</sup> Feb	<b>Podcast Interview</b> Carwyn Meets: Kellie Beirne, Chief Executive of Cardiff Capital Region City Deal	611	<a href="#">Click Here**</a>
	<b>Podcast</b> Cardiff Capital Region: Part 1 – Connected	337*	<a href="#">Click here</a>
Week 2 10 <sup>th</sup> Feb	<b>News Release</b> Cardiff Capital Region Launches a Series of “State of the Region” Reports	415	<a href="#">Click here</a>
	<b>Podcast</b> Cardiff Capital Region: Part 2 – Competitive	314	<a href="#">Click Here</a>
	<b>News Release</b> Cardiff Capital Region Launches New Innovative News Channel	2742	<a href="#">Click here</a>
Week 3 17 <sup>th</sup> Feb	<b>News Release</b> Global Exposure for Cardiff and the Capital Region Investment Opportunities	1374	<a href="#">Click here</a>
	<b>Audio Interview</b> Huw Thomas – MIPIM Series	172	<a href="#">Click here</a>
	<b>Audio Interview</b> Andrew Morgan – MIPIM series	81	<a href="#">Click here</a>

\*podcast listens are indicative only as full data is unavailable.

\*\* If viewed in slide show all links click through the articles

## 2. Publications in date order with individual Business News Wales viewing statistics

Date	Content	Views/Listens	
<b>Week 4</b> 24 <sup>th</sup> Feb	<b>Board Leadership Column</b> Kellie Beirne - <i>Our Vision for the Capital Region is About More Than Targets</i>	1752	<a href="#">Click here</a>
	<b>Industry Feature</b> Progress and Inclusion are Hailed in 2020-21 City Deal Business Plan	878	<a href="#">Click here</a>
	<b>Audio Interview – MIPIM SERIES</b> Joanna Rees: Global Exposure for Cardiff Capital Region	47	<a href="#">Click Here</a>
<b>Week 5</b> 2 <sup>nd</sup> March	<b>Board Leadership Column</b> Rhys Thomas - <i>A Confident, Competitive Region: Our Goal for the Future</i>	1386	<a href="#">Click here</a>
	<b>Industry Feature</b> The Industries Set to Shape the Future Welsh Economy	3176	<a href="#">Click here</a>
<b>Week 6</b> 9 <sup>th</sup> March	<b>Board Leadership Column</b> Frank Holmes - <i>Collaboration and Cohesion are Keys to Success</i>	1882	<a href="#">Click here</a>
	<b>Industry Feature</b> Meet the Experts Guiding Cardiff Capital Region's Investment Strategy	2198	<a href="#">Click Here</a>
	<b>Podcast Interview</b> Carwyn Meets: Huw Thomas, Leader of Cardiff Council	1319	<a href="#">Click here</a>

## 2. Publications in date order with individual Business News Wales viewing statistics

Date	Content	Views/Listens	
<b>Week 7</b> 16 <sup>th</sup> March	<b>Board Leadership Column</b> Kevin Gardiner - <i>What We're Trying to Achieve with our Investment Strategy</i>	652	<a href="#">Click Here</a>
	<b>Industry Feature</b> How Investment Will Lift the CCR and How to Get Involved	1792	<a href="#">Click Here</a>
	<b>News Release</b> Key Cardiff Capital Region Projects Given City Deal Backing	2247	<a href="#">Click here</a>
	<b>Podcast</b> Cardiff Capital Region: Part 3 – Resilient	410	<a href="#">Click here</a>
<b>Week 8</b> 23 <sup>rd</sup> March	<b>Board Leadership Column</b> Kellie Beirne - <i>A Testing Time that will Prove our Strength as a Region</i>	1528	<a href="#">Click here</a>
	<b>Board Leadership Column</b> Anthony Hunt - <i>COVID-19: Unprecedented Times Call for an Unprecedented Response</i>	994	<a href="#">Click here</a>
	<b>News Release</b> Coronavirus – Cardiff Capital Region Outlines Its Support for Business	4623	<a href="#">Click here</a>
	<b>News Release</b> Urgent Call for People to Support the NHS, Retailers and Manufacturers	3381	<a href="#">Click here</a>

# Publications in date order with individual Business News Wales viewing statistics

Date	Content	Views/Listens	
<b>Week 9</b> 30 <sup>th</sup> March	<b>Board Leadership Column</b> Rhys Thomas - <i>Our New Strategy: Surviving the Present, Preparing for the Future</i>	1739	<a href="#">Click here</a>
	<b>Industry Feature</b> Coronavirus Brings Home Importance of Investment in Digital Infrastructure	2641	<a href="#">Click here</a>
	<b>Industry Feature</b> How to Apply for a COVID-19 Business Support Grant in the Cardiff Capital Region	9732	<a href="#">Click here</a>
	<b>News Release</b> Thousands of Monmouthshire Businesses Yet to Apply for Covid-19 Grants	3721	<a href="#">Click here</a>
	<b>General Feature</b> CCR Businesses Adapt to Covid-19 Outbreak in Variety of Ways	1532	<a href="#">Click here</a>
<b>Week 10</b> 6 <sup>th</sup> April	<b>Board Leadership Column</b> Jon Wood - <i>A Medtech Sector Fit for the Present and the Future</i>	842	<a href="#">Click here</a>
	<b>Industry Feature</b> Medtech Sector Proves its Worth in Coronavirus Pandemic	866	<a href="#">Click here</a>
<b>Week 11</b> 13 <sup>th</sup> April	<b>Board Leadership Column</b> Frank Holmes - <i>Beyond Resilience: Making the Best out of Post Covid-19 Recovery</i>	2732	<a href="#">Click here</a>

## 2. Press Releases with additional media coverage - monthly publication reach

Publication/ Article Title	Projects Approved in CCR ( post March 9 cabinet)	Metro Scheme Update (post RTA Board Feb 28 <sup>th</sup> )	CCR response to Covid-19 (20 <sup>th</sup> March)
Business Live	644,268	N/A	N/A
Commercial News Media	35,560	35,560	N/A
Connect East Midlands	1354	1,354	N/A
Insider Media	1,125,000	1,125,000	1,125,000
Western Mail	11,719	N/A	N/A
News from Wales	6500	6,500	N/A
Wales 247	83,323	83,323	83,323

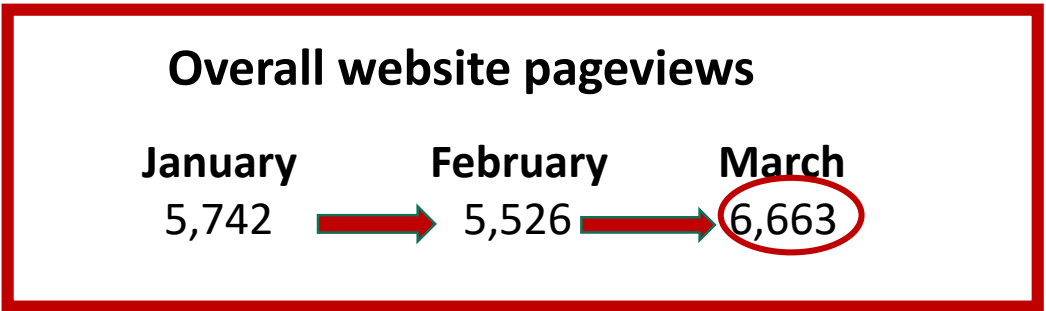
NB: Only Board decision/ Key CCRCD update pieces are distributed to wider media. All other articles are exclusive to BNW with other media able to follow up if they wish.



3.

# CCR WEBSITE

50% increase in overall website visitor traffic and 130% increase in traffic to the News pages between January and March



January	
Page	Views
Homepage	1042
Documents	607
About	319
News	574

February	
Page	Views
Homepage	1085 ↑
Documents	618 ↑
About	363 ↑
News	690 ↑













March	
Page	Views
Homepage	1191 ↑
Documents	446 ↓
About	316 ↓
News	1323 ↑

## Key Observations:

Significant uplifts due to combination of **focused social media strategy** to drive audiences to our website to consume a **huge increase in volume of news content including all the Covid-19 material** issued back end of March. Our Covid -19 FAQ pages received 445 views between launch and the end of March.

## 4. CCR TWITTER @CCRCityDeal

### 167% increase in Tweet engagement between January and March

	January	February	March
Followers	3093	3160 	3205 
Tweets	38	41 	33 
Engagements	642	1527 	1716 
Likes	82	230 	221 
Retweets	59	145 	260 
Link clicks	201	294 	705 

#### Key Observations

- Substantial uplift in engagement for the same/reduced level of output in line with **strategy to focus on quality and relevance of messaging**.
- Corresponding increase in link clicks as well as likes and re-tweets having a positive impact on web traffic – again in line with our strategy of using **social media as a mechanism for increasing web visitors**.
- Best performing tweets – illustrated in next slide indicate that **posts need to be interactive** to generate any level of significant engagement.

# Social Media - Top Performing Posts

## Top Tweet earned 7,232 impressions

How would you improve transport in south east Wales? Don't miss this opportunity to have your say on all things transport and how it could be improved across the region.

? Complete the [@SEWTCommission](https://www.sewt.commission/survey) survey here:  
[haveyoursaysewt.commonplace.is](https://haveyoursaysewt.commonplace.is)  
[pic.twitter.com/dm5L4msEGf](https://pic.twitter.com/dm5L4msEGf)



## Top media Tweet earned 3,854 impressions

We're delighted to be hosting several events at [@walesweeklondon](https://twitter.com/walesweeklondon) on 27 February as we showcase the very best that South East Wales has to offer.

Find out more, spread the word and join us [bit.ly/371wTmA](https://bit.ly/371wTmA)  
[pic.twitter.com/06SOAmOtBW](https://pic.twitter.com/06SOAmOtBW)



## Top Tweet earned 4,383 impressions

Calling all businesses who are willing and able to come forward to create a new 'made in Wales' supply chain for Personal Protective Equipment (PPE) to support frontline NHS and social care staff:  
[ow.ly/chgp50z6daU](https://ow.ly/chgp50z6daU)

## Top media Tweet earned 5,174 impressions

The Department for Business, Energy and Industrial Strategy is looking for organisations who can support in the supply of ventilators/ventilator components across the UK as a response to [#COVID2019](https://twitter.com/COVID2019) - If you can help it's a simple online form:  
[ventilator.herokuapp.com](https://ventilator.herokuapp.com)  
[pic.twitter.com/YKwnGgdoU5](https://pic.twitter.com/YKwnGgdoU5)



1 21 14

[View Tweet activity](#)

[View all Tweet activity](#)

## Top Tweet earned 7,147 impressions

JUST IN: £500,000 of funding is available for technology companies who come up with digital support solutions for people who need to stay at home because of coronavirus.

[cardiffcapitalregion.wales/news-post/cardiff-capital-region-just-in-500000-of-funding-is-available-for-tech-companies-who-come-up-with-digital-support-solutions-for-people-who-need-to-stay-at-home-because-of-coronavirus](https://cardiffcapitalregion.wales/news-post/cardiff-capital-region-just-in-500000-of-funding-is-available-for-tech-companies-who-come-up-with-digital-support-solutions-for-people-who-need-to-stay-at-home-because-of-coronavirus)

## Top media Tweet earned 1,600 impressions













Welcome to the first in our series of looking at the day to day impact the Coronavirus is having on a selection of businesses within the CCR through the different perspectives of both a newly appointed graduate and their respective managers.

[cardiffcapitalregion.wales/news-post/through-the-eyes-of-a-newly-appointed-graduate-and-their-respective-managers](https://cardiffcapitalregion.wales/news-post/through-the-eyes-of-a-newly-appointed-graduate-and-their-respective-managers)  
[pic.twitter.com/mYtcO9SRM4](https://pic.twitter.com/mYtcO9SRM4)



**Best performing posts are those that are interactive and encourage further action/engagement.**

## 290% increase in LinkedIn post views between January and March

	January	February	March
Followers	107	150 	204 
Posts	31	29 	30 
Impressions (views)	1124	1801 	4389 
Clicks	31	83 	200 
Reactions	18	48 	72 
Shares	5	5 	23 

### Key Observations

- Better, more engaging content has resulted in an **exponential uplift in viewing statistics**.
- Similar to twitter the interactive post content has been a causal factor for increase in web traffic.
- The same period has seen a **doubling of our follower base**.
- Still a long way to go as this should be our primary channel – but a good start made.



## 5. Covid -19 Business Survey issued March 27 in partnership with FOR Cardiff.

### Results indicate significant concerns.



## COVID-19 Survey: Tell us How it's Affecting You

BUSINESS ZONE CARDIFF CAPITAL REGION CORONAVIRUS REGIONS SECTORS

CARDIFF CAPITAL REGION, 22ND MARCH 2020

SHARE

The coronavirus outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people. It is also having an enormous impact on the global economy.

In order to offer the best assistance to FORCardiff's members & the businesses of the Cardiff Capital Region during the outbreak of COVID-19 and lobby government on your behalf we are asking businesses to complete this short survey.

This survey aims to assess existing and potential negative economic impacts from COVID-19 for Welsh businesses and their staff. Responses to the survey are confidential and will be used to effectively allocate additional support and resources to mitigate economic impacts of the outbreak and to lobby the appropriate agencies to ensure that the support allocated is representative of businesses' needs.

Your help in responding to this survey will prove vital for us in the Cardiff Capital Region as it will allow us to address the unprecedented issues facing all of us here in the region we live and work in.

Business owners and managers are urged to respond to this survey as soon as possible.

**We have acted on the feedback by supporting the drive for clearer communications and have fed the results into our future strategy considerations.**

### Key Results

- Approx. **600** returns
- **98%** of respondents confirmed their **businesses had been affected** by Covid-19 with declining customer bases, cash flow and loss of income being the main concerns.
- **90%** ranked **"Loss of Income"** as the primary issue in the immediate to short term (3 months) with **"Cash Flow"** following at **75%**. Concern for **"Staff Welfare"** also ranked high at **66%**.

### Key Themes

- **Access to financial support for all** including sole traders/ self-employed/ freelancers
- **Clarity of process** for eligibility and application for the schemes
- **Speed of implementation**

### Key Insights:

- There is a need to understand where **the gaps** are in support packages and **identify ways to fill them**.
- **Linking supply and demand** wherever possible and sharing success.
- **Clarity of communication** from the providers of the support packages – from top to bottom i.e. greater clarity from the government in terms of CBILs to the need for LA's to consider webinars/ KIT sessions not just website /email based updates.
- **Planning for the future is important too** not just the here and now.
- Support for **business diversification** and in particular, e-commerce and developing digital business portals
- Additional effort required to identify / support businesses that are **"wealth creating"** and/or of **"strategic significance"** e.g. Medtech businesses and key supply chain SME's

### Key communications actions taken

- Developed our own COVID-19 section on the CCR website
- Developed FAQs and handy links which have been updated daily
- Posted key updates daily via social channels
- Switched media focus to ensure a Covid dimension to all thought leadership and industry features.
- Launched a media campaign to showcase a variety of companies across the CCR and profile their response to Covid
- Developed a bespoke programme for Medtech sector comms

# Appendices

# Additional CCR Coverage FYI– Not directly generated

Date	Publication	Article	Monthly Reach
14.01.20	BBC 2 Wales	14.01.20	n/a
03.03.20	BBC 2 Wales	03.03.20	n/a
29.02.20	BBC News	Disabled train access 'I feel less human' due to lack of lift	431.35M
20.01.20	BBC Radio Wales	20.01.20	375,000
02.03.20	Bridge FM	Disabled train access	34,000
12.01.20	Bro Radio	12.01.20	n/a
28.02.20	Business Live	The major transport infrastructure projects that are set to reshape Wales	644,268
04.03.20	Business Live	Starling Bank is creating 400 jobs in Cardiff	644,268
08.03.20	Business Live	30 inspiring Welsh businesswomen	644,268
31.03.20	Business Live	The new science park for Cardiff looking to create more than a 1,000 high-skilled jobs	644,268
10.01.20	Business News Wales	South Wales Metro Infrastructure Hub Opens	193,023
12.02.20	Business News Wales	Latest Update on Ford Taskforce Progress for Bridgend	193,023
18.02.20	Business News Wales	South East Wales Showcase	193,023
25.02.20	Business News Wales	New Technology News Channel Set to Launch in Wales	193,023
12.03.20	Cardiff Life	The Judges Will Decide	10,000

# Additional CCR Coverage FYI – Not directly generated

25.03.20	Cardiff Life	Exhibition	10,000
13.03.20	Commercial News Media	Welsh scale-up Delio welcomes Budget 2020 focus on strengthening fintech sector	35,560
29.02.20	Dundee Messenger	Disabled train access 'I feel less human' due to lack of lift	777
20.01.20	GTFM Radio	20.01.20	28,909
20.01.20	Insider Media Ltd	Taskforce making 'real and tangible progress' in Bridgend	1.125M
10.02.20	Insider Media Ltd	Swansea Bay top companies unveiled	1.125M
28.01.20	Llanelli Online	Council leaders off to Cannes investor gathering	3,934,486
17.03.20	M2 Communications	Funding agreed for transport improvements	n/a
29.02.20	News Explored	Disabled train access 'I feel less human' due to lack of lift	n/a
15.01.20	News From Wales	South Wales Metro Infrastructure Hub Opens	6500
13.03.20	News From Wales	Welsh scale-up Delio welcomes Budget 2020 focus on strengthening fintech sector	6500
24.01.20	Pontypool Free Press	Newport and Torfaen councils among the missing as key regional committee called off	93,493
22.01.20	Professional Housebuilder and Property Developer	Lovell works with Cardiff Capital Region to provide graduate opportunities	n/a
09.01.20	Rail Business Daily	South Wales Metro Infrastructure Hub opens	n/a
09.01.20	Railway News	South Wales Metro Infrastructure Hub opens	n/a
09.01.20	Railway Technology	TfW opens South Wales Metro Infrastructure Hub in Treforest	n/a
21.01.20	South Wales Argus	Newport and Torfaen councils among the missing as key regional committee called off	1.45M
23.01.20	South Wales Argus	No decisions as councillors fail to turn up	1.45M
08.03.20	South Wales Argus	Gwent's inspirational women for International Women's Day	1.45M
15.01.20	South Wales Echo	Motorists could face charge to drive into the city	10,942
21.01.20	South Wales Echo	20 companies linked to taking on Ford Factory	10,942
30.01.20	South Wales Echo	Council leaders flying to south of France in £10,000 trip to drum up interest in city deal projects	10,942
04.03.20	South Wales Echo	Digital bank to create 400 jobs with its new Cardiff hub	10,942
20.01.20	South Wales Evening Post	Ford taskforce hails progress ahead of closure	14,283
21.01.20	South Wales Evening Post	20 firms in link to Ford factory site	14,283
18.03.20	South Wales Evening Post	Just some of the women leading the way in Wales	14,283
29.01.20	Swansea Online	Council leaders' trip bids to make a French connection	3,969,707



# Additional CCR Coverage FYI – Not directly generated

24.01.20	Transport Xtra	Four priority corridors for Cardiff city region	n/a
09.01.20	Wales 247	Hub to deliver next phase of valley railway improvements	83,323
21.01.20	Wales 247	Pledge to invest in Bridgend when Ford factory closes	83,323
21.01.20	Wales 247	Three projects promising opportunities to the people of Bridgend	83,323
13.03.20	Wales 247	Delio welcomes Budget 2020 focus on strengthening fintech sector	83,323
20.01.20	Wales News Online	Ford taskforce progress for Bridgend workforce and community	n/a
20.01.20	Wales Online	More than 20 companies want to take over the Ford Bridgend factory when it closes	25.44M
30.01.20	Wales Online	Council leaders flying to south of France in £10,000 trip to drum up interest in city deal projects	25.44M
04.03.20	WalesOnline	Digital bank Starling is creating hundreds of new jobs in Cardiff	25.44M
20.01.20	Welsh Government	Ford taskforce progress for Bridgend workforce and community	516,962
04.01.20	Western Mail	Top 300 need incentives to maximise contribution	11,719
15.01.20	Western Mail	The learned lessons we must take into 2020 and beyond	11,719
10.02.20	Western Mail	Funding initiatives must be seized	11,719
26.02.20	Western Mail	Seize chance to build a Welsh economy fit for the future	11,719
28.02.20	Western Mail	Transport in Wales. A revolution in the making	11,719
04.03.20	Western Mail	Digital bank takes flight to create 400 new jobs	11,719
11.03.20	Western Mail	Here's to 30 of the best in business in Wales	11,719
13.03.20	Western Mail	Housing plans could add £23.2bn to economy	11,719
14.03.20	Western Mail	Report aims to support Welsh firms in drive for Productivity	11,719
16.03.20	Western Mail	Problems for planned £50m Llanwern station	11,719
20.01.20	Wheels within wales	£100,000 public money to ease impact of Ford withdrawal	848
20.01.20	Wired Gov	Ford taskforce progress for Bridgend workforce and community	n/a
05.02.20	UK Research and Innovation	UK Research and Innovation appoints additional Council members	n/a
17.03.20	UK Tech News	Welsh scale-up Delio welcomes Budget 2020 focus on strengthening fintech sector	1,304



# Medtech Sector Proves its Worth in Coronavirus Pandemic

*Progress and Inclusion are Hailed in  
2020-21 City Deal Business Plan*

---

*The Industries Set to Shape the Future  
Welsh Economy*

---

*Meet the Experts Guiding Cardiff  
Capital Region's Investment Strategy*

---

*Coronavirus Brings Home Importance  
of Investment in Digital Infrastructure*

---

*How FinTechs Have Adapted to  
Covid-19: Backbase*

---



“

**Kellie Beirne**

We can talk about level playing fields, but sometimes we need to be bold enough to tilt the playing field to where the biggest impact can be made.

”



“

**Frank Holmes**

Our work depends crucially on collaboration between the public and private sectors. The City Deal is a unique programme, and a departure from the normal governmental way of doing things.

”



“

**Rhys Thomas**

We need to focus our efforts on encouraging growth in those sectors where our entrepreneurs can build successful businesses and can face the future with confidence.

”



“

**Kevin Gardiner**

We're not narrowly focused on only making loans or taking equity stakes, we'll be open to all sorts of potential partnerships and joint ventures.

”



“

**Jon Wood**

Imagine what could happen if we connected cutting-edge businesses with the future of electronics, and provided the resulting innovations an easy route into the NHS.

”



“

**Leigh Hughes**

Whatever happens to our economy in the wake of the coronavirus pandemic, the skills of our people will be of huge importance to how our region's businesses perform in the future.

”



“

**Anthony Hunt**

I have been impressed by the leadership my colleagues in the CCR Regional Cabinet have shown and the spirit of collaboration that is evident in all they do.

”

# FOREWORD

**BY SUZANNE CHESTERTON**

## Welcome to the first edition of our new publication.

In this publication we bring together the pick of the columns and articles written over the past few weeks by our own executives, panel members and cabinet members, who share their knowledge and expertise on subjects ranging from skills to our region's digital infrastructure. Our objective in so doing is to demonstrate the breadth and depth of the strong thought leadership, ambition and inspirational successes that exist in the Cardiff Capital Region.

These articles have previously been featured on our own website, and on our dedicated section on the Business News Wales site. Their joint exposure on these two sites, as well as extensive promotion through social media, has ensured they have already reached a wide external audience. However, this publication brings them together in a handy way for our own people to read in a more convenient way.

This particular collection graphically reflects the dramatic developments of the last few weeks. The early ones cover the unveiling of our 2020-21 business plan and the decisions taken on our investment strategy at the beginning of March. Our chief operating officer Rhys Thomas explains the long-term goals of the Capital Region, while Kevin Gardner sets out how the investment strategy will help achieve them. Chair Frank Holmes writes about how collaboration and cohesion at every level of government across the region are key to ensuring success.

Those early articles were written before the coronavirus pandemic reached our shores and the country went into lockdown. The later articles in this collection are all about the massive changes

and adaptations we have gone through in this region in response to the virus. There are inspiring stories about firms that have switched their production lines, almost overnight, to making the critical, lifesaving equipment that has been so desperately needed by our health and social care services.

But our contributors have also looked ahead to the future beyond Covid-19. Our chief executive, Kellie Beirne, writes about how the crisis demonstrates the value of science and innovation. Strategy lead for clusters Jon Wood looks at the key role of the medtech sector, and Leigh Hughes, chairman of the Employment and Skills Board, explains how the Capital Region plans to ensure its people have the skills they need to succeed in the future.

Future editions of this magazine will no doubt reveal how our region successfully tackles the transition from a lockdown economy to one focused on recovery, reconstruction and resurgence. We hope you enjoy this collection of articles. There will be more to come!

*Suzanne Chesterton*

**Marketing & Communications Lead**



# Cardiff Capital Region Launches New Innovative News Channel

## BusinessNewsWales

**Cardiff Capital Region is launching a news channel dedicated to all the ongoing developments within the organisation later this month.**

The new channel is being created in partnership with Welsh Independent publisher Business News Wales and will showcase the latest news and developments as the region transforms itself to cope with the economic challenges ahead.

Featuring podcasts and columns from the leading individuals involved as well as analytical articles and round-ups, the channel will be the go-to place for all the latest information on what's happening in Cardiff Capital Region.

**Kellie Beirne, Director of the Cardiff Capital Region City Deal, said:**

“ This new channel gives us the opportunity to tell people about all the exciting things that are happening in the Cardiff Capital Region. Communicating these developments is essential and the partnership with a forward-thinking publisher such as Business News Wales is a bespoke collaboration for what we need to achieve.

**Frank Holmes, Chairman of Economic Growth Partnership, Cardiff Capital Region**

“ The launch of this new channel provides us with a substantial platform from which we can communicate with the business community and industry partners. We understand the significant importance of developing collaborative working partnerships, it is a fundamental principle of our strategy and cohesive approach of engaging with the Welsh business network.

**Mark Powney, MD of Business News Wales, said:**

“ Our latest new channel will play a crucial role in telling the people of south-east Wales how Cardiff Capital Region is reshaping their lives. I am really excited to be able to launch this new venture in partnership with Cardiff Capital Region.



**KELLIE BEIRNE**

**OUR VISION FOR THE  
CAPITAL REGION IS ABOUT  
MORE THAN TARGETS**





# Our Vision for the Capital Region: About More Than Targets



The Cardiff Capital Region (CCR) is home to some of the fastest growing and most economically competitive places in the UK, cheek by jowl with some of the least competitive and most disadvantaged.

Kellie Beirne

The Cardiff Capital Region (CCR) is home to some of the fastest growing and most economically competitive places in the UK, cheek by jowl with some of the least competitive and most disadvantaged.

It's not only the difference between Cardiff and Blaenau Gwent – it's the difference between the north and south in some of the very same counties.

It's over 20 years since the UK Competitiveness Index was first produced. Over that time, Blaenau Gwent has remained at the very bottom of the index.

The evidence shows it's not likely to shift soon either. And, getting beyond this term 'competitive', in one of the valleys I work in the difference in life expectancy is 15 years from bottom to top.

That's why, in the CCR, our agenda isn't about economic growth in isolation. We can't win the same race as everyone else. We've got to build real sustainability and resilience into our economy.

Beyond just looking at the economies of the future and positioning for comparative advantages – critical issues as they are – it's also about local and

foundational wealth creation and dissemination, and how innovation applies to public services and civic society as much as it applies to businesses and technology.

“ An inclusive economy where everyone can play a part goes to the heart of the political value-set underpinning our City Deal.

Our political leaders want to make a real and enduring difference to all communities through the region – not just certain parts of it. And I share that view passionately.

The City Deal is not only about the return on investment or the bottom line – it's about how we take the opportunity to challenge conventions and think in a deep way about what it takes to create resilience and real engagement. So that some of the kids that I share ties with feel this is about them too.

See, we can set targets for growth, jobs and GVA – but this isn't about hitting targets that miss the point. 'The point' for me is understanding that 'economic growth' is the means, not the end in itself.

We're doing it to make lives better and to generate options and choices so that people feel more in control of their own destinies.

Our analysis of priority sectors is interesting because the region is growing in key areas and there is potential to develop these as core economic clusters – creating the stickiness and eco-systems that help them inter-connect and embed. In advanced manufacturing, for example, the region has global credentials in advanced compound semiconductors – a key component of the international smartphone, med-tech, automotive and 5G industries.

In life sciences we are strong at medical diagnostics and devices. In the creative industries we have real strengths in stage and screen. But more than sectors – this is about place.

“ We can talk about level playing fields, but sometimes we need to be bold enough to tilt the playing field to where the biggest impact can be made and channelled into the communities that most need to feel the benefits.

We have devised an Investment Framework wherein we have three funds to stimulate more place-driven activity. Our challenge fund is one such example. It is about testing and trialling things that could have different impacts in different places. Better answers need better questions, and we have to be open to an element of curiosity and experimentation if we're going to move the economic dial.

Metro Plus is an opportunity for local councils to bring forward local transport enhancements earlier than the South Wales Metro will impact them, to start building momentum and getting to grips with some of the behavioural change levers, like electric vehicle infrastructure, integrated public transport and active travel, that will ready us for the bigger shifts coming in how we must safeguard our environment.

Our Housing Fund, Homes for all the Region, is another way of directing investment to areas in ways which tackle market failures and bring homes to communities that for too long have been blighted by sites left vacant as a result of deindustrialisation, ensuring these communities are equipped for the future and bringing homes to places where they would not otherwise have been built.

“Resilience. It can sound motherhood and apple pie, and I am the first to accept there are still more questions than answers and there are no silver bullets. But at the very least, it does sound like something I should be absolutely happy to be judged by.”



# Progress and Inclusion are Hailed in 2020-21 City Deal Business Plan

Cardiff Capital Region is stepping up a gear as its 2020-21 business plan reveals some transformative new projects are expected to reach legal completion this year.

This is the fourth annual business plan for the capital region, which has seen some of the highest levels of relative GVA growth in the UK in 2018-19. But there is still much to do and the plan focuses on the next steps that are expected to take shape over the coming year.

One of the key themes in this year's business plan is economic inclusion. Parts of the region remain stubbornly low in competitiveness compared to the rest of the UK, with Blaenau Gwent and Merthyr stuck at the bottom of the UK Competitiveness Index.

Consequently, the CCR Regional Economic and Industrial Plan and Investment and Intervention framework are focused not just on projects, but on where the benefits will be felt. In the words of the business plan, "Sustainable, inclusive and distributed growth is a key aim, ensuring we make sincere attempts to share and spread prosperity."

In terms of projects, the business plan lists some of the highlights of the past year, including the compound semiconductor foundry in Newport, which is now in production after a drawdown of £33m out of a planned project investment of £37.9m.

There have been 65 new jobs created at IQE and a further 545 roles safeguarded at IQE and NWF. An additional 259 indirect supply chain jobs have been created as a result of the foundry, and so far 697 jobs have been indirectly supported in the region's semiconductor cluster since the foundry began. The £37.9m investment by CCR is expected to leverage £375m in private sector investment.

For 2020-21 the business plan anticipates progress on pushing forward further projects from strategic outline case through to legal completion. These include:

- › **Metro Plus**, a £50m scheme to add further enhancements to the South Wales Metro transport network including park and ride schemes, new bus and rail interchanges and improved stations;

- › **Cardiff Metro Central**, a £200m scheme to provide Cardiff with a new central transport hub with bus and coach stations and an improved Central Station;
- › **Housing Catalyst Fund**, a £30-60m project to address market failure in meeting housing need by providing funding support in unlocking development in underserved areas;
- › **CS Connected** – a £45m business case has been submitted to the UK Government's Strength in Places programme for this project to build out the compound semiconductor cluster.

Additionally, there are a number of other initiatives that are at an advanced stage, and these include:

- › **Digital Infrastructure** – there are a number of potential projects in this critical pipeline, and CCR is actively working with Welsh Government and the Department for Culture, Media and Sport to deliver gigabit connectivity across the region in as short a timeframe as possible.
- › **Graduate Scheme** – this scheme to make the region more attractive to graduates by supporting graduate internships, which has been developed in partnership with the University of South Wales, Cardiff University, Cardiff Metropolitan University, the Open University in Wales and business representatives, has been a great success to date. Further investments are scheduled to be made in the scheme to enable it to expand and grow.

There is no shortage of future projects for the Regional Cabinet to consider, with 15 having completed their initial enquiry documentation and a further 28 in the pipeline, of which between three and six are expected to be brought forward for formal consideration.

The business plan lists four key objectives for 2020/21:

- › To leverage the foundational capacity and resources that are already in place to optimise pipeline throughput and delivery of projects;
- › To evaluate progress so far in preparation for the Government's 'gateway' or independent assurance review next year;
- › To influence and engage with potential new partners to leverage investment and partnership opportunities;
- › To build for the future of the region beyond the city deal by developing a one region ethos, putting in place a set of fiscal levers, introducing a statutory joint committee for the economy and developing a climate vision and mission statement.

The overarching objective of the CCR is defined as growing a connected, competitive, and resilient economy, and establishing the CCR as a place where prosperity is shared and wealth and wellbeing are compatible goals. The 2020/21 business plan signposts the next stage of the journey towards that goal.



# Global Exposure for Cardiff and the Capital Region Investment Opportunities

Investment opportunities throughout South East Wales will soon be promoted to thousands of the world's leading property development experts.

From March 10th to 12th representatives from Cardiff, The Capital Region and Swansea Bay City Region together with Welsh Government, will be joining forces and attending the MIPIM 2020 conference in France.

MIPIM is the world's premier international property trade fair bringing together the most influential players from all international property sectors and, with over 6,000 investors attending, offers unrivalled access to sources of capital worldwide.

The 10 Local authorities that make up our region together with the Swansea Bay city region are all unequivocally committed to seeing all parts of south wales grow and are taking a collective approach to attending MIPIM this year.

The team also includes partners from 27 different companies who are attending for the numerous opportunities this event affords for raising the profile of their own projects, initiatives and professional services with a regional, national and international audience.

The event is still open to Welsh business who may benefit from this opportunity. Becoming a Cardiff partner at MIPIM will provide you with numerous opportunities, engage with senior decision makers, network with fellow delegates and raise the profile of your own



projects and initiatives with a regional, national and international audience. Business interested in finding out more should contact [vikki.beesley@cardiff.gov.uk](mailto:vikki.beesley@cardiff.gov.uk)

Listen to the podcasts below to hear Cllr Andrew Morgan Rhondda Cynon Taff County Borough Council and Chair of Regional Cabinet Cardiff Capital Region and Leader Of Cardiff Council, Cllr Huw Thomas talk to Mark Powney, Business News Wales Managing Director about why they believe that it is essential the region attends MIPIM this year and what they hope to achieve.

**Business News Wales Podcasts**  
**MIPIM Special: Featuring**  
Cllr Andrew Morgan

LISTEN NOW

**Business News Wales Podcasts**  
**MIPIM Special: Featuring**  
Cllr Huw Thomas

LISTEN NOW



**RHYS THOMAS**

**A CONFIDENT, COMPETITIVE  
REGION: OUR GOAL FOR THE  
FUTURE**





## Our Goal for the Future: A Confident, Competitive Region



Our economy is struggling, that's why in Cardiff Capital Region we have the City Deal. Gross value added (GVA) in Wales is around 74 per cent of the UK average, and in Cardiff Capital Region it's not much better than that.

Rhys Thomas

Our goal in the Cardiff Capital Region is to nurture a resilient, sustainable economy where wealth is created and disseminated around our region.

“ To do that well, we need to focus our efforts on encouraging growth in those sectors where our entrepreneurs can build successful businesses that can face the future with confidence.

That's why we are targeting a small number of priority sectors, where we can see the shoots already pushing through and where there's every reason to hope Cardiff Capital Region can compete effectively with other regions around the UK and further afield.

Take cyber for example. We have two large multi-national corporates in the region, Airbus and Thales, but we also have a cluster of cyber companies and SMEs in the region and a concentration of cyber expertise within 50 miles.

And that's important, because companies like Airbus and Thales do not come and stay in a region like

ours simply because of financial inducements; there has to be something more to attract them. That something is our people: it's the talent and expertise both within and coming out of our universities, and the ecosystem of our cyber SMEs where people can bounce ideas around and develop them.

The same is true of some of our other priority sectors, such as life sciences where local companies are doing great work in medical diagnostics and devices, and fintech where our strong foundation of financial services businesses is providing a fertile environment for young companies at the forefront of technology development.

Then there's compound semiconductors, where we have a world leading cluster emerging in the development and production of these vital components in the technologies of tomorrow.

Whether it's in one of these sectors or our other priority sectors such as the creative industries, artificial intelligence, transport engineering or energy and the environment, our approach in the Cardiff Capital Region is primarily to enable homegrown

growth in the confidence that it will prove lasting and sustainable.

“ We're not interested in simply handing out grants

We see our role as attracting businesses that are here for the long term, with innovative funding mechanisms that incentivise companies to stay.

In the Cardiff Capital Region, although we have around £500m to invest in our various funds, we are looking for a return on our investment in some form. At the same time, we are not like a commercial bank, nor are we risk averse.

When we invested £38m in the Compound Semiconductor Foundry in Newport it was seen as high risk, but to us it was a key part in establishing this critical sector of the future in our region.

If you were to ask me how I hoped Cardiff Capital Region would be in 20 years' time, I'd say I hope it will be a competitive region, confident in its own skin. That's what we're trying to achieve with our investments and our programmes, to give our businesses the environment they need to grow with confidence and create resilient communities for the benefit of all our people.

“

That's what we're trying to achieve with our investments and our programmes, to give our businesses the environment they need to grow with confidence and create resilient communities for the benefit of all our people.







# The Industries Set to Shape the Future Welsh Economy

Industry is no stranger to south east Wales. The legacy of past industries is all around, from Big Pit to the Ford engine plant at Bridgend, due to close later this year.

In Cardiff Capital Region the focus now is not on the past but the future. The 10 local authorities that make up the region, and the central bodies that drive its strategy, are concerned above all with one question: how do we make sure our region is as much an industrial powerhouse in the future as it was a century or more ago?

To do this successfully, Cardiff Capital Region needs to identify the industries that can create prosperity in south east Wales over the next 10 to 20 years, and then work out how best they can be nurtured.

Looking at where the region already has growing or potential strength, the Regional Cabinet has picked out eight sectors – cyber security, compound semiconductors, life sciences, fintech, artificial intelligence, energy and environment, transport engineering and the creative industries – where encouragement now will help embed the industries of the future.

## Cyber security

Cardiff Capital Region already has some major international players in cyber security operating here in Airbus and Thales. The focus of their work is protection, attempting to predict cyber attacks and prevent them before they happen, rather than the forensic work of analysing attacks after they have taken place.

Crucially – and this is a major reason for companies like Airbus and Thales being here – their presence supports and is supported by a growing ecosystem of SMEs in the cyber sphere, fortified and fed by the expertise and talent pool coming out of the region's universities.

These companies may not employ large numbers of people, but they are high skilled, high value jobs, and the young people who fill them spend a lot of money in the local economy. Equally, for the companies working in this field the market is not limited to the region but is global, and there are applications in other sectors from fintech to construction.

## Compound semiconductors

The next generation of semiconductors, compound semiconductors will be used in everything from 5G to the Internet of Things, taking in robotics, healthcare, autonomous vehicles and energy efficiency along the way. And the good news is that south east Wales is at the forefront of development, with a world leading cluster emerging in the region.

Pioneering companies such as IQE are already well established here, working closely with Cardiff University in the Compound Semiconductor Centre. Cardiff Capital Region has supported the industry with a £38m investment in a manufacturing facility, the Compound Semiconductor Foundry, at Newport, ensuring that manufacturing of the semiconductors, and the jobs that go with it, is not offshored.

## Life sciences

The life sciences sector is a huge one, but Cardiff Capital Region is focusing specifically on medical diagnostics and devices, where the region is strong. As with cyber, it's a sector that depends on the talent being produced in the region's universities, and where companies are attracted by the ecosystem of SMEs and start-ups that has developed here.

It's another growing market as the technology of healthcare becomes ever more advanced, and another sector where the marketplace is global.

## Fintech

South east Wales already has a large financial services sector with companies such as Admiral among the region's largest employers. Much of the employment so far though has been in call centres; in the future companies will increasingly use technology – insurtech – to connect with their customers in new ways.

This disruptive revolution, which is already underway, provides an opportunity for technology-driven SMEs and start-ups to work alongside the industry leaders. The UK currently leads the way in fintech and businesses created and based in south east Wales are among the upsurge.

## Transport engineering

The UK Government has changed gears on the decarbonisation of our road transport sector with the announcement that the sale of new petrol and diesel vehicles will be banned from 2032.

With the end of the internal combustion engine in sight, companies working in the field of electric vehicle infrastructure and the development of batteries, as well as other alternatives to fossil fuelled vehicles, will play an important part in our future.

But besides the automotive, south east Wales also has strengths in other transport sectors such as aviation.

## Energy and environment

The decarbonisation agenda goes beyond road transport and is becoming increasingly urgent as the target date for Wales and the UK to achieve net zero greenhouse gas emissions approaches. Cardiff Capital Region will encourage companies in this sector, not just because of their potential for growth but because decarbonising is a key part of creating the resilient and sustainable economy that our communities need in the future.

## Artificial intelligence

AI in many ways underpins the transformative work that is taking place in many of the other priority sectors. Whether it's fintech, medical diagnostics or autonomous vehicles, the use of data and AI is playing an increasing role.

## Creative industries

The Cardiff Capital Region already has significant strength in TV and film production, both with home grown companies such as Bad Wolf, makers of His Dark Materials, and with outside companies including Hollywood filmmakers coming here to use the region's studios and outside locations. And the region is also strong in homegrown music.

There's an important difference between this sector and some of the others. While sectors such as cyber and life sciences rely on high skilled graduates and postgraduates, the creative industries employ a wider range of skills including crafts and trades such as costume and stage design, lighting and sound engineering.

But the region also has many SMEs active in the games media, where technology skills are important.



## BusinessNewsWales PodcastHub

### Podcast

#### Joanna Rees: Global Exposure for Cardiff Capital Region

Investment opportunities throughout South East Wales will soon be promoted to thousands of the world's leading property development experts.

From March 10th to 12th representatives from Cardiff, The Capital Region and Swansea Bay City Region together with Welsh Government, will be joining forces and attending the MIPIM 2020 conference in France. The world's premier international property trade fair bringing together the most influential players from all international property sectors and, with over 6,000 investors attending, offers unrivalled access to sources of capital worldwide.

To discuss MIPIM, the opportunity that attending as a region gives us to showcase our portfolio of investments and to understand why the event offers businesses such as Blake Morgan unparalleled opportunities for Business development and networking activity our MD Mark Powney, interviewed Joanna Rees, Blake Morgan who is attending this years event.



**LISTEN NOW**



**FRANK HOLMES**  
**COLLABORATION**  
**AND COHESION ARE**  
**KEYS TO SUCCESS**





## Collaboration and Cohesion: Keys to Success



The world today is full of challenges that can often seem overwhelming. Climate change, competitiveness, sustainable economic development, and making sure growth benefits the entire community – all these can appear too big for any of us to tackle.

**Frank Holmes**

The world today is full of challenges that can often seem overwhelming.

Climate change, competitiveness, sustainable economic development, and making sure growth benefits the entire community – all these can appear too big for any of us to tackle. And that's no surprise, because they are. To imagine that we could come close to solving these issues without working together would be madness.

The word ecosystem is often used in business to describe the complex network of self-supporting relationships that sustain business sectors. It's an appropriate word, borrowed from the environmental sciences, to think also about the even broader complexities of economies as a whole.

Thinking in these terms reveals how mutually dependent we all are, just like the plants and animals in a living ecosystem. While individuals in a natural ecosystem compete for scarce resources, at an interspecific level none would survive without the others.

The pollinators and flowering plants do not collaborate in a conscious sense, but without each other both would die.

It's this sense of our mutual interdependence that lies at the heart of the Cardiff Capital Region's approach. At the heart of it are our 10 local authorities, that have come together to pool their efforts into securing economic growth. Each has recognised that on their own they can only achieve so much, and that their own prospects depend as much on what's happening over the border in the neighbouring boroughs as it does on anything they can do alone.

But that's just the start of it. Our 10 local authorities, powerful as their joint efforts may be, could not hope to achieve much without working with the Welsh Government and the UK Government, to leverage the greater resources that only those bodies can provide.

Finally – and this is especially close to my heart.

“ Our work depends crucially on collaboration between the public and private sectors.

Government alone cannot produce economic growth, it depends crucially on the entrepreneurial skills of private sector employers to do that.

And while today's politicians and civil servants are very knowledgeable about the economy, they still benefit greatly from the experience and insights that only those who have worked in the private sector can provide.

That's why our Economic Growth Partnership brings together some of our top business leaders, along with leading academics, to advise the political leaders gathered in the Regional Cabinet. The representation of business at this level is unprecedented.

But it's not just about collaboration, it's also about cohesion, about working together in a connected and complimentary way towards a common goal. Cohesion is a fundamental building block of what we are trying to do.

Cardiff Capital Region has £1.3bn of City Deal funding, but £734m of that is ring-fenced for the South Wales Metro, leaving us £495m that we can invest in economic development. To achieve the transformation we are hoping for we need to leverage a further £4bn in private sector investment.

That's the final and perhaps most important way we are mutually dependent – we need the private sector to invest, and the private sector needs us in the Cardiff Capital Region to provide the environment and opportunities to make such investment worthwhile.

The City Deal is a unique programme, and a departure from the normal governmental way of doing things.

But it's not just about a programme, it's more than that. In the Cardiff Capital Region we are trying to create a stronger, more competitive and vibrant region, with good quality, sustainable jobs and a better distribution of the benefits of growth.

Collaboration and cohesion on government policy at every level, plus bonafide public and private sector engagement in business, education and social enterprise, are priority objectives for all the region's leaders, and key to Cardiff Capital Region becoming investable.





# Meet the Experts Guiding Cardiff Capital Region's Investment Strategy

Close to the heart of the Cardiff Capital Region's decision making is the Economic Growth Partnership, which brings together representatives from business, the third sector, education and local government.

The EGP's role is to advise the CCR Regional Cabinet on investment decisions, using its expertise to pick out those projects that fit the CCR's objective of creating a more competitive region with sustainable jobs and resilient communities.

We asked six members of the EGP to tell us what they thought was distinctive about the CCR's approach, what they hope it will achieve, and how their own background and experience equips them to help with the challenges of the region.



## Kevin Gardiner

Kevin Gardiner is a global investment strategist at Rothschild Wealth Management. He thinks the way public and private sectors are working together in the CCR in pursuit of goals that are at the same time commercial, inclusive and sustainable is something special.

"Among the public partners, for the ten local authorities in particular to be cooperating in pursuit of shared objectives is I think really heartening at a time when people have perhaps become sceptical about the political process," he said.

He hopes this collaborative approach will help the CCR achieve better living standards, improved connections and infrastructure, and more competitive products, which should lead to more jobs and better pay, all without damaging the environment.

Kevin studied economics to a high level and worked at the Bank of England before moving into the private sector. He has written extensively about

competitiveness and capital markets. He wrote the "Celtic Tiger" report on Ireland, which he says remains the fastest growing (and probably most misunderstood) Western European economy.

He sees his role as to offer the "big picture, macro view."

"I have always been interested in what makes some economies perform better than others, and I spend a lot of time discussing with global investors and businesses what it is that makes a region special," he said.

"I grew up (very happily) in Ely, Cardiff, and still have close ties to the region (and the Bluebirds): it is a privilege to be able, in a small way, to influence the Deal's investment framework. I like to think that I can translate economic jargon into common sense, and my background perhaps gives me a healthy sense of perspective."



## Andrew Probert

Andrew Probert is a former finance and IT director of Admiral Group. As employee number 7 at Admiral Insurance Group, a FTSE 100

company started and headquartered in south east Wales, which now employs more than 11,000 people worldwide and over 8,000 in Wales, he says he's been involved in his fair share of economic growth and involvement from start up to mature multinational business.

**Speaking of his hopes for the EGP, Andrew said:**

"It's unusual to be involved in a body that both takes a broad view of a region's economy and needs, and applies that to pick individual investments that aim to enhance the direction of travel. I hope it achieves a more balanced and vibrant economy."



## Andrew Cooksley

Andrew Cooksley is a founder and CEO of ACT, the Cardiff-based training provider. He said the make-up of the EGP board allows for "big impact decision making" from a collective of experienced, highly knowledgeable people who know the region well, and hopes it achieves quick, high impact decision making and advice for the CCR board.

Andrew's expertise lies in skills and people development. "Getting this right in the future will be crucial to transforming the region," he said.

**He added:**

"I'm particularly keen to get over to the board what the skills delivery organisations need to be focused on. It's more than just vocational skills, it's about

attitude, problem solving and being great team players. We also want our future workforce to be healthy, happy and motivated. Every employer wants people displaying those values."



## Cerys Furlong

Cerys Furlong is chief executive of Chwarae Teg, the charity dedicated to inspiring and delivering gender equality in Wales. As well as her expertise in

equality, diversity and inclusion, Cerys also has small business experience as an owner of pubs and restaurants, and expertise in government relations and working across Welsh Government, local government and the UK Government.

**Asked what she sees as distinctive about the EGP approach, she said:**

"People around the table are not just the usual suspects, and not just provider or interest groups as is often the case with these types of forums. That means we can bring our wealth of experience and network, without just the organisation party line."

**She added:**

"A true collaboration between the private, public and third sectors will best enable us to meet the challenging objectives we have set for inclusive growth in the region. Each voice with equal weight, and with a clear focus on doing things differently. We haven't necessarily made things easy for ourselves, but we have to do things differently to get a different result."

Cerys says her experience across public, private and voluntary sectors means she can take a strategic view of the challenges the region faces, and her particular experience in the field of equality and social justice means she brings a focus on the impact on different groups of people and communities to group discussions, essential if the CCR is not to repeat previous failures and achieve its aspirations of inclusive growth.



## Simon Pirotte

Simon Pirotte is principal and CEO of Bridgend College. With 35 years' experience of working in schools, further education and higher education at home and abroad, Simon hopes to bring that knowledge to the table "to help future

proof our education system to meet the needs of local, national and global economies."

He said the CCR has developed "a collaborative approach between a range of sectors, all united in working together to make an impact on the economic prosperity of the region and generating a positive social contribution."

"The ambitious aims of CCR will not be realised without the upskilling of the current and future workforce. As we all know, the world is changing at a rapid pace and education and training providers need to be ahead of the curve if Wales is to keep up with global developments. There are great opportunities ahead of us and we need to make the most of them."

"We have the opportunity to excel in certain sectors and need to build our infrastructures around that," he said.



## Chris Sutton

Chris Sutton is director of Sutton Consulting. His 30 years' working as a chartered surveyor in South Wales, dealing mainly with industrial and office premises, has given him a strong insight into why businesses locate to

different parts of Cardiff Capital Region.

He chaired the Welsh Government's advisory board for the Central Cardiff Enterprise Zone and is proud of the contribution it made towards the capital's development pipeline, which has seen over 1.5 million sq ft of office and other floorspace delivered north and south of the Great Western mainline.

Most of his working career has been spent advising on the industrial property market, delivering on new projects such as General Dynamics' armoured vehicle plant in Merthyr Tydfil and the new-build CAF Rail facility in Llanwern. He has witnessed the trend towards off-shoring in the manufacturing sector over the past 20 years, which he says leads to a planning issue regarding the reuse of post-industrial sites – and still greater efforts to nurture and keep emerging industries and start-ups.

**Of the CCR, he said:**

"We are seeing collaborative working across the city region and this 'larger than local' approach provides a more strategic framework for investment whilst securing economies of scale in terms of delivery. Working with the HE and FE sectors, there is an ambition to improve skills and create higher value-added economic activity – however we must also deliver for our more disadvantaged communities.

Chris said he found it "satisfying to work with a team of leaders and other professionals on the EGP who are all focused upon delivering a stronger region."

**He added:**

"Hopefully my experience and local knowledge adds to the skillset of this wider team. I enjoy being task-driven and would hope that this helps the team deliver."

This week the CCR Regional Cabinet will decide on the latest investment recommendations from the EGP. The advice from the EGP's experts will be a key factor in determining where the Regional Cabinet puts its money.



## Podcast Interview

### Carwyn Meets: Huw Thomas, Leader of Cardiff Council

In this episode of Carwyn Meets, Carwyn speaks to Huw Thomas, Leader of Cardiff Council, to discuss the issues affecting Wales' capital.



**LISTEN NOW**

## Podcast Interview

### Carwyn Meets: Kellie Beirne

In this episode, Carwyn sits down with Kellie Beirne, Chief Executive of Cardiff Capital Region City Deal.



**LISTEN NOW**



**KEVIN GARDINER**

**WHAT WE'RE TRYING  
TO ACHIEVE WITH OUR  
INVESTMENT STRATEGY**





# Our Investment Strategy: What We're Trying to Achieve



In the Cardiff Capital Region we're trying to do something new with the £495m we have to invest. Of course, it's very important that the businesses we invest in are competitive and able to stand on their own two feet, and that they deliver a return on the funds invested in them.

Kevin Gardiner

But that's not all that we're after: we are also charged with delivering inclusive growth. So it's about delivering investments and projects that may not be fully commercial, but which also create jobs, and making sure that the benefits of the City Deal are spread widely throughout Cardiff Capital Region.

That means that we won't just be focusing on the ultra-attractive, high value added manufacturing and high tech enterprises that grab a lot of headlines, but we'll also be looking to see what we can do to foster foundational employment and better employment connectivity.

Can we make it easier, as the Metro is trying to do, for people to take jobs around the region in a way they might not otherwise have done? Is there anything we can do to help them improve their skills?

Another departure for us is that purely private sector investments don't take things like sustainability as seriously as we do. The Wellbeing of Future Generations Act is a first of its kind

and it's something the Welsh Government takes tremendously seriously, but most of us also happen to think it's a good idea not to damage the environment.

That's something that would not necessarily be delivered if market forces were left purely to themselves, or if our investments were to take a narrowly commercial view. The way we're looking to get involved is quite distinctive too.

“ We're not narrowly focused on only making loans or taking equity stakes, we'll be open to all sorts of potential partnerships and joint ventures.

Ideally, most of the finance we offer is going to make a return that's defensible commercially, but some of it will be aiming at more inclusive projects where commercial returns won't be the main driver.

We want our investment funds to be evergreen, because one of the things the City Deal is charged with is trying to leverage its impact.

We could in theory go out and spend everything on grants for projects with short shelf lives – after which the funds are gone and we go back to normal. But the idea is that we use the funds to amplify private sector involvement where possible, to partner up and ideally to perpetuate the longevity of those funds by recycling returns and repayments back into other projects.

We're in the early stages so there isn't a definitive rule book, but we're trying to be as pragmatic and open minded as possible.

We do have a list of priority sectors but they're not the only sectors we're going to be considering, because if we're trying to be inclusive we can't confine our attentions just to high productivity manufacturing ventures for example. “High productivity” can also mean “low employment”, and we want more jobs.

Finally, many local academics and business people would suggest that maybe the region can sometimes be a little bit insular, and not ambitious enough. Maybe we might be able, in a tiny way, to make people change the way they view going into business.

If we were able to do that I think it would be fantastic. Having grown up happily in Ely in Cardiff, and lucky still to have friends there, I am very aware that parts of the region have lagged behind the wider economy. For me personally, it would be wonderful to help in a small way to make things a little better.



“ We're in the early stages so there isn't a definitive rule book, but we're trying to be as pragmatic and open minded as possible.

# How Investment Will Lift the CCR and How to Get Involved

**The Cardiff Capital Region City Deal is about transformation – and it's a transformation that businesses and other organisations can help bring about.**

It's about taking a region of south east Wales that's been under-performing relative to the rest of the UK for decades, and turning it into one that's closing the gap with its more successful competitors. It's about helping the tortoise catch up with and maybe even overtake the hare.

To put it in more prosaic terms, the City Deal aims to achieve a 5% uplift in regional gross value added (GVA) and create 25,000 additional jobs over its 20 year lifetime.

To do this takes investment, and the City Deal has around £1.2bn to invest. Of this, £734m is ringfenced for the South Wales Metro. That still leaves £495m for investment in the CCR's key priorities, which it has identified as innovation, infrastructure, and challenge.

## What do these mean?

One of the key objectives of the City Deal is to make the CCR more competitive. This requires innovation, and so the City Deal is looking for projects "that focus on innovation that enhances productivity, from the foundational economy through to propositions that demonstrate unique IP, market leadership, and competitive strengths".

The City Deal is looking for projects "that focus on innovation that enhances productivity, from the foundational economy through to propositions that demonstrate unique IP, market leadership, and competitive strengths".

This part of the investment framework is targeted at private sector businesses, R&D organisations, HE institutions and foreign direct investors. Investments could be in the region of £15-£50m, and the City Deal is looking for a direct return on investment through repayable instruments. However, as with all its investments, the City Deal is not looking at possible investment opportunities in purely commercial terms.

### **The second priority area is infrastructure.**

Targets for investment could be public sector-led or public-private infrastructure projects, that "create conditions for private success and civic benefits" such as transport, digital infrastructure, skills, and land assembly.

The aim of these investments is to, indirectly, promote economic growth and jobs by addressing disparities such as poor connectivity, the digital deficit and lack of skills. The City Deal is expecting indirect return on investment here, with a various repayability options such as fiscal levers, income streams and other socio-economic benefits.

**The final priority area is challenge**, which is where the City Deal hopes to really make a difference by investing in innovation intensive businesses and businesses in the foundational economy that are creating new markets and addressing regional challenges and priorities. Investments under this heading could range from £2m to £10m.

Across all three of these priority areas, the City Deal wants its investments not just to enhance productivity and competitiveness, but also to promote economic inclusion, reduce some of the things inhibiting economic growth in the region and reduce place-based disparities, spreading the benefits of growth more widely and fairly both in geographical and social terms.

The priority areas are not rigidly demarcated; an investment could straddle two areas, such as the £38.5m invested into the compound semiconductor foundry, or a project could start in one area and migrate into another over time.

If you think your business or organisation can help make Cardiff Capital Region a more competitive, connected and resilient place, or you have the sort of project that could benefit from our investment, simply get in touch with Rhys Thomas or Nicola Somerville at: **+44 (0) 3000 040414** to talk through your idea, or email us at: **info@cardiffcapitalregion.wales**.



# Key Cardiff Capital Region Projects Given City Deal Backing

A series of key projects to help shape the Cardiff Capital Region (CCR) as one of the most investable areas in the UK have been approved by the CCR Regional Cabinet.

The projects, all submitted through the Investment and Intervention Framework, will see investments ranging from initial sums totalling £215k to progress next steps business cases, through to a £30m commitment of City Deal funding for a Housing Investment Fund, and £1.5m to scale up the CCR graduate programme.

The Framework, launched by the Economic Growth Partnership, focuses on the region's three priorities, innovation, infrastructure and challenge, enabling maximum leverage of the £495 million the CCR City Deal has available for investment. It is anticipated the decisions made this week will result in a further £900m of private sector capital being invested into the region through the approved schemes, with the housing fund alone contributing approx. £700m of that projected sum.

The projects, which have benefited enormously from the expert advice and discipline provided by both the Economic Growth Partnership and Investment Panel, were approved following the Investment Panel recommendation and final approval of the Regional Cabinet. They include:

- › **The scaling up and roll-out of a full programme for the CCR Graduate Scheme** – an already successful pilot, £1.5m has been committed to scale up to a four-year programme delivering 500 graduate placements. The scheme will now sit within the newly approved 'Future Ready' Skills Framework, which aims to co-ordinate the development of all skills, learning and talent development activity for the City Deal.
- › **The creation of a Housing Investment Fund entitled 'Homes for all the Region'** – a £45million fund set to deliver up to 2,800 homes for the region, with at least 50% of the fund targeted at the areas of lowest economic competitiveness. Created to complement already established schemes, the Fund will seek a co-investment of £15m from Welsh Government, to support a City Deal investment of £30m.
- › **The development of a Fibre Provision Programme** – as part of a plan to enhance region-wide digital connectivity needed to optimise economic growth, this programme aims to bring the benefits of fibre connectivity to 330,000 premises in core CCR towns and settlements. The Programme sets out a £200m plus investment requirement, made up of a combination of City Deal, Welsh Government and private sector funding, with an initial £35k released by the City Deal to begin an early business case.
- › **The roll-out of a Wales 5G Programme** – The Programme will see the City Deal work closely with Welsh Government and other public, private and HE partners to build on a Rural Connected Communities (RCC) project to scale into 5G Wales. Backed by an approved £5m grant from the Digital, Culture, Media and Sport Committee, matched by £5m private sector contributions, an upfront funding contribution of up

to £150k has been approved by the City Deal to develop the wider strategy. The Wales 5G programme, led by Welsh Government, is seeking £31m in total with a requirement of up to £3.65m from CCR with the remainder being made up from other public and private partners.

- › **Funding to support the creation of a joint venture Life Sciences Park, Junction 32, Coryton/ Lower Taff Valley** as part of the evolution of a Medical Devices and Diagnostics priority cluster. With over 200 businesses, mainly SMEs, operating in the MedTech sector in the CCR, with a combined turnover of £1.5bn and 8,000 employees, this sector offers enormous opportunity for the Cardiff Capital Region. City Deal funding of £30k was agreed to be set aside for the immediate commissioning of demand analysis and initial due diligence for the project.
- › **Funding for essential design requirements for advancement of Metro Central** – £4m of City Deal funding has been approved towards the £10m cost of finalising design work and technical specification for the development of Metro Central. £40m of City Deal funding has already been set aside for the project which is set to see the substantial redevelopment of Cardiff Central Station to the total value of £185m. Metro Central is a critical component of the overall South Wales Metro, set to benefit the entire Cardiff Capital Region.

The CCR City Deal is a catalyst for long-term economic revival, aiming for the whole region to become self-sufficient. It includes the ten local authorities of Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and Vale of Glamorgan. The Regional Cabinet comprises the leaders of the ten unitary authorities.

Of the £1.2 billion available, £734 million is ringfenced for the South Wales Metro, and the remaining £495 million is available for the funding of high-potential projects in the region through its Investment and Intervention Framework, launched last year. So far, £38m has already been invested in creating the world's first compound semiconductor cluster in South-East Wales, CS Connected.

**Councillor Andrew Morgan, Chair, CCR City Deal Regional Cabinet Committee and Leader of Rhondda Cynon Taff County Borough Council, said:**

“The calibre of the proposals coming through the Framework highlight just how investable the Cardiff Capital Region truly is.

*The Economic Growth Partnership has been the absolute catalyst for bringing these momentous projects to fruition, which will create sustainable growth, drive economic inclusion and have the ability to transform our region.*

*The projects are absolutely critical in further cementing the CCR as one of the most economically competitive and socially resilient regions within the UK and we look forward to working further with Welsh Government and other private sector organisations as we progress to the next stages.”*

**Kellie Beirne, Director CCR City Deal said:**

“I am delighted with the decisions made by the Regional Cabinet to progress this series of investments.

*We have spent a lot of time to date putting firm foundations in place, through things like the Economic Growth Partnership and The Investment and Intervention Framework, to help ensure we invest in the right things, in things that will truly help us become a Connected, Competitive and Resilient region.*

*That is now paying dividend; the impact of these investments will be truly pan regional, and will be critical in ensuring we create the right infrastructure and conditions precedent for our businesses to grow with confidence and create resilient communities for the benefit of all our people across the region.*

*We are making things happen. I am proud of what we've achieved to date and I am very much looking forward collaborating across our business communities, Welsh Government and our 10 local authorities to progress these investments through to implementation.”*



## Cardiff Capital Region Launches a Series of “State of the Region” Reports

### Cardiff Capital Region – Connected, Competitive, Resilient

Cardiff Capital Region (CCR) has launched a series of three analytical reports designed to provide robust and reliable data on a range of economic, social and environmental indicators to better understand the performance of the region.

These ‘state of the region’ reports represent a commitment made in the CCR Industrial and Economic Plan to invest in analytical capability in order to both facilitate informed decision making and to measure progress towards the CCR’s twin objectives of improving the region’s prosperity and tackling inequalities.

Produced for the CCR by colleagues at Cardiff University, the series of reports brings together data from a range of different sources so that it can be accessed in one place, and provide a clear and insightful picture of the region’s prosperity and quality of life. These reports will now be used as a basis for benchmarking and monitoring the impact of the CCR’s investments, and will also serve to provide a valuable, independent health check for all key decision-makers, businesses, and stakeholders in the region.

### Connected, Competitive, Resilient

#### Part 1: Connected

Supporting the first report, CCR Economic Growth Partnership Chair, Frank Holmes and Board Member Chris Sutton talked to Mark Powney, MD Business News Wales about the context for these reports, the essential role Connectivity plays in delivering the CCR Industrial and Economic plan and some of the great strides that are being taken in this direction through the various investment programmes currently under consideration across the region and in particular through the CCR City Deal.



LISTEN NOW

### Connected, Competitive, Resilient

#### Part 2: Competitive

Part two of the series, brings together data on the CCR’s “competitiveness”, notably highlighting key trends within a range of measures most notably, the region’s Gross Value Add (GVA), unemployment, and the variability of the skills demand versus supply ratio both across the region and also within the sector. Listen to Kevin Gardiner and Rhys Thomas talk to Mark Powney, MD Business News Wales.



LISTEN NOW

### Connected, Competitive, Resilient

#### Part 3: Resilient

Part three of the series brings together data on the CCR’s “Resilience”, notably highlighting key trends within a range of measures including; population demographics, wealth and deprivation and lifestyle and wellbeing. Listen to our accompanying podcast series and hear CCR Director Kellie Beirne and Professor Gill Bristow from Cardiff University talk to Mark Powney, MD Business News Wales.



LISTEN NOW

CLLR ANTHONY HUNT  
COVID-19: UNPRECEDENTED  
TIMES CALL FOR AN  
UNPRECEDENTED RESPONSE



# COVID-19: Unprecedented Times Call for an Unprecedented Response



In these unprecedented times, our communities can be reassured to know that all of us in government are doing whatever we can to make sure support is available to help them through the crisis.

**CLLR Anthony Hunt**

I'm glad that the UK Government recognises the need for an economic stimulus to address the impact of the coronavirus pandemic. Now is not the time for playing politics, we need to work together. But as a council leader I have some thoughts about the health, social and economic impacts of the crisis that need addressing.

We need to target the stimulus at the less well off, not those at the top. We must support people and businesses to enable them to make wise health choices, and to survive the economic consequences of this crisis too. A universal income policy for a limited period would be worth exploring. Small businesses and voluntary organisations will need grant help, not just repayable loans, and investment in them will benefit our foundational economies far more than spending on big businesses.

Council leaders like me would be the happiest people in the world if we could give individuals and businesses a break in council tax and rates; but this would need to be funded centrally as we just don't

have the funds, and this crisis puts our resources under more, not less, pressure. The local authorities that make up Cardiff Capital Region all have contingency plans in place to deal with emergencies such as infectious diseases. In addition, we are working with both the UK and Welsh governments to help deliver the extra support that is being made available to help businesses through the particular difficulties created by this coronavirus pandemic.

We are doing all we can to keep services running, but we need to act with compassion as well as efficiency. My cabinet have met to discuss what we can do to help people through this, as well as how we keep services on the road. Head and heart are both vital.

The leaders of the 10 local authorities are used to working together to solve common problems through the Cardiff Capital Region structure, and we will continue to do so throughout this crisis. Each of us will also be working separately with our colleagues in our own areas to make sure businesses and communities get the support they need.

I have been impressed by the leadership my colleagues in the CCR Regional Cabinet have shown and the spirit of collaboration that is evident in all they do. It is this coming together and helping each other that we need above all as we face the difficult times ahead.

Many of our businesses are already facing intense pressure from falling demand and staff having to isolate, and these pressures will mount in the weeks and months ahead. Support is being made available through business rate relief, grants and loans, and our local authorities will be playing their part in delivering some of this support and advising businesses on how they can access other help.

I am really concerned about the impact of this situation on people's mental health, especially if social distancing and isolation are necessary for an extended period. We must find ways to look after ourselves and those around us.

But if things like panic buying have displayed a less admirable part of society, the response of people volunteering to help each other shows its best side. Let's keep an eye out for each other and work together, and we will get through the worst it can throw at us, with each other's help.

Working together and helping each other, we will make it through this crisis and be ready to carry on as before in our businesses and communities when things return to normal.

“ I have been impressed by the leadership my colleagues in the CCR Regional Cabinet have shown and the spirit of collaboration that is evident in all they do. It is this coming together and helping each other that we need above all as we face the difficult times ahead.



# Coronavirus Cardiff Capital Region Outlines Its Support for Business

The Cardiff Capital Region (CCR) has outlined its work supporting businesses in South Wales affected by the Covid-19 (coronavirus) pandemic.

It is working with the Welsh and UK Governments to keep them updated on the current experiences of South Wales businesses, while working to ensure the region's businesses are kept informed of the support available to them and how it can be accessed.

The Covid-19 (coronavirus) disease has caused huge disruption to many businesses for the foreseeable future and with this comes the uncertainty of how they will cope.

During this time, the CCR wants to ensure that all messages for business support from the Welsh Government and UK Government are being properly communicated and will be cascading all relevant information through its channels for the benefit of the region's businesses. It will also be working very closely with the CCR Economic Growth Partnership to consider targeted

interventions from their investment fund to support companies in the region and fill in any gaps or intervene where more tailored packages of support are necessary. This will complement not duplicate Welsh Government and UK Government interventions.

**Kellie Beirne, Director of the CCR City Deal, said:**

“For many people and businesses across Wales, this is a very uncertain time and the coming weeks and months will present a huge challenge to us as individuals, communities and businesses.

Many businesses and sole traders will find it extremely difficult to navigate through the weeks and months ahead without coming under severe financial pressure.

Many sectors will also be taking a hit as customers are advised to stay away with social distancing and self-isolation. This is why it is imperative we do all that we can do to help and support each other, which is why we must communicate the business support that is coming through Welsh Government and UK Government to ensure businesses in Wales know what is available to them and how to better plan for the next few months.

We are constantly listening and ensuring our communities are kept up to date with the latest information as it happens, and in turn, we are speaking to key organisations such as the Welsh and UK Governments to ensure that they understand the issues businesses in South Wales are facing. We will also be proactively supporting our Local Authorities whose rightful priority right now must be saving lives and protection of the vulnerable.

The CCR fully supports the help the two Governments have pledged to date. It is our intention to keep cascading what these announcements mean for business, and how those companies can access that support.”

## Key support that has been released by Welsh Government and UK Governments so far includes:

### Britain Business Bank

Coronavirus Business Interruption Loan Scheme – a new loan that launched on Monday, 23rd March where Government will cover the first 6 months of interest payments, so businesses will benefit from lower initial repayments.

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

### Welsh Government

Announced a £1.4bn package of support for small businesses, including a 12-month business rate holiday for small retail, leisure and hospitality business and grants of £25,000 for businesses in the same sector with a rateable value between £12,001 and £51,000. Businesses in all sectors eligible for Small Business Rate Relief with a rateable value less than £12,000 will get grants of £10,000.

<https://businesswales.gov.wales/coronavirus-advice>

### UK Government

Announced a job retention scheme to cover 80% of salaries for businesses to retain their employees. The Chancellor also announced the deferment of the next quarter of VAT payments, increasing the Universal Credit standard allowance and cash grants of £25,000 for small business properties.

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19>

### The Development Bank of Wales

Offering a three-month capital repayment holiday to their customers to help manage cash flow.

<https://developmentbank.wales/coronavirus-support-welsh-businesses>

Cardiff Capital Region is working on making sure it's as clear as possible to businesses how they can access these support schemes that are being put in place, and will be

communicating this information to businesses through their channels.

In addition, the CCR and FORCardiff has issued a survey to help understand and identify key frustrations businesses are facing and the requirements businesses need to overcome this period of uncertainty. **Businesses can complete the survey HERE.**

### Kellie added:

“The coronavirus pandemic is a test of the resilience of our communities. There are great traditions of mutual support and cooperation in our region that we can draw on. In Cardiff Capital Region, working together for the good of all is at the heart of what we're about. Our ethos is that the region is not a success if the most in need are left behind.

However, now more than ever is the time for entrepreneurship to come to the fore. We will need to pivot business models, diversify and innovate in order to survive in such turbulent times.

While this time is uncertain for many, what is certain is that we must try to sustain our businesses and communities through the crisis and help them get back on their feet when the recovery comes. The work that we do as Cardiff Capital Region is all about providing the environment in which businesses can flourish, in every corner of our region.”





# Urgent Call for People to Support the NHS, Retailers and Manufacturers

The coronavirus outbreak has sparked an urgent call for people to help essential services like the NHS and food retailers meet the intense demands upon them.

Recruitment agencies have answered the call by working round the clock to find workers who can fill the gaps.

Health boards across the Cardiff Capital Region are in urgent need of domestic and cleaning staff, and people to work in store and warehousing, clerical and call handling, driving, security, mechanical, facilities and catering roles.

Dan Langford, Group Marketing Director of Acorn Recruitment, said the company had been working flat out to find extra staff for the NHS, grocers and other retailers, manufacturers of food and provisions and medical supplies.

Dan used a blog post on LinkedIn to appeal to his contacts to tell anyone they know who was looking for immediate work to get in touch.

## He wrote:

“If through your business, your networks, or family and friends, you are aware of anyone who is looking for immediate work, then please direct them through to us.

“The activities listed above require as many people as possible, and as urgently as possible. The jobs may not be what people are used to doing, but it is immediate paid work, and they would be contributing to the huge effort required to bring some stability and support to suppliers and front-line services. People interested in any of the immediate opportunities available should visit [www.acornpeople.com](http://www.acornpeople.com).”

Dan added that things were “pretty intense” at Acorn, with colleagues working late into the evenings and throughout the weekend to meet the huge demand.

## He said:

“There is certainly a huge sense of purpose driving everyone; doing what we can to support urgent front-line services, as well as providing vital back-up to supply chains, maintaining essential stocks levels on retailers’ shelves. Yes, it is our business, it’s what we do, but it’s not often we have had to respond in the way we are currently – it’s been exceptional.”

The epidemic has seen a number of companies lay off workers due to closures and falling demand, while many home-based self-employed people have found themselves without work. Recruitment agencies are urging these people to get in touch with them if they want to help those services and firms that are crying out for extra help in this moment of need.



**KELLIE BEIRNE**

**A TESTING TIME**

**THAT WILL PROVE OUR**

**STRENGTH AS A REGION**

# A Testing Time that will Prove our Strength as a Region



The coming weeks and months will present huge challenges to us as individuals and communities, and in our businesses.

**Kellie Beirne**

Most of us have never experienced anything like the changes to our everyday lives that we are being advised to take, or the even greater restrictions that could well come into play in the near future.

We all understand the reasons for these extraordinary measures, but that doesn't make it any less challenging. Many businesses and sole traders will find it extremely difficult to navigate through the weeks and months ahead without coming under severe financial pressure.

The retail, leisure and hospitality sectors are already being affected as customers stay away, but as time goes on other businesses in the supply chain will feel the effects too. And businesses in all sectors will be affected by staff becoming sick or having to go into isolation, or simply following the Government's advice on social distancing.

In these circumstances it is vital that we all do what we can to help and support each other. The Welsh Government has announced a £1.4bn package of support for small businesses, including a 12-month business rate holiday for small retail, leisure and hospitality business and grants of £25,000 for businesses in the same sector with a rateable value between £12,001 and £51,000.

Businesses in all sectors eligible for Small Business Rate Relief with a rateable value less than £12,000 will get grants of £10,000. The Development Bank of Wales has also announced a repayment holiday for businesses it has lent money to.

Cardiff Capital Region is working on making sure it's as clear as possible to businesses how they can access these support schemes that are being put in place, and we will be communicating this information to businesses as soon as we can.

We are also asking businesses to tell us what are the difficulties they are facing, and what help they need to overcome them through a co-branded survey we have issued with FORCardiff. The 10 local authorities that make up the Cardiff Capital Region will also be doing whatever else they can to help small businesses in their areas.

## **The coronavirus pandemic is a test of the resilience of our communities.**

There are great traditions of mutual support and cooperation in our region that we can draw on. In Cardiff Capital Region, working together for the good of all is at the heart of what we're about. Our ethos is that the region is not a success if the most in need are left behind.

And there's a very real opportunity for businesses to play their part too. There's an urgent need for companies that have the manufacturing capacity to help overcome the shortage of ventilators, PPE, face masks, medical diagnostics and devices, data systems to manage and predict workflow, blood gas analysers, syringes and other equipment. Providing premises for production support and other services is another way businesses can help.

For us in the Cardiff Capital Region, we will also be continuing our work around connecting companies in clusters. In the current crisis it is more important than ever that businesses and public sector bodies work together as effectively as possible to overcome difficulties and smooth production.

No-one can tell yet how long the pandemic will last. The economic impact is likely to be severe, but it's not certain yet how long-lasting the effects will be or how quickly the recovery will come. We have to assume that it is likely to be some months before we can pick up from where we were before.

What is certain is that we must try to sustain our businesses and communities through the crisis, and help them get back on their feet when the recovery comes. The work that we do as Cardiff Capital Region is all about providing the environment in which businesses can flourish, in every corner of our region.

It's about creating a region that is better connected, more competitive, and more resilient. These are the qualities that we will need to get us moving again when the anxieties of today are over.

“ Providing premises for production support and other services is another way businesses can help.”





## BusinessNewsWales PodcastHub

PODCAST | VIDEO

### Wales Business Review – Episode 6

Welcome to the sixth episode  
of Wales Business Review.

First Minister of Wales is joined by  
Frank Holmes, Cardiff Capital Region  
Chair and Founding Partner, Gambit  
Corporate Finance LLP and Oliver  
Conger, Managing Director  
of Rototherm.

LISTEN/WATCH NOW

**RHYS THOMAS**

**OUR NEW STRATEGY:  
SURVIVING THE PRESENT,  
PREPARING FOR THE FUTURE**





## Our New Strategy: Surviving the Present, Preparing for the Future



This past couple of weeks has presented huge challenges and uncertainties to all of us, the like of which few if any of us can remember. We have all had to adapt our ways of working, our lifestyles, our understandings, plans and expectations.

**Rhys Thomas**

In Cardiff Capital Region our businesses, communities and individuals have faced up to these challenges and met them head on. Some businesses have had to shut their doors and are waiting to hear more about how they can get the support that has been offered to them by government. Others have been able to carry on business, but only by shifting all or most of their staff to working from home – a massive shift that for many may pre-empt a different way of doing things in the future.

We in Cardiff Capital Region City Deal have also had to adapt to the rapidly evolving emergency. On a practical level, all of our staff are now working from home. Making this possible has been a huge task for the IT departments in our local authorities, as it has been for businesses and organisations in our region, but they have risen to the challenge and worked tirelessly to make it happen.

“ More fundamentally, we have had to ask ourselves some questions about our purpose and what our role should be in this crisis.

Up until three weeks ago our role was well defined: it was to create a more competitive, connected and resilient region by carefully targeted investment in key sectors of our regional economy, with the aim of boosting GDP growth and job creation in the years ahead.

We still think this is the right long-term strategy. But we are conscious that in the short term many of our businesses will be focusing on survival rather than growth. Consequently we need to think about how we can help them in the difficult weeks and months ahead.

Over the past two weeks the UK and Welsh governments have announced a series of measures to help businesses, from business rates relief and wage support schemes to grants and business interruption loans. But it hasn't always been clear to businesses whether they would be able to benefit from this support, when it would be available or how to access the help.

Where we can help businesses cut through the sometimes confusing picture out there, we will. Some of the support, in particular the business rates relief for smaller businesses, will be delivered by our local authorities. As Cardiff Capital Region we can play a co-ordinating role in facilitating this delivery and helping businesses access it.

Most importantly, we can perhaps use some of our own funds to provide additional, targeted interventions to businesses, and we are looking at ways we may be able to do this. No-one knows how severe the economic shock of this virus will be, or how long lasting the impact, and this will inevitably affect the way we approach our core role in the months and years ahead.

“ But I believe the crisis has shown that the investment priorities we had previously chosen were the right ones.

The thousands of extra people and businesses working from home have reinforced the need for investment in our digital infrastructure, which we have prioritised. We are planning significant investment in a life sciences innovation park on the outskirts of Cardiff, because of the importance of the medical diagnostics and devices sector in our

regional economy. And we also plan to invest in unlocking housebuilding in our communities, and boosting the skills of our young people.

We are going to go through a difficult time economically, and we are looking to see how we can help our businesses cope and get through it. But recovery will come, and our investment strategy is about preparing for that day and making sure our businesses have the support and environment they need to prosper and grow again in the future.





# Coronavirus Brings Home Importance of Investment in Digital Infrastructure

The coronavirus pandemic has thrown into sharp relief the need for a good digital infrastructure, not least because of the sudden huge increase in the number of people working from home.

There have been reports of networks coming under pressure as mobile and home internet use has skyrocketed.

The current crisis may last weeks or, more likely, months. But we can't assume that, when it's all over, things will go back to the way they were before. The chances are that many businesses and individuals will reflect on the experience and decide that working from home suits them.

The economic outlook too is highly uncertain, with experts predicting a severe recession and no way of knowing how long the effects will last. The immediate priority of Cardiff Capital Region is how best to help businesses struggling with the short-term shocks. But in the long term, the connectivity in our region will make a huge difference to the resilience of our communities and businesses as we move into recovery.



That's why the decision we made to further invest in our digital infrastructure will be even more important than we originally thought. Fortunately, in Cardiff Capital Region we already recognised the key role the best possible digital infrastructure would have in ensuring our competitiveness and resilience in the future.

Cardiff Capital Region's Regional Cabinet recently pledged to help fund the advance of the digital infrastructure of the future within South Wales. In doing so, the Cabinet demonstrated its awareness of the critical role access to the latest digital technology will make to the businesses of tomorrow.

Evidence shows that there has been under-investment by commercial firms in digital infrastructure in the CCR. Yet research also shows that access to full fibre broadband and 5G technology could make a huge difference to our businesses – particularly to small and medium sized enterprises (SMEs), which make up 96% of our businesses.

It's the aim of the CCR to transform the lives of its citizens by making the region more competitive, connected, and economically resilient, boosting living standards and employability. To do this, the region needs to facilitate innovation and new market creation by SMEs and start-up businesses.

In the world of the 2020s and beyond, this means for most businesses having access to full fibre broadband and 5G technology. Such access, the CCR believes, could unlock billions in business productivity and competitiveness, and lead to the development of new markets, workplace agility and the creation of start-ups. It's likely to be one of the biggest drivers of prosperity over the next decade.

The UK Government is fully committed to developing digital infrastructure, with 15 million premises expected to benefit from full fibre by 2023. Full fibre is essential for the roll-out of 5G technology. Every £1 invested in full fibre is forecast to result in an economic uplift of £11 over 15 years. That could make a big difference to the region's lagging GVA.

The CCR Regional Cabinet is determined that all the region's citizens will be able to enjoy the full benefit of this latest technological revolution. To do this means ensuring that full fibre broadband is available to homes and businesses in every part of the region, not just in the cities. Only then will the CCR be able to fulfil its commitment to the widest and fairest geographical spread of the benefits of the £1.2bn City Deal.

Among the proposals the Regional Cabinet agreed to recently was the roll-out of full fibre broadband to 330,000 premises in towns, small settlements and large villages, with the roll-out expected to take four years. The proposal has come from a global private sector infrastructure company, and would involve both installation of new fibre and use of existing OpenReach assets. It would be delivered on a wholesale basis, meaning any internet service provider could provide local services.

The full programme would likely require investment of £220m, with the CCR providing £50m as a loan. The Regional Cabinet has agreed to commence to carry out early stage due diligence.

The Regional Cabinet also agreed to explore the development of the Wales 5G programme. This is a programme that seeks to harness the benefits of 5G technology for businesses and communities across Wales. It builds on a Rural Connected Communities Initiative, and is expected to have a total cost of £31m with the CCR considering investing £3.65m, with other investments coming from a variety of public and private sector partners.

The CCR is also considering other proposals to tackle rural hot-spots and to develop fibre installations along the Core Valley Lines for commercial use.

The CCR's commitment to developing the region's digital infrastructure is seen as critical to its overall objectives.

Councillor Huw David, Leader of Bridgend Council and CCR Lead on the Digital Programme, said:

*“Right now all our attention is on helping our businesses and communities through the difficulties and challenges thrown up by the coronavirus pandemic, and we are devoting our time and energy to making sure we can give them all the help they require.”*

*“But we also haven't lost sight of the work that has already started on making Cardiff Capital Region more resilient and competitive in the future, and which we will need to help our recovery when this crisis is over.”*

*“Full fibre broadband and 5G technology are vital to creating the sort of vibrant and sustainable region that we want Cardiff Capital Region to be in the future. Evidence shows that full fibre broadband and 5G will have a huge impact on the competitiveness and productivity of our businesses, and the resilience and sustainability of our communities. It's vital that, as a region, we are at the forefront of this development and are not left behind.”*



# CCR Businesses Adapt to Covid-19 Outbreak in Variety of Ways

The Covid-19 outbreak has seen many companies have to adapt the way they do business. Some have had to close their doors and shift to a digital model, with staff working from home, sales made online and products delivered to the doorstep, delivery drivers naturally making sure they stand well back when they drop off the goods.

For some of these businesses, the move to a more digital model has perhaps brought forward a step that they might have taken in the next few years anyway. Office-based companies in the media, communications and digital sectors have found it particularly easy to make the change.

ThirdSpace, an IT consultancy with offices in Cwmbran and Newport, had a head start because advising organisations on how to work remotely is what it does. But even it was not prepared to fully embrace the virtual office culture and mentality, as HR Manager Sian Nicholas explained.

## Sian said:

“For the virtual office approach to work you must adopt a culture of trust – so we made it clear that flexibility around working hours was encouraged. You have to trust that your team will deliver quality work at a high standard, without stipulating that this must all be delivered between 9 and 5.”

Sian pointed out that many people working from home are having to cope with different problems, such as juggling with children off school and supporting their family. ThinkSpace instructed its managers to stress that flexibility was a given; that it was OK to log off and teach the children for a few hours. It then set about building the virtual office culture from the top down.

To kick things off, directors started with company-wide Teams posts to raise spirits, making staff feel important but relaxing the mood with good humour and asking questions which were not work related. “More people got involved with these posts than I had ever seen before. It was like a domino effect,” said Sian.

Managers were encouraged to check in on teammates every day and to post something different – a joke, a story or a work challenge – to check everyone was healthy and well, with the added benefit of lifting team spirits.

## Sian added:

“We’ve even found a way to substitute those water cooler moments with a bit of virtual banter. Our Service Desk has started a new ‘though the keyhole’ inspired quiz, ‘Who’s self-isolating in a ThirdSpace like this’ – where every day we post a new picture up of a team member’s home working space and the whole organisation has to guess whose it is. It only takes a few minutes to reply but you learn a lot about your colleagues and it’s a great laugh.”

Monmouth-based social media and marketing consultancy So Social Media has used social media and video chats to reproduce office discussions remotely, making the transition from an office-based company to home working in a matter of hours.

It has replicated the office environment by using video calling through WhatsApp and Zoom to create a digital version of the daily environment, allowing it to work in the same conversational way as normal. This provides staff with a sense of stability, maintaining individual morale and productivity, director Sam Perry said. He added:

“To support those clients for whom the outbreak has completely removed their primary income source, we have created a crisis package which is fundamentally a repurposed version of our three-month free trial. In doing so we hope to be able to sustain a working relationship with these clients and re-establish a profitable connection once this is viable.”

Communications consultancy Weltch Media’s staff have been working from home since it moved out of offices in the Village Studio, Rhiwbina, Cardiff, several years ago, so it was already geared up to deliver projects remotely before the pandemic started.

## Andrew Weltch, senior consultant at Weltch Media, said:

“Right now, we are working on a major web-writing project for a university in London, along with our friends at EMPRA. We’re managing the project in Cardiff, with a talented team of home-based writers across the country – from Hampshire in the south to Swansea in the west and Newcastle upon Tyne in the north. Several expected projects have been postponed, so we now have more capacity, and we’re ready to help if other organisations need extra communications support during this unprecedented time.”

Many companies in other sectors have adapted in different ways, by turning over part of their facilities and staff to making essential equipment for the health and emergency services. In the food and drinks sector, Hensol Castle Distillery in the Vale of Glamorgan normally makes gin, rum and liqueurs, but has turned over part of its production floor to making hand sanitisers for the NHS and social care providers.

Despite some initial problems getting supplies, the firm is confident it will be able to meet the demand for the sanitisers, which could help prevent front-line workers care workers and health staff, and the vulnerable people they deal with, from contracting the coronavirus.

Managing director Andy Mallows said the distillery was supplying 100ml bottles for care workers to take with them when they travel to see elderly and vulnerable clients in their homes. For the hospitals, the distillery is filling one or 5 litre containers to refill their own bottles or put pump stations on wards.

In Llantrisant in Rhondda Cynon Taf, Britain’s oldest manufacturer the Royal Mint, like other tourist attractions, has had to close its visitor centre and gift shop and cease tours. But it is helping the NHS keep its frontline staff safe by making visors for healthcare workers.

Royal Mint engineers, who are more used to designing the latest in coin technology, turned their hands to developing a medical visor and created one within seven hours. Within 48 hours it was approved for mass manufacture.

The Mint has turned over its visitor café to making the visors, supplying some initially to Cwm Taf Morgannwg University Health Board. Once it has secured enough supplies, it will be producing thousands every day.

## Leighton John, director of operations for The Royal Mint, said:

“Last Wednesday we knew nothing about medical visors, but we set our engineers the task of developing essential medical equipment which could be easily made on site – within seven hours they’d created a medical visor, and within 48 hours it was approved for mass manufacture. We’ll shortly post the specifications on our website to enable other firms to make them too. We are now developing the production line, and urgently calling for help to source 1.0mm PET clear plastic which is in low supply across the UK. We believe firms will have this in stock, and we’d urge them to get in touch with us so we can continue to support our NHS.”

In the creative sector, TV and film production company Bad Wolf has mobilised its costume department for making scrubs to be used in hospitals. Costume supervisor Dulcie Scott put together a team of costume designers and makers who had previously worked in the highly successful fantasy series His Dark Materials, aired on the BBC and HBO. They all work from home, some in Cardiff where the company is based, others further afield in Plymouth and the Cotswolds. Dulcie has been liaising with hospital staff to find out exactly what they need.

“The nature of how the virus is spread means that the demand for scrubs is especially high,” she said. Using our professional contacts, we are buying materials at the most reasonable prices possible, but it is still quite a considerable outlay. Our aim is to keep it local and to supply to the hospitals closest by. This should make things quicker, keep costs down and ideally keep any risk of contagion to a minimum.”

Adaptation is what unites all these companies in their response to the coronavirus outbreak. For some it’s a question of adapting their normal business model to allow them to keep working, when regular workplaces are closed down and non-essential travel officially discouraged. For others that have the capacity, it is doing their bit to help out in a national and human crisis by making essential supplies.

Whatever the adaptation, all these firms are displaying a flexibility and resilience that will benefit them when normal times return. Recovery from the economic impact of the virus may come sooner or later, and may be rapid or protracted. Either way, businesses in Cardiff Capital Region will need all the inventiveness and resourcefulness that many have shown in this crisis.

## How to Apply for a COVID-19 Business Support Grant in the Cardiff Capital Region

Local authorities in Cardiff Capital Region are helping businesses affected by the coronavirus outbreak access the grants offered them by the Welsh Government.

It's part of the Cardiff Capital Region's efforts to help businesses through the Covid-19 emergency by making sure they know where and how they can get all the support that is available to them.

The UK and Welsh Governments have announced a set of measures to help businesses through the crisis. Some of this support can be accessed through local authorities, and Cardiff Capital Region is co-ordinating efforts to help businesses find out whether they are eligible and how they can apply.

Businesses that occupy rateable premises are eligible for support grants depending on the size of their premises. Any businesses occupying premises with a rateable value of £12,000 or less can apply for a grant of £10,000.

Businesses in the leisure, hospitality and retail sector that occupy premises with a rateable value between £12,001 and £51,000, can apply for a £25,000 grant, as well as getting 100% rate relief for a year.

Many businesses, especially in the leisure, hospitality and retail sector, have had to shut their doors as a result of the Government's measures to slow the spread of the Covid-19 infection, while many others have been affected by falling demand, supply shortages and staff having to self-isolate or work from home.

A combination of grants, rate relief, business interruption loans and wage support mechanisms is being made available to such businesses to help them through the crisis. There is information about how to access this support on local authority and Welsh Government websites.

You can apply for a business support grant through the local authority where your business is located. There is a limit of two grants per business per local authority area.

To apply for a business support grant through your council, follow the relevant link below:

### **Blaenau Gwent CBC Business Hub**

<https://www.blaenauwentbusinesshub.co.uk/BusinessSupport/Covid-19>

### **Bridgend**

<https://www.bridgend.gov.uk/my-council/council-priorities-and-performance/coronavirus-covid-19-latest-information-and-advice/apply-for-welsh-government-business-support/>

### **Caerphilly**

<https://www.caerphilly.gov.uk/Business/Business-rates/Covid-19-Grants-Linked-to-Business-Rates>

### **Cardiff**

<https://www.cardiff.gov.uk/ENG/Business/Business-Rates/Covid-grant/Pages/default.aspx>

### **Merthyr**

<https://www.merthyr.gov.uk/business/business-rates/business-rates-relief-coronavirus-covid-19/>

### **Monmouthshire**

<https://www.monmouthshire.gov.uk/business-advice/>

### **Newport**

<http://www.newport.gov.uk/en/Business/Business-home-page.aspx>

### **Rhondda Cynon**

<https://www.rctcbc.gov.uk/EN/Resident/EmergenciesSafetyandCrime/InformationforResidentsCoronavirus/SupportandAdviceforBusinesses.aspx>

### **Torfaen**

<https://www.torfaen.gov.uk/en/AboutTheCouncil/Homepage-Stories/Coronavirus/Business-Economy/Business-Economy.aspx>

### **Vale of Glamorgan**

<https://www.valeofglamorgan.gov.uk/en/working/Business-Support/Coronavirus-Advice-for-Business.aspx>



**JON WOOD**

**A MEDTECH SECTOR FIT FOR  
THE PRESENT AND THE FUTURE**





# A Medtech Sector Fit for the Present and the Future



I have been hugely impressed with our region's medtech businesses during this present crisis. This has been the greatest national emergency that most of us can remember, and our businesses, like many people in the Region – have responded by doing whatever they can to help.

**Jon Wood**

The Life Sciences Hub Wales and MediWales have both issued appeals for companies to help with supplying the things desperately needed by the NHS and other emergency, health and social care providers. Things such as ventilators, hand sanitisers and personal protective equipment (PPE) can be made by companies that normally work in other sectors, such as distilleries for sanitisers. But some urgently needed things, such as data driven systems to allow rapid analysis and diagnosis from test results, require more specialist companies.

“ As Strategy Lead for Clusters to the City Deal, one of my main priorities is medical devices and diagnostics.

The Cardiff Capital region has more than 200 businesses working in the field. Along with its three universities and access to both the world's first compound semiconductor cluster and NHS Wales, it makes for a strong and vibrant cluster operating in a supportive ecosystem.

We were already convinced before the pandemic that this sector would be of vital importance to the future economic success of the region. So we were already committed to doing what we could to help businesses in it prosper and grow.

## What does innovation in medical technologies look like?

Imagine virtual reality ultrasound headsets that allow sonographers to view the ultrasound images directly on the patient before them. Endoscope devices that not only allow surgeons to see internal organs, but also allow them to cut tissue and seal blood vessels, at the same time and with the same device. 3D-printed titanium bone replacements, identical to the bones they replace, preventing the need for multiple rounds of surgery to remove screws and plates.

All these innovations already exist in South Wales, made by companies such as Intelligent Ultrasound, Creo Medical and the Centre for Batch Manufacturing.

“ So imagine what could happen if we connected the cutting-edge businesses that are already here with the future of electronics, and provided the resulting innovations an easy route into the NHS.

The pieces already exist for the Cardiff Capital Region to be recognised as a world leader in medical devices and diagnostics, and home to next generation medtech firms. With the right support, it could become the place to set up a new company, and for high school leavers with an interest in medtech to come to train, study or work in one of our thriving local businesses.

My role is to work with businesses, universities, Welsh Government, and support agencies such as Life Sciences Hub and MediWales, to develop a roadmap and strategy for how we realise that vision.

## There are some key questions we have to answer:

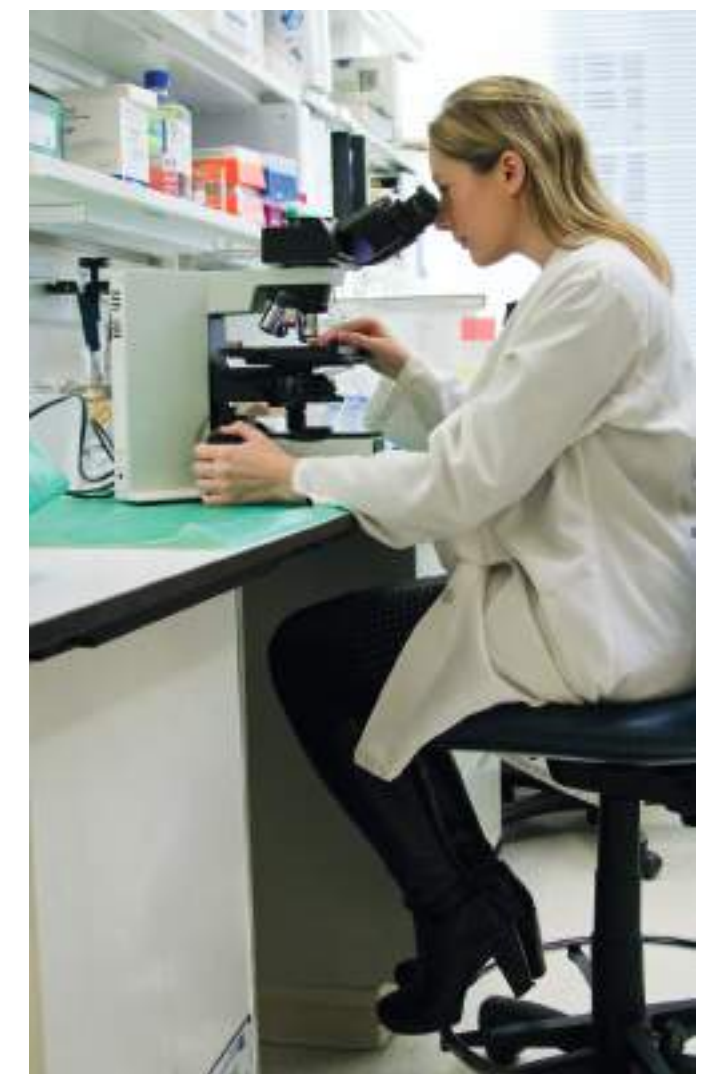
What barriers do businesses in the region face?

How can we align the cutting-edge research to local business need, and in doing so grow the economy?

How can we ensure that the universities and colleges are helping to train students with all the skills businesses require?

How can we ensure medical devices and diagnostics companies can work with and best access the outputs of the compound semiconductor cluster?

Our priority right now in Cardiff Capital Region is to do what we can to help all our businesses get through these difficult days. But we also have an eye to the future, and remain convinced that the medical diagnostics and devices sector will be a hugely important one in our region's economic life – just as it is in our present fight against Covid-19.







# Medtech Sector Proves its Worth in Coronavirus Pandemic

Wales has hundreds of businesses working in the life sciences and medical technology sectors. In the Cardiff Capital Region alone there are 200 businesses working in medical diagnostics and devices. Some of these businesses have played a key part in helping the NHS and other healthcare providers tackle the UK Covid-19 epidemic.

From the early days of the pandemic, South Wales companies were there offering their products, helping develop new ones or adapting to produce other things that were urgently needed. In February Cardiff-based medtech Bond Healthcare joined an international consortium led by the Canadian firm Sona Nanotech that was developing a rapid, cheap and easy to use screening test to help triage individuals suspected of having the virus.

Bond was the only company in the world developing the sort of bespoke digital products needed to allow the data from the tests to be collected through a reader system or app before being stored in the cloud. Phil Groom, commercial director of Bond Healthcare, said:

**“The Covid-19 outbreak demonstrates the urgent global need for digitally connected, data-driven, rapid diagnostic test systems.”**

As the pandemic developed, life sciences network MediWales issued a call for companies that could help with the supply of essential products to register with them. Among the products they asked companies to get in touch about were ventilators, testing kits, dashboard systems to allow access to real-time information, systems to manage and predict workflow, blood gas analysers, screening and patient monitoring equipment, and PPE.

The strength of Cardiff Capital Region's medtech sector depends not only on its businesses, but also on the quality of its researchers and scientists in its universities and hospitals. A team of Cardiff University and Public Health Wales scientists has been playing a leading role in sequencing Covid-19 virus genomes as part of the Covid-19 Genomics UK Consortium (COG-UK).

By March 25 the scientists had already sequenced more than 50 Covid-19 genomes from Wales.

Dr Catherine Moore, consultant clinical scientist at the Wales Specialist Virology Centre, said the data was giving scientists “incredible” insights into the transmission and dynamics of a new virus into a population with no immunity.

Covid-19 has accentuated the importance of the medtech sector, but it had already been identified as a priority for investment by the Cardiff Capital Region City Deal. The 200 companies working in medical diagnostics and devices, most of them SMEs, employ 8,000 people between them and have a combined turnover of £1.5bn.

The sector is one of the fastest growing in the Capital Region, and its potential for further growth is considered to be large. It rests in part on the strong research base provided by the region's universities, with three in the

region active in the medical diagnostics field. Cardiff University placed 8th in the 2014 Research Excellence Framework for clinical medicine, through the School for Precision Medicine and Diagnostic Pathology Hub.

The region can boast some world leading anchor companies. Renishaw, based in Pontyclun, has a centre of excellence in healthcare industrial additive manufacturing, also known as 3D printing. Creo Medical, based in Chepstow, is a world leader in endoscopic electrosurgery devices. Cardiff-based TrakCel has established itself as the best in class cellular orchestration platform for advanced therapies, supporting clinical and commercial therapies globally and multi-lingually across a range of therapies.

At a meeting in early March, before the coronavirus outbreak had really taken hold in the UK, the Regional Cabinet agreed to provide £30,000 for due diligence into a project to develop a life sciences innovation hub just south of Junction 32 of the M4 in north Cardiff. It's hoped the development will attract research bodies and industry, with space for up to 2,000 workers.

The hub is just one element in a five-pronged strategy by Cardiff Capital Region to develop its medtech sector. Other prongs include developing a fit for the future ecosystem bringing together innovative businesses, research institutions and government; enhancing the region's pre-clinical and clinical trial capacity; boosting local skills with apprenticeships and new university and college courses; and cutting the cost of bringing new ideas to market by creating a shared resource directory.

**Right now the priority in Cardiff Capital Region is to help businesses get through the current emergency, and to help our medtech businesses in the fight to beat the virus. But in the longer term, after the crisis is over, the City Deal will be doing all it can to help boost a sector that has so much proved its worth.**





# Thousands of Monmouthshire Businesses Yet to Apply for Covid-19 Grants

Monmouthshire Council is urging businesses affected by the coronavirus to apply for a business grant without delay.

The council said it is aware that many businesses are not making the most of the support that is there for them.

Council Leader Peter Fox had this advice for businesses in the county.

## In a statement the council said:

“If you own a business registered under the non-domestic rates scheme (NDR) in Monmouthshire you should be registering for a business grant NOW. A number of those who have successfully registered are already in receipt of the funds. Unless you fill in the online form, you will not receive the help you could be eligible for.

If you come under the Small Business Rates Relief, and you currently don't pay business rates, you are still eligible to register for the grants.

Welsh Government business grants are available in light of the COVID-19 pandemic, but it is estimated that up to 2,000 potentially eligible firms in Monmouthshire are yet to fill in the online registration form.

“The grants (which will not need to be paid back) of £10,000 and £25,000 are being administered by Monmouthshire County Council and grants will be processed as soon as possible.

“These grants will not automatically be paid to you. We need your details, so register online.”

Fiona Wilton, owner of Monmouthshire Cottages, applied early for a grant and got it within days. She explained how easy it was to make an application.

If you have a business or know of a business that could be eligible, please act now, Monmouthshire Council said.

To find out more visit the [Monmouthshire Council business page](#).



You can check your eligibility by visiting [HERE](#) and then register [HERE](#).

The Welsh Government also has announced further financial support for businesses not covered by these grants. For more details of this and other available support visit [HERE](#).



FRANK HOLMES

BEYOND RESILIENCE: MAKING  
THE BEST OUT OF POST  
COVID-19 RECOVERY





## Beyond Resilience: Making the Best out of Post Covid-19 Recovery



The Japanese proverb ‘fall seven times, rise eight’ is resonant with the concept of resilience, a popular outlook widely adopted recently by economists, government and business leaders, and a pillar of the Cardiff Capital Region’s Industrial Economic Plan.

Frank Holmes

The Japanese proverb ‘fall seven times, rise eight’ is resonant with the concept of resilience, a popular outlook widely adopted recently by economists, government and business leaders, and a pillar of the Cardiff Capital Region’s Industrial Economic Plan.

Resilience is not just the ability to persevere. It is also a perspective built on remaining focused on the important things in life rather than what seems most urgent, which is often coloured by lack of information and negative emotions.

The global Covid-19 crisis drives us to instinctively assess the risks and danger to ourselves of contamination, of the loss of lives and livelihood, as well as exposure to irreversible damage to our social fabric. Urgency compels us to take immediate action, when what is required is systematic analysis, thorough discussion, incremental actions and careful evaluation, not just of the worst case but of the probable and best-case scenarios too.

“ In anticipation of the return to normal conditions, we must explore techniques that go beyond resilience to cultivate re-imagination and anti-fragility...

...whilst accepting that the only things we can control are in the present.

Anti-fragility goes beyond resilience and robustness. The concept of resilience implies resisting shocks and disorder but attempting to carry on as we were before; whilst the philosophy behind the anti-fragility model is to gain from exceptional circumstances and get better, because each setback is an opportunity for advancement.

This is particularly visible today in the influence of ever-expanding digital technology, cloud computing and artificial intelligence. The next few months will prove whether some of these accessible new

technologies, notably teleconferencing, can allow efficient mass remote working for employees across many sectors; increasing productivity, and speeding up the reinvention of the office and reconfiguration of supply chains.

Business travel, large corporate and social events, bank branches, hospitality venues, shops, and even universities, are being undermined by digitalisation, online shopping, and e-learning, with cash being ostracised in favour of contactless payments. The adoption of lean manufacture and just in time delivery of components will lose its efficiency due to disruption through low levels of stock holdings.

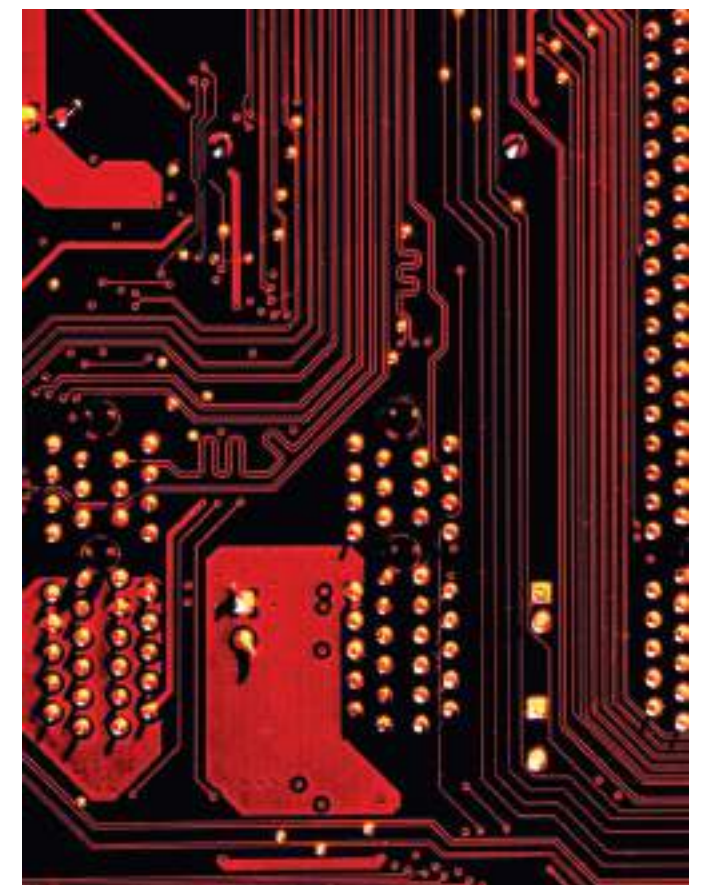
Traditionally, businesses have been able to invoke risk planning and move production from afflicted areas or suppliers, whereas Covid-19 will affect these options simultaneously. Reverting to bigger inventories or localised ecosystem supply chains may become the new norm, thereby validating the cluster model currently being promoted by CCR in sectors of strength.

However, these shifts in the patterns of demand are further complicated by the fact that resources do not flow smoothly from contracting industries to expanding ones. Shop assistants or airport staff will not quickly become gig or construction workers on the growth of the digital economy or the Government’s new infrastructure projects.

Whilst we cannot predict with any precise certainty which businesses, government departments or institutions, faced with these technological disruptions, skills shortages or supply chain shifts, will disappear, there will be some significant casualties.

“ This global crisis offers an opportunity to reflect on the suitability of the old mantra of “business as usual”, and re-imagine new ways of doing things.

If ever there was a time for cohesion on policy at all levels of government, forming new relationships between private and public sectors, invoking speed of delivery, ripping up normal outdated rules, avoiding reasons to say “no” and finding new ways to make things work, it is right here and right now.





**PODCAST | VIDEO**

**Wales Business Review**  
– Episode 8

Welcome to the eighth episode of  
Wales Business Review.

This week former First Minister of  
Wales Carwyn Jones is joined by  
Frank Holmes, Cardiff Capital Region  
Chair and Founding Partner, Gambit  
Corporate Finance LLP and Robert  
Lloyd Griffiths, Director of IoD.

**LISTEN/WATCH NOW**



**GAVIN POWELL**  
**LOOKING BEYOND**  
**COVID-19 FOR THE WALES**  
**FINTECH SECTOR**





# Wales FinTech in Sector: Looking Beyond Covid-19



We are currently going through a traumatic and disruptive event that demands all our attention. But what happens after Covid-19? Stepping back for a moment, is there an opportunity beyond the present for the Welsh fintech sector?

Gavin Powell

We are currently going through a traumatic and disruptive event that demands all our attention. But what happens after Covid-19? Stepping back for a moment, is there an opportunity beyond the present for the Welsh fintech sector?

We are undoubtedly going to see a lasting impact from the pandemic. The changes we are seeing will facilitate a greater use of remote working, removing reliance on the traditional office.

The opportunity from new technology existed before Covid-19, but what has changed is the landscape. Covid-19 will act as a real leveller for a short time. The nations and regions that offer an environment allowing a rapid response will recover quickest and best, gaining a real competitive advantage.

“ Luckily Wales is well positioned, and with some key interventions can quickly become a leading emerging location for fintech businesses.

Wales was already preparing itself as a more efficient and resilient environment, through work by Fintech Wales and proactive industry, academia and government stakeholders.

Already touted as a key sector by Cardiff Capital Region and the Welsh Government, the alignment of their vision with Fintech Wales meant that we were already on course before Covid-19, and we continue to travel on that trajectory.

This work will align the industrial sector with academia, government bodies and wider UK strategies.

“ Forming a long-term, unified vision and roadmap for the Welsh sector will be at its core.

We will be engaging with companies in Wales to understand their technology needs.

We will also explore how their target markets may change due to external disruptions, which will in turn require new and different technologies and approaches.

Once in place, the roadmap will allow us to focus efforts on two areas. Firstly, addressing those common technology challenges through a more efficient innovation pipeline; engaging government bodies and funding mechanisms, academia, SMEs and large organisations in a collaborative manner; and shortening time to market of innovative solutions. Secondly, moving to a timely and more proactive means of developing and delivering skills into the sector.

These changes will reduce risk and maximise opportunities for growth and success for both existing and new companies in the sector.

Innovation helps achieve medium and long-term prosperity following a major disruption like Covid-19.

It is often the differentiator, and taking your foot off that innovation gas pedal will only provide an opportunity for a competitor to progress. Of course, that luxury is not available to all, as survival is the priority for many at the moment. But providing the environment for fintech companies to innovate after Covid-19 will be the single most important thing we can do to secure a better future for the sector.

So while the country, people and economy are in a dark tunnel looking for signs of light, we are working hard with others to make sure that the world we emerge into is a place ready for the next chapter of fintech in Wales.







**James explained how Backbase was able to adapt rapidly to a new way of working.**

“

*Compared to other industries we are relatively well set up, we're often working with colleagues and customers around the world, and our key systems are cloud based. Our ICT team did a really good job provisioning the VPN capacity” he said.*

*Nevertheless, the company had never had all its staff working from home before, and like many companies had to learn how to operate best under the new conditions. It was helped by the creativity of its teams and their agile approach to working.*

*“Each team has its own processes, they're very agile. Teams have been having regular weekly reviews of how things are going, keeping an eye on their key performance indicators. We've seen a quick shift to digital whiteboarding for all manner of activities; facilitating feedback sessions, planning and the like.”*

**Which is not to say there haven't been lessons to learn along the way. The reliance on video conferences could itself become a distraction and a hindrance to efficient work.**

“

*“We saw a lot of meetings being booked in, people were saying they feel like they're on meetings and video chats all day. So we went away and did some research on how you move away from this reliance on meetings.*

*“Sometimes managers, if they can't tap someone on the shoulder for an answer, will call a meeting, which gets quite distracting.”*

**Management has also had to show an awareness that employees are having to juggle work and other commitments in difficult conditions.**

*“Before, working from home was more of an occasional thing for most of us. Balancing work and childcare has been a challenge for a few people, so we've had to be more flexible and understanding,” James said.*

It's not just in workplace relationships that people have had to learn a new flexibility; meetings with clients and customers are also now done from people's homes.

“I've had video chats with people with kids on their laps,” James said, adding that people appreciate it if you are accommodating to their non-business commitments.

Backbase works with around 80 large financial firms around the world, chiefly banks and credit unions such as HSBC, Metrobank and Virgin Money in the UK, helping them with their digital transformation.

“We're essentially a platform that delivers the customer facing channels, online websites, mobile apps, and increasingly we're spending time building out the employee experience as well,” explained James.

**You might expect customers to put off purchasing and investment during the crisis, but this has not been the case for Backbase's clients, as James explained.**

“

*“What we're finding is, the more agile an organisation is, they're still making those big decisions and they're making them fast, because they're having to adopt very quickly. If anything they're telling us this is going to accelerate and intensify the digitisation of their processes and the user journeys that they want to support. This is not just in terms of the end users, there's also this really interesting focus on their staff,” he said.*

*“One of our customers told us they saw a 7 times increase in the number of people enrolling onto their digital platforms in a week, so already they're seeing the benefits of investing in digital onboarding platforms such as the ones we produce.”*

In a world in which word of mouth recommendations are important, banks with a strong digital presence are going to come out of the pandemic particularly well, James adds.

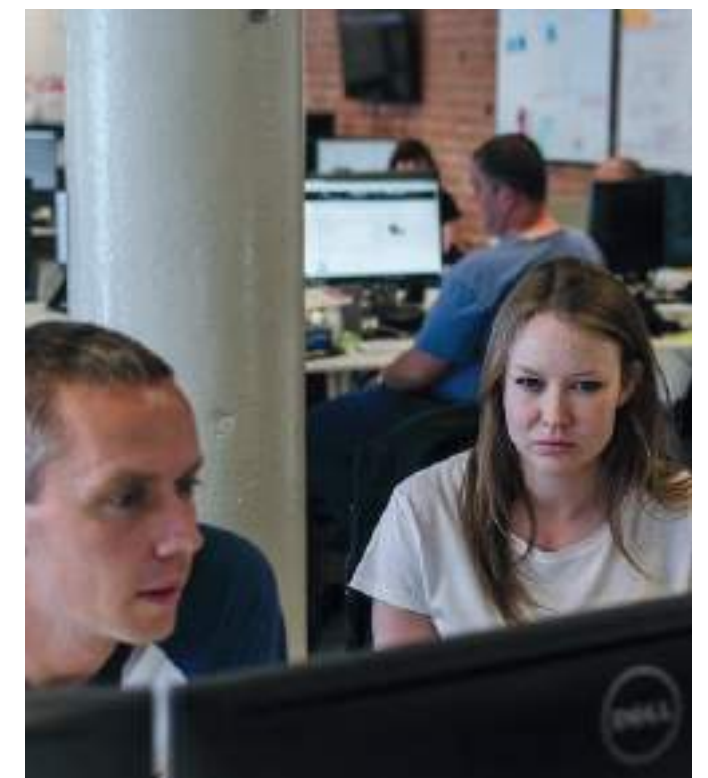
“We anticipate bank customers will be increasingly influenced by their online experience; it's the only way they're going to be experiencing their banks at present,” he said.

Backbase's customers are also revisiting their continuity plans in the light of their Covid-19 experience. Previously, many banks' continuity plans were based around ensuring their customers' could continue to access physical cash; but with people switching to online shopping and cash payments discouraged in the few shops that remain open, enabling and extending credit has become more important.

**“Our customers have told us that what they really value is flexibility in the products they've adopted, so all of a sudden we need to change the rule set so people can access credit,” James said.**

And as banks and credit unions close branches and shift to where their customers are, i.e. online, more investment is going into end user experiences. “One of the projects we have in Cardiff at the moment is trying to create a great experience, pulling together these systems they have but trying to streamline them and put the focus back on the customer relationships.”

The aim is to recreate the personalised experience bank customers enjoy when they visit their branches. “How do we optimise and streamline the time to get to the information that the customer support representative needs to get access to, so you can really have a meaningful conversation,” said James.



## How FinTechs Have Adapted to Covid-19:

**BACKBASE**

**Cardiff Capital Region's fintechs, like most businesses, have had to make some big changes in the way they work during this coronavirus pandemic.**

Being technology based businesses, however, they were probably better placed than many to make the adjustment to a remote model of working.

That's certainly been the experience of James Christian, development director of Backbase, a global provider of digital banking platforms for the finance industry. The company is headquartered in the Netherlands where it was founded in 2003, but has run an R&D centre in Cardiff since 2017, employing 65 people there.



# £20m Competition for Businesses with Ideas to Help Society in the Covid-19 Pandemic

Welsh businesses with innovative ideas that will help the country in the wake of the coronavirus pandemic can now enter a competition to get all their project costs paid.

UK registered businesses can apply for a share of a £20m fund to respond to new and urgent needs in UK and global communities during and following the Covid-19 pandemic.

Innovate UK, as part of UK Research and Innovation, will invest up to £20m in innovation projects.

The aim of the competition is to support UK businesses to focus on emerging or increasing needs of society and industries during and following the Covid-19 pandemic. By fast-tracking innovation, the UK will be better placed to maintain employment levels and a competitive position in global markets, and make the UK more resilient to similar disruption in the future.



Applications need to demonstrate both realistic and significant benefits for society – including communities, families and individuals – or an industry that has been severely impacted and/or permanently disrupted by the Covid-19 pandemic.

Proposals must focus on a clear need and the proposed innovation to address it.

Companies entering the competition must have the ability to deliver the project during the working restrictions of Covid-19 pandemic.

Businesses can claim 100% of their project costs up to the maximum of £50,000. These will be paid in advance of the project start date.

Innovate UK will monitor and review projects during their implementation with a view to providing follow-on funding and support for those with the most potential for impact.

**The competition is already open and closes at midday 12pm UK time on Friday, 17 April.**

To learn more, [CLICK HERE](#)



**LEIGH HUGHES**

**MAPPING A PATH TO A BETTER  
SKILLED FUTURE**





# Mapping a Path to a Better Skilled Future



One question I always get asked by inward investors into our region is: what's the talent pipeline like?

**Leigh Hughes**

It's a fair question, because the local skills base is one of the key considerations for any business deciding where to locate its operations.

That's why skills have been identified as a priority for investment in Cardiff Capital Region.

“ Whatever happens to our economy in the wake of the coronavirus pandemic, the skills of our people will be of huge importance to how our region's businesses perform in the future.

Before the pandemic hit, we had been developing a three-year plan focusing on the priority sectors of the future in south-east Wales, the ones – such as compound semiconductors and medical diagnostics and devices – with the biggest potential for economic growth and creation of high value jobs.

The plan has been informed by engagement with key sector groups of employers, training providers and government; and we believe that it and our recommendations to government will ensure that

the needs of industry will be met, and this will provide opportunities for young people to learn and earn in the region.

Our research with employers, whatever the sector, provides us with very similar feedback, and that is that young recruits struggle with things like being part of a team, communicating, reading and writing.

Digital skills span all sectors, because we're moving into a world where artificial intelligence and automation are looming large. Digital technology skills are enabling and transforming industries across Wales and the region and changing the way people live and work, as you can see with the numbers of people now working from home. The sector is evolving at such a pace, it's not just young people and future roles.

“ The disruptive nature of new technologies will affect existing occupations in many industries, so upskilling the current workforce will be a necessity.

Crucially, though, our work on skills is not just about equipping people with high value skills for high value jobs. In a region like ours, if you only focus on the high growth sectors, you risk leaving people behind. In Cardiff Capital Region, which already has big inequalities, we don't want to do that.

During the Covid-19 outbreak we have seen clearly the value of social care. Frontline workers who have traditionally been seen as low skilled have risked their lives daily to bring care and comfort to some of the most needy and vulnerable people in our communities.

After this pandemic, social care workers will rightly enjoy a higher regard among the public.

They will also begin to be seen as skilled workers. We believe that the nature of social care is likely to change at a much quicker pace than originally anticipated as it becomes more embedded with health care and we adjust as a society.

Already, before the outbreak started, there was a requirement for everybody in the sector to achieve a level 2 qualification, and this was presenting challenges and means there is a significant skills gap. Once that's achieved, people will want to progress to level 3 or 4. We're starting to bring some status and a proper career progression pathway into social care.

So in the Cardiff Capital Region of the future we'll have degrees and higher apprenticeships in the high value sectors such as cyber security and fintech, but we'll also have equipped people in the foundational economy now with the skills that are more resilient in a fast-changing environment.

This will give us the resilience and competitiveness we will need to survive and prosper – as individuals, businesses, and communities – in the post Covid-19 future.





# Skills in the Cardiff Capital Region

**Covid-19 has put our previous assumptions about the economy into doubt.**

There are clear indicators that we are heading into recession, and worrying forecasts that it will be more severe than the 2008 recession, or indeed any downturn since at least the 1930s, and perhaps before. Economists disagree only about the shape of the curve; in other words, how long it will take before we are on the road to recovery.

In this situation, it's essential that public bodies, like businesses, reconsider some of their previous plans. It's too early to say how those plans should change, but change they will undoubtedly have to.

Nevertheless, there are a few things about which we can be sure. However long the recession or delayed the recovery, working people in Cardiff Capital Region will need the best skills they can have if they are to get and hold jobs, and help our businesses, old and new, survive through the hard times and take advantage of the recovery when it comes.

That's why Cardiff Capital Region's focus on skills as a priority for investment continues to make sense as we look into an uncertain economic future. Before the pandemic struck, the Capital Region was looking at a multi-pronged strategy for skills under the title Future Ready. The overall aim was to "To leverage the potential and impact of all CCR City Deal investments and programmes in creating an inclusive and entrepreneurial future-orientated system for jobs and skills."



**One of the key parts of the strategy is to scale up the CCR Graduate Scheme which has just completed its pilot phase.**

This scheme aims to stop the brain drain of graduates from the region, which typically sees 35% of graduates leave the region to find work elsewhere every year.

The scheme is a collaboration between the region's universities – the University of South Wales, Cardiff University, Cardiff Metropolitan University and the Open University – along with business groups and trade bodies, and seeks to line up graduates with opportunities in businesses that previously had little or no engagement with the graduate recruitment market. The one year pilot, which ran from April 2019 to April 2020, involved 50 graduates, the vast majority of whom have secured permanent roles.

Following the success of the pilot, In March the CCR Regional Cabinet approved plans to scale up the graduate programme. Whereas Covid-19 will undoubtedly have an impact on the pace of this scale up, what is not in question is that when the time is right this will be a key plank of the CCR's Skills Strategy.

The Graduate Scheme is just one element in the Future Ready Skills Framework. Another is a shared apprenticeship scheme for priority sectors, with

single entry routes to promote better co-ordination and emphases on social value and engagement of SMEs and smaller companies.

Another innovative idea is to integrate graduate and shared apprenticeship schemes in a single learner pathway, directing individuals who don't have the skills to take up an opportunity with a particular employer towards the right training providers.

One of the most exciting elements of the framework is a proposal to create a more intelligent labour market, using data assets and real-time information both to better match employers and jobseekers in the present, and to accurately predict future skills needs.

Finally, the framework also aims to build innovation capacity and enable people, businesses and organisations to become more entrepreneurial; and to embed diversity and inclusion in all its activities, supporting local wealth building and the foundational economy.

## **The various elements of the framework have one thing in common:**

That they are designed to make Cardiff Capital Region more competitive and resilient by encouraging entrepreneurship and embracing inclusivity. Cardiff Capital Region will prosper if all its people have the skills they need to find work in the businesses of the 21st century. This will be as true post Covid-19 as it was before.

In the months ahead we will have a better idea how our economy will cope with the impact of the pandemic, and what resources are available to pursue the region's skills agenda. There is a great deal of work that is already being done to ensure the skills base in the region is sufficient to meet the demands and challenges of the future, and more announcements can be expected in due course. Whatever happens, skills will continue to be at the heart of the Capital Region's strategy for growth.







## Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: <a href="mailto:kellie.beirne@cardiff.gov.uk">kellie.beirne@cardiff.gov.uk</a></b>	<b>Please give a brief description of the aims of the proposal</b>  Setting out substantive performance and progress against the approved Annual Business Plan for 2019/20 as at Quarter 4.
<b>Proposal: Quarter 4 Performance</b>	<b>Date Future Generations Evaluation form completed: 5<sup>th</sup> May 2020</b>



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

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Reporting progress in this way contributes to a growing sense of self awareness.	Proposals to improve progress against each of the projects currently in progress – are set out in the report. This report does not seek to simply report progress – but to address the actions needed to drive it.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	References to progress made with Metro Plus, EV and LEV and the WG Energy Service-led work.	This activity will be driven up in future. In addition as physical infrastructure schemes enter delivery – more comprehensive assessments will need to be carried out in full.




Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	<p>A number of interventions approved by Cabinet on the 9<sup>th</sup> March 2020, including CCR Future Ready Skills Framework, Scaling up the Graduate Scheme, Homes for all the Region, Digital Infrastructure Framework, Framework for Medical Devices and Diagnoses and Metro Central (transport scheme)</p> <p>All of these initiatives seek to make a contribution to the way the region 'works', how it promotes opportunity and unlocks potential.</p>	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	<p>The place-shaping component of our City Deal is set out in the report</p>	<p>A greater contribution will be made to this by the aforementioned data capability, sectoral analysis and place assessments.</p>
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	<p>Attendance at events such as MIPIM, Wales in London Week and other international programmers (Global Welsh) will promote CCR and 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.</p>	<p>Develop the legacy impact of the event, sustaining new connections, sharing great practice and potentially securing propositions and deals that support economic growth.</p>
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	<p>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.</p>	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all. In addition, City Deal has prepared its own strategic response to the CV-19 epidemic, which seeks to support businesses in the current crisis and help them back to economic stability as soon as possible.	

## 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>	The report describes performance in the round. It sets out short-term interventions and balances these against the long-term delivery of major programmes.	
 Working together with other partners to deliver objectives <small>Collaboration</small>	A cornerstone of our process is the strength of partnership working. An update on governance is set out in the report.	



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>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. Podcasts, an annual round-up and quarterly newsletters are now in place.</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.

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	The report is an overview of performance in all of the relevant aspects of projects, partnership, governance and investment. The protected characteristic assessments related to specific proposals will need to be drawn out in the relevant business cases and proposal documents.	None arising at this time.	
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Welsh Language	As above	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:	Evaluation is carried on an ongoing basis, as part of the Annual Business Plan preparation and quarterly performance reviews.
--	---



**18 May 2020**

---

## **GATEWAY REVIEW – ONE YEAR OUT REPORT: RISKS & ISSUES**

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

#### **AGENDA ITEM 6**

---

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

1. The anticipated 'One Year Out' report by National Evaluation Panel leads SQW has now been carried out ahead of Gateway Review in March/April 2021. This report sets out the main findings of the one year out report and takes the opportunity to highlight associated risks and issues as we move into the pre-Gateway period. It is important to note, all of the work to date to inform the one year out and previous economic baseline and evaluation reports under the Locality Evaluation Plan have been done pre COVID-19. It is now striking that CCR's first Gateway Review will take place post COVID-19; and, amidst a period of anticipated economic downturn.
2. This report also adds weight to making the case to work directly with UK Government and Welsh Government (WG) to co-design the Gateway Review process. In the light of the shifts and changes occurring in the regional economy that will impact the baseline previously set, it is vital that a 'business as usual' approach to assessment is avoided. In addition, there are several outstanding issues on which WG and UK Government direction is awaited and these must now be concluded.
3. This issues above necessitate preparing for Gateway in a different way and ensuring that CCR's approach to risk is comprehensively reviewed and updated. This report thus, starts to outline the significant risks and issues posed in terms of the macro-economic climate, policy direction and to the programme itself, along with its key targets. The findings of review (along with suitable recommendations) will be brought back to Regional Cabinet in the form of a comprehensive CCR Risk Management Strategy and Policy.

##### **Background**

4. As set out in previous reports, SQW is leading the National Evaluation Panel, undertaking an independent evaluation of local growth interventions across the UK. These interventions are funded through investment funds devolved to 11 localities in cohort 2, including the Cardiff Capital Region City Deal Wider

Investment Fund. Their ongoing assessments of progress will be submitted to inform the UK Government's first Gateway Review of the Wider Investment Fund, which is due to take place in March/April 2021.

5. The scope of the evaluation relates to the City Deal signed in March 2016 across the ten CCR Councils, the Welsh and UK Governments for c£1.2bn. This comprises £734m for the SW Metro (outside of the SQW work but likely to be in scope for Gateway) and £495m for the Wider Investment Fund which is in direct scope and the focus of the Locality Framework.
6. Within the original heads of terms agreed in March 2016, a range of potential interventions were highlighted, including transport schemes, investment to unlock housing and employment sites, and the development of R&D facilities. The heads of terms also specifically stated that CCR "will prioritise interventions that support the development of an internationally competitive compound semiconductor cluster". No funds were 'designated' to specific projects within the City Deal itself.
7. One project had been fully approved and had spent WIF monies by 31<sup>st</sup> December 2019 (the cut-off date imposed by UK Government) and is therefore 'in scope' for the most recent evaluation. This is the Compound Semiconductor Foundry (CSC) project, which involves WIF investment of £38.5 million towards the Newport mega-Foundry (c£33m of which has been drawn down to date).
8. The evaluation is now well underway, and a baseline report was completed in May 2019 and a 'one year out' report was completed in April 2020. The Final Evaluation Report is now underway and due in draft by September 2020.

### **One Year Out Report**

9. The one-year report has been carried out in line with the Locality Evaluation Plan presented to Cabinet in June 2019. This Evaluation Plan is an evolving document; focussed principally on the CSC Foundry project; and, sets out a clear logic model for assessment. In addition to this, it provides for an overarching strategic-level evaluation; contextual economic forecasts and three consecutive rounds of reporting. This is all now fully synched with the Annual Business Plan and quarterly reporting. The costs of all aspects of the work around the Compound Semiconductor project evaluation, baseline report, one year out report, final report and capacity and partnerships development have been previously reported at £217,524.
10. The Baseline Report and Locality Evaluation Plan was also presented to Cabinet in June 2019. This concluded the CSC Project was well underway; the project scope was greater than the just the Foundry element, given the potential around the wider Compound Semi-Conductor Cluster; job creation is underway and more clarification needed on the process of tracking jobs. In general the view was that CCR Wider Investment Fund HAS had positive impact on local economic development capacity, is driving demand, better evidence and decision making, with scope for further business engagement.

11. The one-year out report was finalised in April 2020 now builds upon this and will inform the full evaluation scheduled for the end of 2020 to inform Gateway Review in March/ April 2021. The report provides an update on WIF progress; sets out findings of the impact evaluation into the WIF CSC Foundry Project; emerging findings in relation to wider partnership and capacity development; and identifies the issues needing to be addressed in advance of the final evaluation. It further confirms the approach and timing of the final evaluation.
12. The full report (including the Risk Register) is attached at Appendix 1. A summary of report findings is included below:
  - overview of the CS Foundry Project concludes quick delivery of the cleanroom and commercial floor space in line with plans and is in now in productive use with 70 jobs created; safeguarding of a further 546 and inducement/ indirect creation of 259 through local supply chain and household effects;
  - a further 697 jobs indirectly supported to date within the semiconductor sector in SE Wales since the commencement of the Foundry;
  - notes the global challenging market place for the sector, reflected in lower to date than anticipated WIF spend at this time (c88%) and thus, commercial leverage achieved to date. It is noted uncertainty will persist but that the medium term outlook is positive;
  - consultees considered the investment to be key in securing IQE's ongoing investment in the region;
  - there are signs of emergent cluster behaviour - CS Catapult is operational within the Foundry building, a consortium bid to Strength in Places is prepared and submitted, a wider set of activities is underway and consultees positive about supply chain impact and positive interest in Imperial Park and the project's role in setting the bar for future submissions into the WIF;
  - notes the progress in the adoption of the Investment and Intervention Framework and pipeline development;
  - the approval of CCR's Homes for all the Region and the Graduate Scheme and funding commitments made with a six further substantial projects at SOC/ OBC stage;
  - notes positives in partnership development, confidence in joint working and collective decision-making & appetite for partnership beyond City Deal;
  - notes the will to drive a more commercial approach and ROI through portfolio activity as well as seeking to promote an equitable distribution of opportunity across CCR and cohesive political partnership;
  - evidence of sharing resources and expertise between CCRCD, LAs and the private sector. This is seen as a positive in light of pressure on public resources and imbalanced capacity at the local level across CCR.
13. There are follow-up actions to keep on top of, arising from this for CCR:
  - achieve a balance of 'evergreen' ROI focus with the need for schemes that deliver inclusive opportunities across the region;
  - build stronger links across R&D and manufacturing in the CCR and UK;

- explore opportunities for UK based OEMs to engage with the cluster to grow the UK impact in advanced electronics;
- look to strengthen the HE base and provide support for interaction between smaller firms and the research base;
- explore future inward investment opportunities at Imperial Park;
- enhance the profile of the CSC Foundry and Cluster developments;
- ensure governance structures are implemented for CS Connected to ensure maximum impact of future strength in Places investment.

## **CCR Final Evaluation Report**

14. In addition to the Baseline and first locality evaluation report, and now, the one-year out report, the final report to be produced by SQW under the National Evaluation Framework, is the Final Evaluation Report which will be delivered prior to Gateway Review.
15. Again, impact and progress evaluation of the Compound Semiconductor Cluster project is in scope and will assess the extent to which the intervention has addressed market failures in the property market; brought about effects in relation to the location and performance of IQE; and begun to have an effect on other businesses and the wider ecosystem around compound semiconductors. This will be completed through: consultations with IQE and other key players in the sector (within the Cardiff Capital Region), wider stakeholders, project leads, and property market experts; and reviewing monitoring data and any secondary data on the development of the sector.
16. The strategic-level evaluation to assess partnership working and capacity development will involve an online survey (baseline and follow-up), strategic-level consultations. In addition, there will be a case study on the strategic effects of one of the Investment Fund's interventions (to be agreed with the Cardiff Capital Region Investment Fund team, but perhaps one of the other recently-approved interventions, such as the Housing Investment Fund).
17. Finally, the evaluation will involve contextual economic forecasting to provide narrative on the conditions and expectations of the economy at the time that the WIF was agreed, and how conditions have changed since that point. The independent academic peer support group will feed into this final piece of work.
18. The current timescale is for the report to be submitted to central government's Cities and Local Growth Unit (CLGU) in November 2020. The key timings up to that point are as follows:
  - kick-off of the final phase - April 2020;
  - interviews and the online survey will take place in June and July 2020;
  - a full first draft of the evaluation report will be completed in early September 2020, in order to allow time for comments from CCR partners and our academic peer review group and engagement with CLGU.



19. The timetable for the final evaluation is set out in the table below:

Workstreams	Tasks	Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20											
		Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20			
Impact	Research design - additional consultation tools Consultations with IQE wave 3 Consultations with other firms in the sector wave 2 Intervention lead (SPV, CCR) consultations wave 3 Wider stakeholder consultations wave 2 Analysis of data - KTN and monitoring (outcomes) data Overall impact analysis Draft final impact evaluation plus present findings												
Progress	Mid-year data review Review monitoring data - final Intervention lead consultation wave 3 Synthesis and drafting of final progress findings												
Complementary workstreams	Online survey wave 3 Strategic consultations wave 3 Review out-turn vs. contextual forecasts												
Meetings	Kick-off for impact and progress evaluation work - final Presentations of interim and final findings												
Drafting	Synthesis of workstreams in draft report Finalise reports												
	Locality Final Report												

## Gateway Review

20. Gateway Review is set to take place in March/ April 2021 and will build upon the three outputs described in this report. Gateway Review will be conducted by UK and Welsh Government. The process and design for this is yet to be communicated and agreed. There are several issues and queries which are outstanding at this time which CCR has posed to governments, in the interests of seeking clarity, over a period of time. These are:

1. apportionment of targets – following several discussions CCR has written to UK and Welsh Governments to seek formal clarification on the target apportionment across CCR WIF and the SW Metro projects. Options have been put forward for consideration with the CCR Chair endorsing the approach and a preferred option;
2. linked to this, the nature of inclusion for SW Metro in the Gateway Review;
3. treatment of ‘evergreen’ recycled funds and how they might be assessed differently to grants.

21. It is now suggested that the Chair of CCR writes to UK and Wales Governments to formally seek clarity in order that there are clear parameters to the review and CCR can begin to prepare. Within this in mind, it is also suggested that CCR should have a role in co-designing the process to achieve optimal value. It is important that CCR is on the front foot to begin providing its own evidence into the review and continually updating its self-evaluation.

## Development of CCR Risk Management Strategy and Policy

22. As mentioned above, the work to date against the National Evaluation Framework and to inform Gateway Review through assessment and baseline economic progress, has all been carried out pre-COVID-19. The final report to

inform Gateway Review itself however, will now be undertaken in a very different post-COVID-19 world and almost definitely in a period of dramatic economic downturn.

23. This means preparing for a new reality and means having to re-contextualise and re-base assumptions as well as plan for what are likely to be structural and systematic changes to the CCR economy. The one-year out report also highlights key risks and the need for them to be quickly addressed. The best way of doing this is through two key means:
  - the first is to clearly establish the evidence base and data on which to re-set priorities for CCR City Deal. This has been achieved through the 'CCR Priorities for COVID-19 and beyond';
  - the second is to re-appraise the existing Risk Register and evaluate the new risks and issues and the impact upon existing ones, as a result of COVID-19 and arising from activities that now need to happen in the lead-in to Gateway Review.
24. For the purposes of this report and as a starting point for a more detailed review, the current CCR Risk Register and associated processes have been reviewed. This work has identified the following points:
  - the need for a step change in CCR's approach to risk by putting Risk Management at the centre of what it does. This will necessitate building on the work done to-date, through the development of a CCR Risk Management Strategy and Policy;
  - the Risk Management Strategy and Policy will need to reflect CCR's objectives and priorities as set out in its Industrial and Economic Plan and its Investment and Intervention Framework documents, noting the complex commercial and economic space in which it operates;
  - the development of CCR's Corporate Risk Register, capturing both:
    - **Key Strategic Risks** - macro-economic and social picture and responds to the high-level targets that have been set out for CCR of jobs, growth, leverage and economic inclusion;
    - **Key Operational and Programme Level Risks** – ensuring there is visibility and a line of sight on those risks that need to be managed on a more regular basis to ensure the City Deal continues to operate effectively so it can deliver the intended outcomes.
  - Operating below the Corporate Risk Register, will be an effective environment of regular risk assessment and issue identification/resolution. These will be managed through the use of appropriate tools, but crucially the need to ensure these key tasks are completed on a regular basis, monitored and appropriate escalation processes are in place.

25. Attached at Appendix 2 is an summary example of how CCR's Corporate Register may be structured to reflect immediate risks and issues and their potential impact upon CCR and CCR City Deal, in order to provide focus and to promote early activity and responses – especially in so far as they sit with the ten Councils as distinct from the City Deal Office. This will be brought back comprehensively to Regional Cabinet in the next few months, in the form of a Risk Policy, updated high-level Risk Register as well as a programme-level Risk and Issues Log.
26. The updated risk register will seek to capture macro-economic and policy risks coupled with programme-specific risks and issues, such as:
- post-COVID-19 economic impact – as we come out of economic hibernation, there will be new realities and challenges;
  - the Gateway review will now highly likely occur in a period of economic uncertainty and downturn – this will impact baseline, measures and expected progress, especially with particular projects that may become caught in cross-currents – graduate scheme, housing and transport;
  - the Gateway review will commence in March/April 2021. However, all of the resources, staffing and capacity in place is only up to 31 March 2021. This poses real risks to not just gateway itself, but in preparation period leading up to it, and in ability to recruit now, to deliver projects in the current pipeline and for project continuity beyond April 2021;
  - the Gateway review design and deployment and inclusion of CCR in this process – this is a risk especially in the light of external economic issues beyond our control;
  - the need for urgent clarification on parameters for Gateway Review – targets, leverage and inclusion of Metro;
  - Regional Investment Framework for Wales – this risk relates to new WG-led Regional Economic Frameworks, the deployment of successor regional investment funds, new CJs and the impact upon CCR.
27. It is further anticipated that through the summer months, a one year assessment and review of the IIF operation will be undertaken. Understanding what has worked, what could work better and lessons learnt will also help inform this re-appraised consideration of risk processes.
28. Risks in relation to the Compound Semi-Conductor project are set out in the One Year Out report which is attached at Appendix 1.

## **Reasons for Recommendations**

29. The reasons for recommendations relate to:
- the need for Cabinet to note and endorse the one year out report and all resultant actions;

- the need for Cabinet to note the final review points ahead of Gateway Review;
- the need for Cabinet to note the need for urgent clarification on outstanding issues ahead of Gateway review;
- the need for Cabinet to note the risks arising both ahead of and to Gateway Review, that require immediate address and foresight/ planning – particularly those outside of the City Deal Office jurisdiction;
- the need to re-appraise the risk register and introduce a Risk Policy.

## **Financial Implications**

30. This report notes that costs associated with work leading towards the Gateway Review are significant and that it is important that Regional Cabinet understand what it is involved and the value added. It is also important to note that funding for 2021/22 and beyond is conditional on CCRCDC successfully passing this Gateway Review, whilst any unspent funding up to this time may be subject to repayment if Gateway Review is not passed.
31. The total cost of SQW's work over the period from 2018/19 to 2020/21 is £217,524, of which, £110,400 has been charged to date, with an outstanding balance of £107,124 to be incurred in 2020/21. These costs are included in the Joint Committee Revenue Budget and Regional Cabinet will be updated via the regular Joint Committee Budget Monitoring Reports throughout 2020/21.

## **Legal Implications**

32. In considering its endorsement of this One Year Out report the Regional Cabinet must have regard to, amongst other matters:
  - (a) the obligations set out in the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
  - (b) the public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, when making decisions, public bodies must 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, which are set out in section 4 of the Equality Act 2010.
  - (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 CCRCDC) 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.

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

## **RECOMMENDATIONS**

34. Regional Cabinet is asked to:

- a) note and endorse the One Year Out report and follow up actions which will be embedded in quarterly reporting of the Annual Business Plan 2020/21;
- b) note the timeframe for the Final Evaluation output to be delivered by SQW;
- c) agree an approach is formally made to UK and Wales Governments regarding co-design of the Gateway process in order to ensure the 'new economic reality' is captured and seeking urgent clarification on a number of outstanding issues, in order to ensure CCR is able to prepare comprehensively;
- d) note the immediate risks and issues that will impact Evaluation and Gateway Review, requiring attention and action – some of which will sit beyond the jurisdiction of the City Deal Office – and relate specifically to staffing and resourcing; and,
- e) note that a report will be brought back to Regional Cabinet setting out a full risk policy, revised City Deal Risk Register & Programme-Level Risk Log to fully capture all of the challenges/issues and ensure there is a robust

approach in place and one that is capable of adapting/ being dynamic in these uncertain times.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**18 May 2020**

**Appendices**

Appendix 1 SQW One-year-out report  
Appendix 2 Summary Corporate Risk Register  
Appendix 3 Future Generations Assessment

**Background Paper**

CCR Baseline Report and Locality Evaluation Plan - Report to Cabinet 10 June 2019

# Independent Evaluation of Local Growth Interventions

One Year Out Report for Cardiff Capital  
Region

April 2020

The logo for SQW, consisting of the letters 'SQW' in a bold, dark red, sans-serif font.

# Contents

<b>Summary of key findings .....</b>	<b>1</b>
<b>1. Introduction .....</b>	<b>3</b>
<b>2. Delivery progress.....</b>	<b>6</b>
<b>3. Emerging impact evidence .....</b>	<b>12</b>
<b>4. Emerging capacity development and partnership evaluation evidence .....</b>	<b>19</b>
<b>5. Planning for the final evaluation .....</b>	<b>27</b>
<b>Annex A: Intervention level progress evaluation assessment .....</b>	<b>A-1</b>
<b>Annex B: Updated risk matrix.....</b>	<b>B-1</b>
<b>Annex C: Consultees .....</b>	<b>C-1</b>

---

<b>Contact:</b>	Ross Gill	Tel:	020 7391 4104	email:	<a href="mailto:rgill@sqw.co.uk">rgill@sqw.co.uk</a>
-----------------	-----------	------	---------------	--------	--

---

---

<b>Approved by:</b>	Jonathan Cook	Date:	1 April 2020
	Director		

---



## Summary of key findings

### Introduction

1. This is the 'One Year Out' report for the evaluation of the **Cardiff Capital Region (CCR) Wider Investment Fund**. This is a £495 million devolved investment fund approved as part of the **Cardiff Capital Region City Deal** agreed between the CCR local authorities, the Welsh Government and the UK Government in 2016. The evaluation will report by the end of 2020, and will inform the UK Government's first five-year 'Gateway Review' of the fund.

### Delivery progress

2. The CCR City Deal is a 20-year programme for economic growth, which will *"make the region competitive and investable on a global scale"*. Alongside separate investment in the South Wales Metro, the Wider Investment Fund seeks to invest in a limited number of projects 'at scale'. In generating a social and economic return, investments will be balanced between those that also deliver a financial return and those that contain grant funding.
3. By the end of 2019, one project had been fully approved and had spent Wider Investment Fund monies. This is the **Compound Semiconductor Cluster (CSC)** project, which involves WIF investment of £38.4 million towards the costs of a compound semiconductor foundry at Imperial Park, Newport. WIF is being matched with investment from IQE plc, a commercial manufacturer of semiconductor wafers, which occupies the foundry.
4. **The compound semiconductor foundry has been delivered**, resulting in 5,898 sq m of cleanrooms and other additional commercial floorspace. This was delivered more quickly than originally anticipated. The foundry is now in productive use. The project has supported 65 direct jobs at IQE, and has helped to safeguard a further 546 jobs elsewhere in IQE and at Newport Wafer Fab.
5. **However, the global market has been challenging for the compound semiconductor sector**. This is reflected in lower than anticipated commercial leverage, job creation and Wider Investment Fund spend at the current time. Uncertainty will persist in 2020 (especially given the coronavirus crisis), but the medium-term outlook for IQE's growth (linked with increased production capacity and emerging customer demand) is seen as positive.

### Emerging impact evidence

6. Consultees considered that **WIF investment in the Compound Semiconductor project had been important in securing IQE's ongoing investment in the region**. There was a high risk that investment could have been lost to an alternative site in the United States had the Newport site not been made available.
7. **There are signs of the behaviours and decisions that we would expect in the development of an emerging cluster**. Although it is 'early days', these include the following:
  - The **Compound Semiconductor Applications Catapult** has moved to a new headquarters and innovation centre space within the CSC foundry. This would not

have been possible without WIF support. It was reported that the Catapult's presence at Imperial Park is likely to contribute positively to its interaction with compound semiconductor firms in the region.

- A **Strength in Places Fund bid** has been prepared. If successful, this would see **CS Connected** (the compound semiconductor development organisation) locating within the foundry building.
  - There has been a **wider suite of activities to support the development of the compound semiconductor sector** in the CCR, including the ongoing development of Cardiff University's research capabilities and the proposed development of an 'innovation village' at Newport Wafer Fab.
8. **Consultees were positive about the impacts that could be achieved by the project.** These relate to increased production capacity (strengthening supply chain opportunities), scope to attract investors and customers, and reputational/profile benefits. Agents also reported **positive interest in Imperial Park** since the investment in the CSC foundry.
9. **The CSC project has been important in setting the tone for the Wider Investment Fund's strategy and pipeline.** Strategic consultees emphasised the value of the funding as an *investment*, rather than grant, and CCRC is confident of achieving at least a 100% return on its investment.

## Emerging capacity development and partnership evaluation evidence

10. **Over the past year, there has been significant progress made in taking forward the Wider Investment Fund.** This includes the adoption of an Investment and Intervention Framework and the development of an investment pipeline. In March 2020, the Regional Cabinet approved £46.5 million WIF investment in two projects (a CCR Housing Investment Fund and a Graduate Scheme), with six further projects currently at Outline Business Case/ Strategic Outline Case stage. **A substantial amount of funding will therefore have been approved by Gateway Review**, with additional WIF spend likely to have been incurred.
11. **There is a general view that the Wider Investment Fund has had a positive impact on partnership development.** The process of establishing the CCRC and the WIF, and the experience of working through the initial investment in the CSC foundry, has built confidence in joint working and collective decision-making. There is evidence that this is leading to an appetite for further regional partnership arrangements beyond the City Deal itself.
12. **The Wider Investment Fund has helped to drive a more 'commercial' approach to economic development**, focused on making a return on investment where possible. Nevertheless, striking a balance between a direct financial return to recycle back into the programme and an equitable distribution of opportunity across the region is important in achieving the programme's range of objectives and ensuring a cohesive partnership.
13. **There is evidence of sharing of resources and expertise** between the CCRC team, the local authorities and the private sector. This is linked with a greater willingness to act collectively through the City Deal and the WIF, and is positive in the context of pressure on public resources and an imbalance in capacity at local level across the region.

## 1. Introduction

- 1.1 This is the One Year Out Report for the evaluation of the **Cardiff Capital Region City Deal (CCRCD) Wider Investment Fund**. The full evaluation is to be finalised by the end of 2020 to inform the first Gateway Review of the fund. The first Gateway Review will be completed by the UK Government by the end of March 2021.
- 1.2 This One Year Out Report is the second output from the evaluation work of the National Evaluation Panel<sup>1</sup>, which implements the approach set out in the Locality Evaluation Plan, agreed with partners in Cardiff Capital Region in January 2019. This report follows the Baseline Report approved by Regional Cabinet in June 2019. The approach to the evaluation in Cardiff Capital Region was also endorsed formally by the Cities and Local Growth Unit (CLGU) on behalf of the Government in March 2019 and builds on the National Evaluation Framework approved by the Steering Group<sup>2</sup> of the National Evaluation Panel in August 2017.
- 1.3 This One Year Out Report:
- provides an update on the **progress in the delivery of the CCRCD Wider Investment Fund**, around a year in advance of the Gateway Review
  - sets out emerging findings from the **impact evaluation research** into the Wider Investment Fund, focused on CCRCD's investment in the Compound Semiconductor Cluster project in Newport
  - sets out emerging findings from the research into **wider partnership and capacity development**
  - identifies any issues that need to be addressed in advance of the final evaluation
  - confirms the approach and timing of the research for the final evaluation.

### Scope of the evaluation

- 1.4 The **Cardiff Capital Region City Deal** was agreed between the ten CCR local authorities<sup>3</sup>, the Welsh Government and the UK Government in March 2016. At the core of the Deal is the creation of a 20-year, £1.2 billion investment fund. This consists of:
- £734 million for the development of the **South Wales Metro**, including the electrification of the Valley Lines and the delivery of wider connectivity across the region (this element is outside the scope of this evaluation)
  - £495 million for a **Wider Investment Fund (WIF)**, which is the subject of this evaluation. The WIF support's CCRCD's non-Metro investments and will operate for 20 years from 2016/17. Within the original heads of terms agreed in 2016, a range of

<sup>1</sup> The SQW-led consortium appointed to evaluate the Investment Funds for the first Gateway Review

<sup>2</sup> The Steering Group comprises representatives from the 11 participating Localities: Glasgow City Region; Greater Cambridge Greater Manchester; Leeds City Region; Liverpool City Region; Tees Valley; Cambridgeshire and Peterborough; Cardiff Capital Region; Sheffield City Region; West Midlands; West of England,

<sup>3</sup> Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen and the Vale of Glamorgan

potential interventions were highlighted, including additional transport schemes, investment to unlock housing and employment sites, and the development of R&D facilities. The heads of terms also specifically stated that CCR “*will prioritise interventions that support the development of an internationally competitive compound semiconductor cluster*”, linked with investments at Cardiff University and the UK Government’s new Catapult facility in Cardiff. It should be noted that no funds were ‘designated’ to specific projects within the City Deal itself.

- 1.5 One project had been fully approved and had spent WIF monies by the end of 2019 (and is therefore ‘in scope’ for this evaluation). This is the **Compound Semiconductor Cluster (CSC)** project, which involves WIF investment of £38.4 million towards the costs of a compound semiconductor foundry in Newport:

#### The Compound Semiconductor Cluster project

The CSC project involves an agreement between the CCRCD and IQE plc, a large commercial manufacturer of semiconductor wafers, which is headquartered in Cardiff.

The CCR Regional Cabinet agreed in 2017 to purchase a factory building at Imperial Park in Newport and invest, alongside IQE, in a new compound semiconductor foundry. This would involve the development of new cleanrooms, together with equipment and other fixtures and fittings. It was agreed that the building would be leased by IQE for 11 years, with an option to purchase at the end (although it was considered that IQE may exercise this right sooner than this).

To deliver the project, the Regional Cabinet established a special purpose vehicle (CSC Foundry Ltd) to acquire the building and to manage the lease.

The project aims to secure substantial commercial investment in manufacturing and development and to support the development of a wider ‘cluster’ of compound semiconductor activity in South Wales, linked with academic expertise at Cardiff University and a concentration of related firms.

- 1.6 It is important to emphasise that while the investment in the CSC project involves a direct business beneficiary, the core rationale relates to the growth of the wider compound semiconductor sector, in which South Wales has significant existing strengths. It is therefore closely linked with a range of other sectoral initiatives outside of the WIF (see Section 3).
- 1.7 Since the CSC project has been underway, the CCRCD has developed its approach to the use of the Wider Investment Fund, set out in greater detail in Section 4. In June 2019, CCRCD published an **Investment and Intervention Framework** to guide the use of the WIF. This aims to strike a balance between investments that will deliver a direct financial return and those with wider social and economic benefits, with the intention of delivering a limited number of projects ‘at scale’<sup>4</sup>. A pipeline of projects consistent with the Investment Framework has been developed, and some of these projects have now reached Full Business Case stage.

<sup>4</sup> CCRCD (2019), *The Cardiff Capital Region Investment Framework* (<https://www.cardiffcapitalregion.wales/wp-content/uploads/2019/06/ccr-investment-framework.pdf>)



## Evidence base

- 1.8 The One Year Out report draws on the following strands of evidence:
- monitoring data on planned and actual expenditure, and planned and actual outputs and outcomes provided by the CCRCD team for the CSC project
  - consultations with the Chief Executive and Head of Infrastructure at the CCRCD
  - 13 consultations with business, academic and other stakeholders to consider the impact (and potential impact) of the CSC project
  - 6 consultations with senior-level stakeholders to consider wider capacity development and partnership working
  - a review of material relating to the project pipeline for the Wider Investment Fund, including business cases that will be coming forward for approval in 2020.

## Structure

- 1.9 The rest of this report is structured as follows:
- Section 2 presents an update on progress in the delivery of the CSC project
  - Section 3 provides an overview of the emerging impact evidence for the CSC project
  - Section 4 presents emerging evidence in relation to capacity development and partnership working
  - Section 5 sets out the approach for the final evaluation.
- 1.10 Three supporting annexes are provided:
- Annex A: Intervention level progress evaluation assessment
  - Annex B: Updated risk matrix
  - Annex C: List of consultees.

## 2. Delivery progress

### Summary messages

- Physical delivery of the Compound Semiconductor Cluster project was largely complete by December 2019.
- Some 5,898 sq m of new commercial floorspace has been delivered to provide a new compound semiconductor foundry for IQE. IQE has entered into a lease agreement with a special purpose vehicle established by CCRCD, and has occupied production space at the foundry.
- 65 direct jobs have been created at IQE, in addition to 546 jobs safeguarded in IQE and Newport Wafer Fab.
- The global market has been challenging for the compound semiconductor sector. This has meant that IQE's requirement for additional cleanrooms and associated equipment has been somewhat lower than initially anticipated. This is reflected in lower than anticipated commercial leverage and job creation to date. Some Wider Investment Fund spend has also been held back, pending a commercial requirement for the completion of additional cleanrooms. This will be reviewed at the final report stage, although it is likely that challenging market conditions will continue to impact.
- However, it should be noted that the CCRCD had always envisaged a flexible approach to delivery, within the context of a strategic investment intended to make a financial return to the Wider Investment Fund.

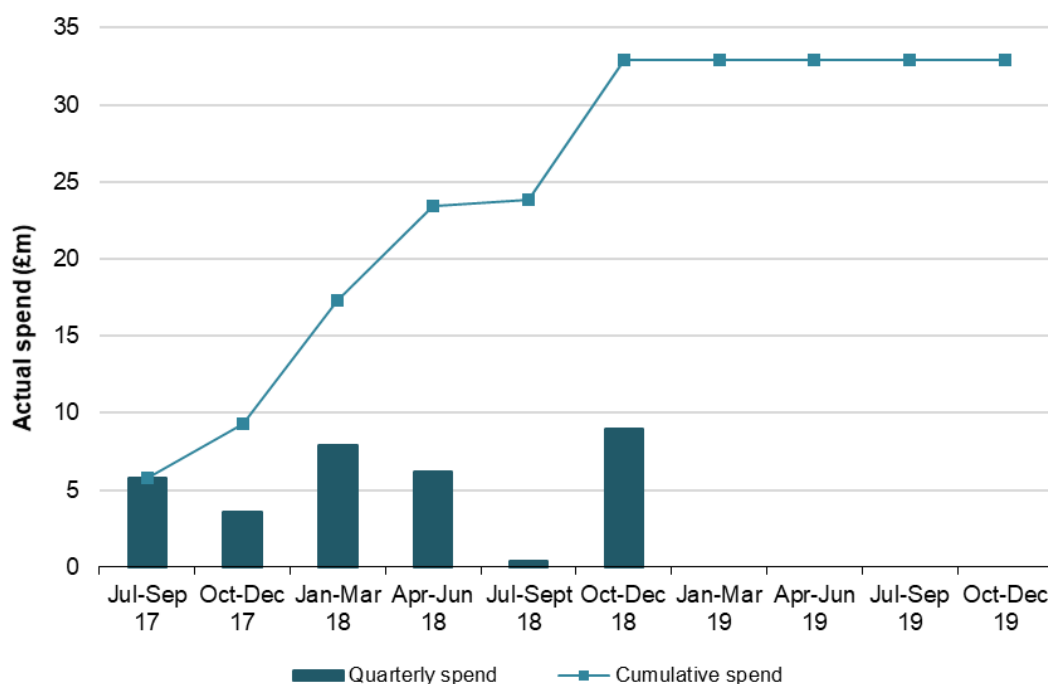
### Intervention status

- 2.1 As set out in the Introduction, this evaluation covers a single intervention supported by the WIF: the investment in the **Compound Semiconductor Cluster**. This intervention was largely delivered by the One Year Out stage, and project outputs have been reported.
- 2.2 The progress evaluation will address five key questions. At this One Year Out Stage, a high-level assessment of progress against each question has been made and is set out in Annex A.

### Expenditure

- 2.3 Data on expected and actual expenditure has been provided to the National Evaluation Panel by the Cardiff Capital Region City Deal team. The overall pattern of expenditure is shown in Figure 2-1.

Figure 2-1: Overall pattern of WIF investment by quarter



Source: CCR monitoring workbook (completed by CCRCD)

2.4 As set out in the Baseline Report, the full WIF contribution to the project (£37.9 million) was expected to have been spent by December 2018. In fact, WIF expenditure had reached £32.9 million by this point, and no further capital spend has taken place since.

2.5 **Expenditure was therefore somewhat lower than anticipated** by the end of 2019 (by £5 million). This is because the spend requirement was lower due to future market uncertainty caused by challenging global trading conditions for the compound semiconductor sector, especially associated with US-China trade relations and (to a lesser extent) Brexit uncertainty.

- The schedule of works set out in the Development Agreement for Lease envisaged that WIF investment would pay for 20 cleanrooms to be built and equipped with mechanical and electrical installations and gas servicing, as well as for ancillary space (car park, welfare areas, etc.) and dilapidations. IQE would then contribute to the costs of the specialist 'tools' to be accommodated in each cleanroom (and further capital expenditure to develop 100 cleanrooms in total over the 11-year lease period)<sup>5</sup>.
- By the end of 2019, all 20 cleanrooms had been built. Ten of these had been fitted out with mechanical and electrical and gas servicing equipment, and specialist tools had been installed by IQE. However, IQE's current order book does not warrant any additional capacity at this time (nor does it justify IQE's investment in the additional equipment that would be required).
- Consequently, no WIF investment has been required to cover mechanical and electrical and gas servicing equipment for cleanrooms 11-20. The balance of WIF

<sup>5</sup> Note that originally, it was anticipated that WIF investment would pay for up to 30 cleanrooms, although the balance of funding across the project was subsequently reviewed as part of an assessment of productivity and yield

investment to complete this will be taken forward once IQE is able to confirm evidence of demand.

- 2.6 IQE and CCRCD do not anticipate that there will be any additional capital expenditure in 2020, although they do expect that investment will pick up again from 2021. However, it should be noted that CCRCD always anticipated some flexibility in delivery, according to the nature of the market.

**Table 2-1: Planned and actual expenditure for the Compound Semiconductor Cluster project**

<b>Planned expenditure</b>	
WIF planned expenditure - total	£37.9 m
WIF planned expenditure – to end Dec 2019	£37.9 m
WIF planned expenditure – to end Dec 2019 as % of total	100%
<b>Actual expenditure</b>	
Actual WIF expenditure to end Dec 2019	£32.9 m
Actual WIF expenditure to end Dec 2019 as % of total	86.7%
<b>Variance</b>	
Variance between planned and actual WIF expenditure to the end of Dec 2019	£5.0 m
Variance of % planned WIF expenditure to the end of Dec 2019	13.3%

*Source: CCRCD monitoring workbook*

## Outputs and outcomes

- 2.7 The CCRCD team has provided data on expected and actual outputs for the Compound Semiconductor Cluster at the One Year Out stage.

### **Development, delivery and occupancy**

- 2.8 As anticipated at the outset, **4.52 hectares of land** (the factory at Imperial Park and surrounding land) has been assembled and acquired for development.
- 2.9 Capital works to convert the factory building into a foundry suitable for occupation (including dilapidations works, cleanrooms and ancillary IT rooms, welfare/ communal areas and circulation areas) have resulted in the delivery of **5,898 sq m of additional commercial floorspace**. This was delivered more quickly than anticipated, due to a more efficient design involving the creation of a mezzanine floor above every cleanroom.
- 2.10 All the additional commercial floorspace has been leased by IQE from the Special Purpose Vehicle established by CCRCD. However, as set out above, while WIF funds had supported the costs of building and equipping **20 cleanrooms** ready for the installation of specialist tools, only ten of these had been equipped, with the remainder to be completed once IQE is able to commercially justify the investment.



## Jobs

- 2.11 By the end of December 2019, **65 additional jobs have been directly created at the site** as a result of investment in the foundry (an increase from the 42 jobs created reported in the Baseline Report)<sup>6</sup>. This compares with a long-term job creation target over 11 years of 501 (101 of which were originally expected to be created by the end of 2019). We have not identified the origin of new post-holders (i.e. the extent to which they were locally recruited), but in consultation, IQE said that most had a regional connection, especially with Cardiff University.
- 2.12 **545 jobs were reported as safeguarded** as a result of the investment. This compares with a target of 700 (all originally profiled to have been achieved in 2017/18), and consists of:
- **156 jobs safeguarded at IQE**, within its existing operations at St Mellons in Cardiff. This is based on the case made within the original investment proposition that some activities were likely to have been lost to the UK had the firm been unable to increase its production capacity within Cardiff Capital Region (and compares with an original target of 150 jobs safeguarded by 2017/18)<sup>7</sup>.
  - **389 jobs safeguarded at Newport Wafer Fab**, a privately-owned silicon wafer fabrication plant located about a mile from the Imperial Park site. This is based on the case set out in the original proposition that some jobs at Newport Wafer Fab were reliant on technology developed at IQE. The number of jobs safeguarded at NWF compares with an original estimate of 550 by 2017/18 (although this original target appears to include contractors as well as employees)<sup>8</sup>.
- 2.13 Within the business case for the CSC investment, CCRCDC also estimated 1,088 **indirect and induced jobs** over the 11 years of the project. Analysis by Cardiff University and CS Connected for CCRCDC estimated that 956 indirect and induced jobs had been created by December 2019 within the Compound Semiconductor Applications Catapult (70 jobs), Cardiff University, construction and the supply chain for IQE and the wider sector. These are gross figures, and not all will be attributable to the CSC project.

## Other outcomes

- 2.14 Applying Government benchmark figures for the number of construction years of employment per £1 million of infrastructure spend, we are able to estimate that the WIF investment resulted in **291 (gross) construction 'years of employment'** to December 2019. In addition, eight new apprenticeship opportunities had been created during the construction phase of the project.
- 2.15 CCRCDC has also reported that the redevelopment of the CSC foundry has resulted in improved fibre connectivity to the building and road improvements on Celtic Way.

<sup>6</sup> At the time of writing (February 2020), CCRCDC reported that the actual number of direct jobs created had increased to 70.

<sup>7</sup> Part of the rationale for investment was the opportunity to retain and expand employment in the CCR, in the context of IQE's need to secure new production capacity and the potential for the company to locate its operations in the United States, where it also has operations.

<sup>8</sup> It should be noted that there is a variance between the stated number of jobs safeguarded at Newport Wafer Fab at the time of the Baseline Report (470) and the number currently reported (389). The basis for the safeguarded jobs estimate should be reviewed for the Final Report.

## Implementation

- 2.16 Consultations with the CCRC team and wider consultees highlighted the key issues related to the implementation of the Compound Semiconductor Cluster project. Factors enabling progress included the following:
- **Prior investment in the site and the strategic retention of an economic asset** has proved to be a useful enabler. The Imperial Park site was originally built for a semiconductor manufacturer (LG) by the former Welsh Development Agency in the 1990s, at a reported cost of around £100 million. The Welsh Government held it as a vacant property for over a decade before its sale to CSC Foundry Ltd and had received several enquiries for sale for general commercial uses<sup>9</sup>. Long-term retention meant that refurbishment – at much lower cost than a new-build facility – was a viable option.
  - **The structuring of the investment**, via a special purpose vehicle (CSC Foundry Ltd, owned by the ten CCRC local authorities) and lease arrangement enabled WIF monies to be invested in compliance with state aid regulations.
  - More operationally, **IQE's direct role in the management of the construction and delivery phase** was highlighted as being important, given the highly specialised nature of the foundry. This helped to lead to a more efficient design of the space than was originally envisaged. IQE was responsible for procurement and management, with CSC Foundry Ltd and the CCRC maintaining an oversight role to safeguard the public investment.
- 2.17 However, **delivery of planned outputs has been influenced by market conditions**. IQE (and the compound semiconductor sector generally) is highly export-dependent and capital-intensive, relies on close customer relationships, and typically involves lengthy and complex product development timescales. CCRC, IQE and other industry consultees commented on the sensitivity of investment to potentially adverse global conditions. Current uncertainty in US-China trade relations was particularly cited in this regard. This underpins the slower than anticipated spend and leverage to date. Recognising this (and the need for the WIF to realise a return on its investment), CCRC regularly reports to the Regional Cabinet on the outlook for its investment, and in 2019 commissioned market analysis of the compound semiconductor sector independent of IQE.
- 2.18 Looking to the medium term, the coronavirus pandemic is impacting the whole economy. However, IQE's facilities (including Newport) continue to operate, and the company reports that *"we have not encountered any disruption to supply chains [and] the order demand for IQE's products has been unaffected"*, although risks to the wider market remain unknown at present<sup>10</sup>.

<sup>9</sup> One consultee suggested that the Welsh Government is likely to have received more financially attractive offers for the building for 'non-strategic' uses during successive marketing attempts. This is plausible, given the limited market for a building with a very specific specification, although we have not validated this view with the Welsh Government.

<sup>10</sup> IQE, 26 March 2020 (<https://investors.iqep.com/coronavirus/>)

## Key messages

2.19 The key points in relation to **progress in delivery** are as follows:

- **The compound semiconductor foundry has been delivered.** Commercial floorspace delivery exceeded the original expectations and the works were delivered in accordance with the planned timetable. The foundry is also in use by IQE: in line with the lease agreement, it has secured commercial investment alongside the WIF and is in production.
- **New additional jobs have been created on site.** In addition, the additional capacity provided by the foundry appears to have contributed to the retention of employment in IQE and Newport Wafer Fab.
- **Commercial considerations have had an impact on the pace and scale of output and outcome delivery.** Investment in the semiconductor sector is sensitive to global market uncertainties. This is reflected in lower WIF spend than originally anticipated, and slower than expected job creation, commercial investment and the full use of the new facilities. However, short-term fluctuations are to be expected in any 'market-facing' investment, and this was acknowledged at the start of the project.
- **However, the core economic rationale for the project is in its contribution to the long-term development of a regional compound semiconductor industry,** rather than in relation to shorter term job creation measures<sup>11</sup>. Within this context, the Wider Investment Fund is contributing to a broader package of interventions. This is discussed in further detail in the next section.

---

<sup>11</sup> Set against these current market uncertainties, industry consultees reported on the rapid growth in compound semiconductor applications over the past decade.

### 3. Emerging impact evidence

#### Summary messages

- Private sector leverage is so far lower than originally anticipated and some planned activity has yet to take place. This reflects the market issues set out in Section 2. We will re-examine this at final report stage, although there may still be some uncertainty at this point given the nature of the technologies and markets. However, this was always likely to be a factor in considering an investment of this nature.
- Although it is early days, there are signs of the behaviours and decisions we would expect in the development of an emerging cluster: again, these will be tested at the final report stage.
- Consultees were positive about the impacts that could be achieved by the project. These relate to increased production capacity (strengthening opportunities for indigenous supply chains), increased scope to attract investors and customers (to IQE directly and to the industry in the region more generally), and reputational/ profile benefits for Cardiff University and other partners in the cluster.
- The decision to locate the Compound Semiconductor Applications Catapult at Imperial Park would not have been possible without the Wider Investment Fund support, and is seen as strongly complementary.
- The CSC project should also be seen as one of several complementary interventions promoting the growth of the cluster.

#### Impact evaluation evidence

- 3.1 It was agreed in the Evaluation Plan that the Compound Semiconductor Cluster project is suitable for impact evaluation for the Gateway Review. This is because there should be sufficient time between the delivery of the project (which is now essentially complete) and the Gateway Review to allow for emerging early impacts to be identified.
- 3.2 This section draws on consultations with 12 stakeholders (including IQE, other businesses in the compound semiconductor sector, academics with links to the industry and commercial property agents), consultations with the Head of Infrastructure and the Chief Executive of CCRCD, and further performance monitoring data. The consultations sought to gather perceptions on emerging and anticipated impacts with the aim of informing areas for further exploration in the final impact evaluation. It should be noted that at this stage, the investment remains relatively recent and, as highlighted in Section 2, not all the additional production capacity supported through the WIF is yet in use.
- 3.3 The logic model for the Compound Semiconductor Cluster project (presented in the Evaluation Plan) set out a series of anticipated outcomes. The following paragraphs describe the evidence from the consultations in relation to each of these, before drawing together some broader observations on the potential role of the CSC project as one of several initiatives aimed at supporting the growth of the regional compound semiconductor industry.



## Key outcomes

- 3.4 In line with the National Evaluation Framework, the logic model for the CSC identified several potential outcomes relevant to the CSC project's role in providing sites and premises for enterprise and innovation and additional science and innovation capacity.

### *Private sector leverage*

- 3.5 The CSC project has a target of securing £375 million in private sector leverage. This is based on IQE funding the installation of equipment to be accommodated in the 20 cleanrooms funded by the WIF investment and ultimately funding the delivery of a total of 100 cleanrooms and their associated equipment. It was originally anticipated that around £115 million private sector leverage would have been secured from IQE by the end of December 2019.
- 3.6 As set out in the delivery progress review, global market conditions have impacted IQE's commercial requirement for additional production capacity in the short term. This has limited the firm's ability to bring forward investment. By the end of December 2019, IQE had invested approximately **£63.8 million** in equipping and bringing into production the first ten cleanrooms funded by the WIF, alongside wider investment in the foundry<sup>12</sup>. Over the longer term, CCRC and IQE remain committed to the £375 million target, although this will obviously be dependent on longer-term market conditions. As reported below, there is a strong likelihood that this investment would have been lost from Cardiff City Region if WIF investment was not available.

### *Retention of IQE and securing its investment in the region*

- 3.7 Consultees generally considered that **the WIF investment in the Compound Semiconductor Cluster project had been important in securing IQE's investment in the region**, in circumstances where it could have been taken elsewhere. The case was made by IQE that it required additional production capacity to fulfil a customer order; there was no alternative site available in South Wales (other than, theoretically, through new build at significantly greater cost). However, an alternative site could have been secured in North Carolina. While IQE had been based in Cardiff since its establishment and had strong links to the regional academic and industrial ecosystem, the case for investment was partly based on an expansion requirement which would otherwise have had to have been met elsewhere. The risk that IQE may have had to relocate to the US where suitable premises not available in the UK was considered in detail during the due diligence process ahead of WIF investment.
- 3.8 In principle, it is possible that IQE could have acquired the Imperial Park site without WIF support. However, IQE would have found it challenging to raise the additional funds commercially, given the wider market uncertainties referred to elsewhere in this report (although it should be emphasised in any case that the WIF investment is not a grant allocation).

---

<sup>12</sup> Total IQE expenditure had risen to £66.7 million by 21 March 2020

### Benefits to IQE

- 3.9 The WIF investment was expected to support a number of outcomes specifically related to IQE. These included increased business turnover, increased exports and increased product development.
- 3.10 IQE's trading report for 2019 anticipates positive medium-term benefits for the company. Overall revenue fell to £140 million in 2019 (compared with £156 million the year before), mainly due to market and technical changes impacting two key customers. However, looking to the medium term, increasing production capacity is seen as important to IQE's future business model: the company indicates that "operating margins are expected to increase significantly with volume growth" in the photonics segment, linked with the increased capacity at Newport<sup>13</sup>. Production is now taking place at the foundry for an existing OEM customer and a new chip customer in the Android supply chain<sup>14</sup>.
- 3.11 Consultees (including IQE) also considered that the new foundry is likely to be important in attracting additional customers by building confidence in the scale and quality of production and R&D capacity. Several prospective new customers have visited the foundry since the works were completed, although new customer/supplier relationships and the process of customer qualification (i.e. approval of the suitability of production facilities) typically take some time to develop.

### Benefits linked with other investments at the CSC Cluster Foundry site

- 3.12 Consultees highlighted further investments at the CSC foundry site following the WIF investment. The **Compound Semiconductor Applications Catapult** is part of the UK-wide network of Catapult Centres that are supported by Innovate UK. It provides translational research facilities to accelerate the commercialisation of compound semiconductors in a series of application areas, including healthcare, energy, transport, space and defence and security<sup>15</sup>. The Catapult was launched in 2016 with UK Government funding of £50 million (£10 million per year to 2020/21): while it has a UK-wide remit, it was based in Cardiff when it was established, recognising Cardiff University's research capabilities and the presence of IQE and other compound semiconductor firms in the area.
- 3.13 In 2019, the Catapult moved to a new headquarters and innovation centre space within the IQE foundry building at Imperial Park, and currently accommodates 70 staff (included within CCRC's calculation of indirect and induced jobs in Section 2)<sup>16</sup>. The Catapult has involved investment of £8.1 million in the refurbishment and fit-out of its part of the foundry building.
- 3.14 While the Catapult was already based within the region, consultees pointed out that it had previously been difficult to find suitable alternative accommodation for its expansion and innovation centre activities: investment in the Imperial Park foundry therefore made this location option viable. It was reported that the Catapult's presence at Imperial Park is likely

<sup>13</sup> IQE plc (March 2020), Trading Update Roadshow (<https://investors.iqep.com/media/1921/iqe-trading-update-24mar2020-presentation.pdf>)

<sup>14</sup> IQE plc (January 2020) 'Leading Innovation from Within' (<https://investors.iqep.com/media/1919/iqe-needham-conference-presentation-15jan2020.pdf>)

<sup>15</sup> Cardiff University Welsh Economy Research Unit/ CS Connected (August 2019), *Accelerating the growth and persistence of Europe's fifth semiconductor cluster*

<sup>16</sup> The Catapult is a tenant of IQE, although its facilities are self-contained and entirely separate from IQE's operations, recognising the Catapult's need for neutrality and openness to all interested parties in the compound semiconductor industry.

to contribute positively to its interaction with other relevant organisations in the region and the interaction between these organisations, given ease of access to IQE and ‘nearby’ firms such as Newport Wafer Fab and the high-quality industry-relevant location. Consultees referred to the decision by the Catapult to co-locate with the CSC foundry as having “validated” or “put a stamp of approval on” the project.

- 3.15 It was also noted that **CS Connected** (the compound semiconductor development organisation currently based alongside IQE in St Mellons, Cardiff) is proposing locating within the foundry building should a current Strength in Places Fund bid be successful, providing a ‘front of house’ for the compound semiconductor sector. Should this take place, it would mean the co-location of a research and technology organisation, an industry network body and a core manufacturing company on the same site.

### **Growth in the innovation ecosystem**

- 3.16 Links between the CSC investment, the decision to locate the CSA Catapult at Imperial Park and the potential co-location of CS Connected are all highlighted above. More broadly, the investment in the CSC was anticipated to lead to a stronger innovation ecosystem within the compound semiconductor sector, through strengthened supply chains and relations with the knowledge base.
- 3.17 Several consultees commented that while South Wales had a substantial compound semiconductor *sector*, this did not yet constitute a *cluster* as such: historically, the major firms (IQE, Newport Wafer Fab, SPTS and Microsemi) have tended to be isolated from each other and have operated with global supply chains. The CSC project is itself part of a wider programme of cluster development (outlined further below). However consultees highlighted the following sets of opportunities:
- **Opportunities to build stronger links between R&D and manufacturing** within the UK compound semiconductor sector: one consultee noted that historically, most of IQE’s manufacturing was carried out overseas. Building greater capacity within the UK ought to support the development of the wider manufacturing supply chain.
  - **Opportunities for UK-based OEMs to build closer relationships with domestic semiconductor manufacturers:** one business consultee noted that UK-based manufacturers tended to be at a disadvantage compared with competitors in (for example) Germany or the US, given the lack of domestic production capacity in the compound semiconductor sector and the difficulties of building long-term business relationships, particularly for complex products produced in low volumes. The suggestion was that **the CSC foundry should provide domestic capacity that would not otherwise be available**. This suggests a **potential UK-wide impact**, rather than one relating to the region alone.
  - **Opportunities to strengthen the role of the higher education base:** Cardiff University’s academic specialisms (for example through the Institute of Compound Semiconductors) are already a key driver of the region’s strengths in the sector (and indeed the University has a central role in IQE’s development story). These have recently been reinforced by, for example, UKRI funding for a doctoral training centre at the Compound Semiconductor Hub in Cardiff. It was noted in consultation that the

project should have a positive impact on the University's reputation in the field, and it was reported that a recent increase in PhDs and relevant academic staff was partly a result of the project.

- 3.18 One consultee noted however that much of the policy focus to date had been on the larger industry players (of which IQE is obviously one), suggesting a need to engage further with the wider range of smaller firms.

### **Benefits linked to inward investment and the property market**

- 3.19 Commercial agents noted that Imperial Park and its vicinity presented a strong offer to the market, with significant investors including Next Generation Data (adjacent to the CSC foundry building) and Airbus, and there is a strengthening market in Newport city centre. However, as noted above, the foundry building had been vacant for many years, and Imperial Park has more recently been impacted by the closure of another large manufacturing plant<sup>17</sup>.
- 3.20 In that context, **agents reported positive interest in Imperial Park** since the investment in the CSC foundry (in addition to the prospective customer interest highlighted above). This may be reported in further detail by Gateway Review. More broadly, consultees noted the potential for the foundry to **raise CCR's investment profile**: the foundry is one of the largest in the world, and there is early evidence of investment interest.

### **Return on investment**

- 3.21 Finally, the **WIF investment is intended to deliver a financial return to CCRCD**, to be reinvested in future projects. This has been important in setting the tone for CCRCD's wider investment strategy and pipeline, discussed further in Section 4, and CCRCD and strategic consultees emphasised the value of the funding as an *investment*, rather than a grant.
- 3.22 Assuming that IQE lease the foundry for 11 years, the total rental income to CCRCD is expected to be £33.1 million. However, CCRCD anticipate repayment of all WIF monies invested in the project, either through IQE's decision to purchase the facility or through extended lease<sup>18</sup>. The first lease payment (of £1.8 million) is due by the end of March 2021.

### **Broader observations on the potential impact of the WIF investment**

- 3.23 **The investment in the CSC project is part of a wider suite of activities that are supporting the growth of the compound semiconductor sector** in the CCR, and which have been in development for several years. These build on IQE's original proposals to create "Europe's fifth semiconductor cluster" and subsequent research<sup>19</sup>, and include:
- the establishment of the **CSA Catapult**, referred to above
  - the ongoing development of **Cardiff University's research capabilities**, including at the Institute of Compound Semiconductors and the Future Compound Semiconductor

<sup>17</sup> Quinn Radiators Ltd went into administration in June 2019

<sup>18</sup> Or through the sale of the building to a third party in a 'worst case' scenario.

<sup>19</sup> Robert Huggins, Max Munday, Annette Roberts and Richard Watermeyer (2014), *A review of the proposal to establish a foundation for compound semiconductor technology: Creating Europe's fifth semiconductor cluster in South Wales*



Manufacturing Hub (and, elsewhere in South Wales, Swansea University's Centre for Integrative Semiconductor Materials)

- the development of **CS Connected** as a sector development network
- the **evolution of some of the other larger semiconductor firms** in South Wales (for example, Newport Wafer Fab's reorientation as an 'open access device foundry', catering to a wider range of customers)<sup>20</sup> – some consultees within the compound semiconductor sector reported that there had been much more joint networking and sharing of ideas and challenges in recent years, linked with the role of CS Connected and investments including the CSC foundry
- the recent **Strength in Places Fund** bid, submitted under the aegis of CS Connected which proposes (*inter alia*) the development of an 'innovation village' on the Newport Wafer Fab site and substantial increased capacity for CS Connected (the outcome of the SiPF bid will be known by the time of the Gateway Review)
- interest from CCRC in acquiring land adjacent to the foundry for investment in a 'learning academy' focused on the compound semiconductor sector.

3.24 Several consultees emphasised the connections between these activities, highlighting the WIF investment as an important – but not the *only* – intervention. While it was challenging for some consultees to differentiate between the contributions of these different activities, it does highlight the role of the WIF in supporting a (partially planned and partially “serendipitous”, as one consultee put it) strategy for cluster development.

## Key messages

3.25 Based on consultations to date, the key points in relation to emerging evidence of impact are as follows:

- The scale of leveraged investment from IQE is below where it was intended to be at this stage, and some related planned activity has yet to take place. This is due to general market uncertainty, and was always a factor in considering an investment of this nature. We will re-examine this at final report stage, though there may still be some uncertainty at this point, given the nature of the technology and global market conditions, especially in the context of the coronavirus pandemic.
- Although it is early days, there are some early signs of the types of behaviours and decisions that we would expect in the development of an emerging cluster. Again, these will be tested in the final report.
- The CSC project is one of several interventions promoting the growth of the compound semiconductor sector, which were seen by consultees as complementary.

---

<sup>20</sup> Previously, NWF was a 'closed' facility operated by International Rectifier and (subsequently) Siemens. Its strategy has changed since a management buy-out backed by local investors in 2017. There is some evidence that NWF's 'open access' status has started to attract additional investment (for example, Rockley Photonics' decision to co-locate on the site) and NWF is promoting the concept of an 'innovation village' on site.

- Despite lower than anticipated leverage to date, CCRC remains confident that there will be a return of at least 100% of the original WIF investment.
- 3.26 Looking ahead to the next stage of work, it will be important to consult with a wider cross-section of businesses, including potential supply chain businesses based outside the region.
- 3.27 We also note that non-business consultees have, so far, been engaged to some extent in the development of the range of sector support interventions (e.g. CS Connected or relevant university or industry bodies). It may be helpful to consider a broader range of views of the regional economy to add value to these.

## 4. Emerging capacity development and partnership evaluation evidence

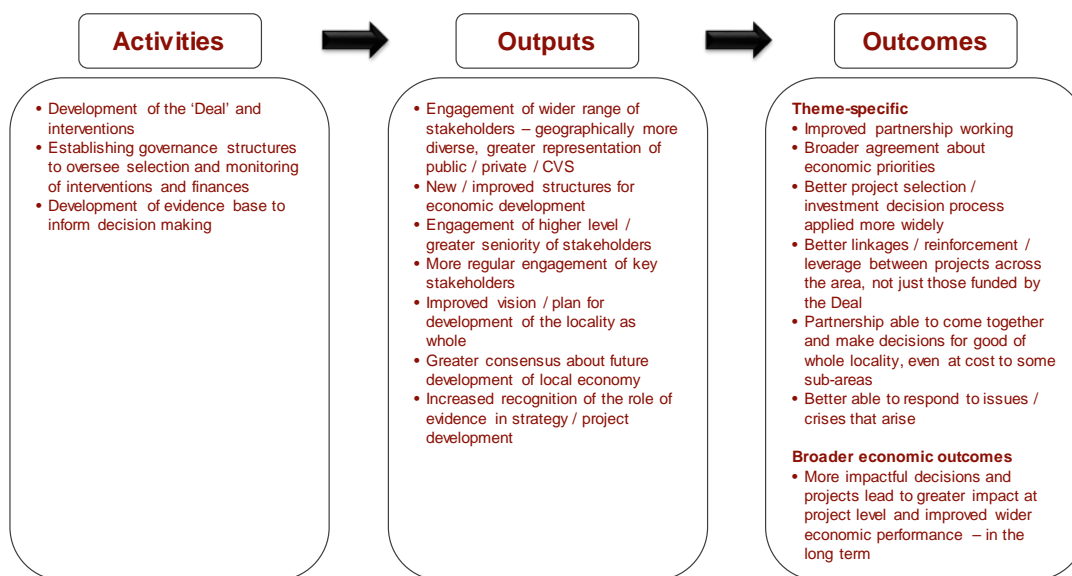
### Summary messages

- Since the Baseline Report, there has been significant progress made in progressing the Wider Investment Fund. This includes the adoption of an Investment and Intervention Framework and the development of an investment pipeline (with two proposals approved in March 2020).
- There is a general view that the Wider Investment Fund (and the City Deal more generally) has had a positive impact on partnership development. The process of establishing the CCRCD and the WIF, and the experience of working through the initial investment in the CSC foundry, has built confidence in joint working and collective decision-making.
- The Wider Investment Fund has helped to drive a more 'commercial' approach to economic development. However, striking a balance between a direct financial return to recycle back into the programme and an equitable distribution of opportunity across the region is important in achieving the programme's range of objectives and ensuring a cohesive partnership.
- There is evidence of sharing of resources and expertise between the CCRCD team, the local authorities and the private sector, linked with a greater willingness to act collectively through the City Deal and the WIF.

### Capacity development and partnership evaluation evidence

- 4.1 The National Evaluation Framework indicated that the evaluation for the Gateway Review of the Investment Funds would include an assessment of the effects of each fund (i.e. the CCR Wider Investment Fund) on local capacity development and partnership working, to complement the evidence from the impact and progress evaluation activity. This will be particularly important for the first Gateway Review: quantitative benefits may not have been fully realised at this point and expenditure and delivery activity will be ongoing, but a strong partnership and local capacity should increase confidence about future delivery.
- 4.2 The type of activities, and the nature of the benefits – in terms of outputs and outcomes – that will be the focus of this research were identified in the National Evaluation Framework, and are summarised at Figure 4-1.

Figure 4-1: Local capacity development and partnership working logic model



Source: SQW

- 4.3 The final evaluation report will consider the extent to which the outputs and outcomes highlighted above have been realised. The Baseline Report involved an initial wave of research that included an online survey and consultations with strategic stakeholders to provide perspectives on capacity development and partnership working, and any evidence that the outputs and outcomes had emerged at that stage.
- 4.4 Further to this evidence, a second wave of in-depth qualitative consultations was completed for the One Year Out report. This involved a smaller group of six senior stakeholders involved in local economic development. As in the consultations for the Baseline Report, the consultations were framed around the logic model set out in Figure 4-1, and focused the relative influence of the Investment Fund and other factors in delivering against these outputs and outcomes set out above. The consultations also sought to gather qualitative evidence on any expected 'cumulative' effects of the activity delivered across the Investment Fund, and alignment with other key economic development interventions and agendas in the area.

## Context: the evolution of the Wider Investment Fund

- 4.5 At the point of the Baseline Report, consultees noted that the Wider Investment Fund had led to significant partnership development benefits. Stakeholders highlighted:
- the extent to which the WIF (and the City Deal more broadly) had helped to develop a shared agenda across the ten local authorities
  - the opportunity that the WIF had presented to “do things differently”, through the development of an investment (rather than grant) based approach
  - successful delivery of the CSC project had demonstrated what could be achieved, providing practical evidence of the benefits of joint working.



4.6 However, stakeholders also noted that it was still “early days” for the Wider Investment Fund: one consultee commented that while securing the investment in the CSC project had been a real achievement, it was important that the CCRC partnership built on this to bring forward a wider range of interventions.

4.7 **Since the Baseline Report, significant progress has been made.** Following the preparation of the CCR Industrial and Economic Plan (prepared shortly before the Baseline Report), the Regional Cabinet adopted a **Cardiff Capital Region Investment and Intervention Framework** in June 2019. This set out a process through which investment proposals would be sought, sifted, appraised and approved. It also gave a broad indication of how the Wider Investment Fund (both existing ‘unallocated’ funds and recycled monies) would be used, with the aim of striking a balance between projects that will yield a financial return to the WIF and those that will use grant funding to deliver social and economic benefit – see Table 4-1.

**Table 4-1: CCR Investment and Intervention Framework: Summary of investment guidelines**

Investment priority	CCR targets	Rol	Audience/ likely promoters	Scale of funding
Innovation Unique IP/ market leadership	Jobs growth Investment leverage	Direct	Private sector led FDI R&D organisations/ HEIs	£15-50m
Infrastructure Foundations to enable private sector success and civic benefit	Leverage Jobs growth Addressing economic disparities	Indirect	Public sector led Public/ private schemes FE/ HE skills	£10-50m
Challenge Competitive, aligned to CCR priorities	New market creation Commercialisation Addressing regional challenges	‘Enhanced’	Innovation-intensive businesses HE/FE Social enterprises Foundational economy	£2-10m

Source: CCR, Investment Framework (SQW summary)

4.8 Following the publication of the Investment Framework, project proposals were invited during the summer, and have subsequently been progressed through a sifting and business case development process. In February 2020, there were 19 known projects in the pipeline (including the CSC Foundry). Of these:

- **WIF funding has been allocated to the Metro Plus Phase 1 programme.** This is a programme of ten sustainable transport schemes, to which £15 million has been allocated from the WIF, and which will start to draw down capital from 2020/21.
- **Two Full Business Cases were approved for WIF investment by the Regional Cabinet on 9 March 2020.** These are:
  - the CCR Housing Investment Fund: £45 million WIF investment in a viability gap scheme to bring forward housing sites that are currently undeliverable and an SME Finance Fund to assist smaller developers
  - the CCR Graduate Scheme: £1.5 million WIF investment in a ‘scaling up’ of a current pilot scheme to support SMEs in employing graduates.

- **Two projects are currently at Outline Business Case stage.** These include the Local Full Fibre Network scheme and **Metro Central** (improvements to Cardiff Central rail station and a new bus interchange). Funding to take the Metro Central scheme through to Full Business Case will be considered by Regional Cabinet in March.
- **There are a further four projects currently at Strategic Outline Case stage,** including a contribution to CS Connected, linked with the Strength in Places Fund bid.

- 4.9 A substantial amount of funding will therefore have been approved by Gateway Review, with additional WIF spend likely to have been incurred. While these projects are out of scope for progress and impact evaluation ahead of the first Gateway Review, this brief overview highlights the progress that is being made in allocating the Fund in line with strategy; and this can be updated for the final evaluation report.
- 4.10 In parallel with the development of the WIF pipeline, the CCRC has also initiated a number of pieces of work which could influence future project development. These include a review of intervention options for commercial sites across the region (potentially leading to the development of an investment proposition in due course) and the submission of three further Strength in Places Fund bids focused on the medtech, fintech and creative sectors.

## Partnership working

- 4.11 Strategic consultee views were broadly consistent with those expressed at the baseline stage. Stakeholders noted that **the Wider Investment Fund had helped to galvanise joint working across the ten local authorities** in a way that would have been otherwise difficult to achieve. There were two key dimensions to this:
- **The concept of the Wider Investment Fund as a recyclable fund in which all the local authorities had a stake and would gain a return was seen as important in enabling partners to take a collective, regional view.** In the baseline consultations, partners noted that the experience of the CSC investment had made local authority leaders more willing to recognise the potential for wider regional benefits that may be focused outside their own areas. Building on this, the view was expressed in the more recent consultation round that had a more 'conventional' approach been taken to the distribution of the WIF (for example through a series of grant-based projects across the region), there would have been less incentive for the local authorities to work together beyond 'their' projects or to prioritise regionally.
  - The governance arrangements set up for the WIF were also seen as helpful. Stakeholders highlighted **equality of decision-making power on the Regional Cabinet** (in which all leaders have a single vote, regardless of the size of the authority and its financial contribution), and the fact that individual leaders have thematic portfolios on the Regional Cabinet (in addition to their own geographical mandates) as important in helping to build a shared 'regional view' and sense of shared ownership. One consultee described this as helping to create "*a network rather than a hierarchy*", and it was noted that effective political management (and the time and governance mechanisms to achieve this) was just as important in making this work as the technical processes of business case development

- 4.12 Some consultees considered that the experience of decision-making on the Wider Investment Fund (and the City Deal more broadly) was likely to lead to a **desire for greater joint regional working in other spheres**. In the short to medium term, for example, this is influencing the proposed governance arrangements for the proposed Strategic Development Plan and the Valleys Regional Park (both of which formally sit outside the mandate of the CCRCD). More broadly, some consultees described the governance arrangements for the CCRCD as leading to a ‘virtual’ regional combined authority<sup>21</sup>.
- 4.13 Consultees commented on the **greater commercial voice** that had been encouraged through the design of the WIF. It was noted that the development of the Investment and Intervention Framework was driven by the (private sector led) Regional Economic Growth Partnership, and this was seen as important in driving commercial discipline into the process. However, while there is a strong business voice in the City Deal, there is **still a challenge in engaging with the wider business community**: this was raised at the baseline stage and was highlighted again as an issue that should be addressed. The CCRCD recognises this and has initiated a review of its Business Council and plans for business engagement.
- 4.14 However, there was a recognition that **there needs to be a balance within the Wider Investment Fund between generating a return that can support a recyclable fund and achieving an equitable distribution** across the region (and across a range of themes). Based on our (limited) consultations, it appears that thinking has evolved over the past year, and the Investment and Intervention Framework sets out a balanced approach.
- 4.15 At the baseline stage one consultee noted that it was “early days”; now one year later it was commented that the City Deal partnership is “at the end of the beginning”, with a major investment now delivered and some changes in leadership due to take place in the next few months<sup>22</sup>. **Consultees expressed confidence in the project pipeline and development process** and in the wider governance arrangements that have been put in place.
- 4.16 Finally, consultees observed **recent improvements in partnership relations with the Welsh Government**, as regional partnership arrangements have become more embedded (and the Welsh Government’s own approach to regional policy has evolved). One consultee noted that the Welsh Government had expressed interest in the (partially) evergreen model developed by CCRCD in planning its own regional investment options following the end of the European Structural Funds.

## Capacity development

- 4.17 As indicated above, some consultees saw the CCRCD as a potential mechanism to address a lack of economic development capacity, especially within smaller local authorities. Stakeholders highlighted the following:
- **Greater sharing of expertise across local authorities:** in the case of the CSC investment, Monmouthshire took a lead role in managing due diligence and in structuring the special purpose vehicle and lease agreement. Beyond this, not all authorities have significant commercial experience and capacity and examples were

<sup>21</sup> Combined Authorities on the English model do not exist in Welsh legislation.

<sup>22</sup> The chair of the Joint Regional Cabinet (who has been in post since Regional Cabinet was established) will stand down shortly.

cited of councils sharing expertise (for example, Cardiff and Blaenau Gwent, and Rhondda Cynon Taf and Merthyr in respect of commercial property development).

- **The expansion of the central CCRC team:** the team has grown since the Baseline Report (currently the team has nine full-time 'core' team members, with two secondments and two on fixed-term contracts to deliver the graduate scheme). Whilst the team remains relatively modest, it was noted that it has taken on strategic project coordination roles in some cases, where there is likely to be a value in 'regional' leadership (the Metro Central project was highlighted as an example).
- **'Learning by doing'** in the development of the investment governance structures: at the baseline stage, some frustration was expressed by partners at the length of time that it took to put the arrangements in place to manage the CSC project. Consultees considered that there is now greater familiarity with approaches to structuring investment deals (both within the central team and among Regional Cabinet and Investment Panel members).

## Anticipated cumulative effects and alignment

### Cumulative effects

- 4.18 As recognised in the National Evaluation Framework, although there is no 'programme' approach in the implementation of the Investment Funds, the delivery of interventions when taken together may generate impacts greater than would be the case if they had been delivered individually. The evaluation is not seeking to quantify these effects, as a wide range of non-Investment Fund activity will also influence the impacts, and interventions have been delivered over different time-scales. However, consultations with strategic stakeholders sought to identify in qualitative terms if any 'cumulative effects' are anticipated and how they will be realised. Whether any of these effects have in practice been realised will be considered (qualitatively) in the final report.
- 4.19 As there is only one investment fully approved and underway at present, no cumulative effects can be observed. However, consultees recognised that the Wider Investment Fund should have a cumulative impact greater than the sum of its parts. Consultees suggested four potential routes through which this might take place:
- To maintain the WIF beyond the 'initial' funding allocation, there needs to be a **return on investment**, at least for projects in the 'Investment' category. This is important both to sustain the overall funding pot and to encourage discipline in the project development process.
  - In the case of the CSC project, **there are likely to be cumulative effects with the CCRC's potential investment in CS Connected as part of the Strength in Places Fund bid.** If CS Connected secures funding to increase its capacity, this will obviously add value to the development of the cluster (and will directly support the potential of the foundry itself, should CS Connected decide to take space within it).
  - There could be cumulative effects from **efforts to support the development of other sectors with growth potential.** For example, work has taken place to build the



potential of the medtech sector (e.g. through a further Strength in Places Fund bid and a proposed capital investment, the business case for which is currently being prepared). There is significant overlap between medtech and compound semiconductors; indeed medical devices are a key compound semiconductor application. Beyond this, there ought to be synergies between priority sector development actions.

- Finally, there could be **cumulative effects from different types of intervention**. For example, the compound semiconductor sector (and other priority sectors) could benefit from interventions to increase the supply of commercial floorspace, or efforts to promote graduate employment opportunities.

### **Alignment**

- 4.20 The strategic consultations also considered the alignment of the Investment Fund with other key economic development interventions and agendas in the area, and any benefits expected or realised from this alignment.
- 4.21 As highlighted above, **the investment in the CSC is very closely aligned with a longer-term strategy to support the growth of the compound semiconductor sector in South Wales**, reflected in previous investments by Cardiff University, the industry-led work to develop 'Europe's fifth semiconductor cluster', the role of CS Connected and the current Strength in Places Fund bid.
- 4.22 The WIF programme as a whole aligns with the strategy for the **South Wales Metro**, which is also part of the City Deal, but which is being led by the Welsh Government and is not part of this evaluation. Within the Wider Investment Fund pipeline, several projects closely align with the Metro, including Metro Central in Cardiff and the Metro Plus programme of sustainable transport schemes.
- 4.23 The operation of the Wider Investment Fund also aligns with a **more commercial approach which is being taken forward by some of the local authorities**. Increasingly, there is a desire to move away from grant funding towards a more investment-led approach, where this is viable. For example, Monmouthshire has launched its own £50 million investment fund, to support projects that will deliver a commercial return to the Council alongside social and economic benefits, while Rhondda Cynon Taf is investing in new town centre commercial property, linked with potential demand driven by the Metro<sup>23</sup>.

### **Key messages**

- 4.24 Based on consultations to date, the key points in relation to emerging evidence of partnership and capacity development are:
- **There is a general view that the Wider Investment Fund (and the City Deal more generally) has had a positive impact on partnership development.** The process of establishing the CCRCD and the WIF, and the experience of working through the

---

<sup>23</sup> This includes the Llys Cadwyn scheme on the site of the former Taff Vale shopping centre in Pontypridd (a £38 million scheme part funded with ERDF, offering new Grade A office accommodation and a new public services hub. The Council has plans for further town centre investments.

initial investment in the CSC foundry, has built confidence in joint working and collective decision-making. There is evidence that this is leading to an appetite for further regional partnership arrangements beyond the City Deal itself.

- **The Wider Investment Fund has helped to drive a more ‘commercial’ approach to economic development**, focused on making a return on investment where possible. However, striking a balance between a direct financial return to recycle back into the programme and an equitable distribution of opportunity across the region is important in achieving the programme’s range of objectives and ensuring a cohesive partnership.
- **There is evidence of sharing of resources and expertise** between the CCRCD team, the local authorities and the private sector. This is linked with a greater willingness to act collectively through the City Deal and the WIF, and is positive in the context of pressure on public resources and an imbalance in capacity at local level across the region.

## 5. Planning for the final evaluation

### Approach to the final evaluation

#### Impact evaluation

- 5.1 As set out in the Evaluation Plan, impact evaluation of the Compound Semiconductor Cluster project will focus on benefits directly relating to IQE and benefits to the wider compound semiconductor sector in the Cardiff Capital Region. The key sources of evaluation evidence (to be undertaken for the Final Report, and building on the evidence gathered at Baseline and One Year Out stages) are set out in Table 5-1.

**Table 5-1: Sources of evaluation evidence**

Source of evidence	Direct effects relating to IQE	Effects on the wider sector
Primary evidence	<ul style="list-style-type: none"> <li>Consultations with IQE, to understand quantitative (where possible) and qualitative effects of the scheme on the firm and to judge the additionality/contribution of the intervention.</li> </ul>	<ul style="list-style-type: none"> <li>Consultations with firms in the sector in the Cardiff Capital Region, as well as partners and wider stakeholders, to understand the effects on the wider sector, including potential displacement.</li> </ul>
Monitoring data and information	<ul style="list-style-type: none"> <li>Information on progress in completing the intervention and IQE/others taking space, in particular: ha land acquired and assembled; floorspace completed; any employment of apprentices in construction; jobs on site – created and safeguarded.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
Secondary data	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>Data from the KTN (or elsewhere) on the number of firms in the sector in the UK. If updated, this would provide contextual analysis on growth in the sector.</li> </ul>

Source: National Evaluation Panel

#### Progress evaluation

- 5.2 CCRCDC will continue to collect monitoring data to inform the Final Report, with this data forming the basis for a final analysis of expenditure and delivery of gross outputs and outcomes (where relevant) for the final evaluation.
- 5.3 Consultations will also be completed with the lead officer and other representatives of the central CCRCDC team and with IQE as the organisation responsible for day-to-day oversight of delivery.

#### Complementary workstreams

- 5.4 The final stage of the complementary workstreams will include:
- A second wave of the online survey of partners: all individuals that were asked to respond to the first wave will be invited to respond a second time, and further

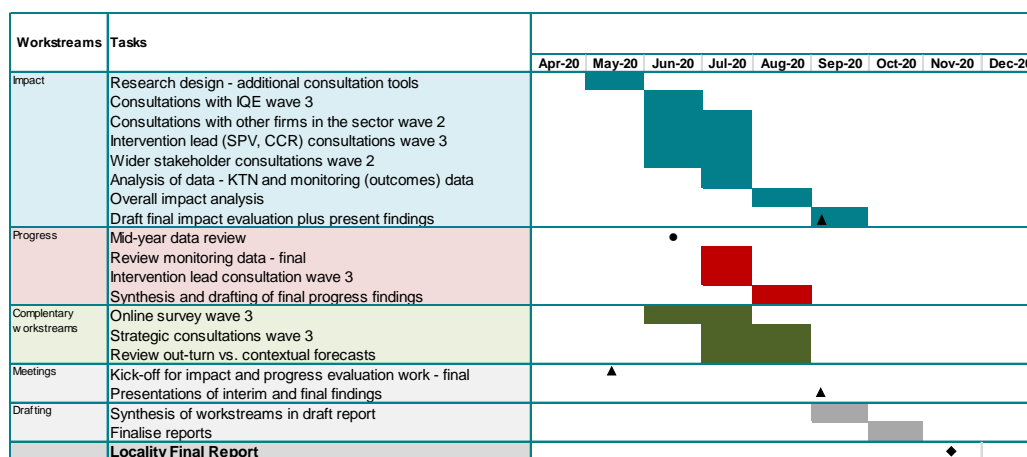
partners may also be invited to complete the survey in order to broaden the evidence base. This will be agreed with CCRC in advance of the final wave of research

- A second wave of in-depth strategic consultations: at this stage we anticipate completing 15 consultations with a combination of stakeholders consulted previously and some that are 'new' to the process.
- Consultations with the lead officer for the CSC foundry: focused on project-up benefits (covered as part of the progress evaluation consultations to maximise efficiencies).
- A review of actual economic outturns: this will provide context to the findings from the impact and wider evaluation work.

## Timing

5.5 The timetable for the final evaluation is set out in Figure 5-1.

**Figure 5-1: Timetable for delivering the final evaluation report for Gateway One**



Source: SQW

## Risks

5.6 A risk assessment for the evaluation is set out in Annex B. This updates the risk assessment in the Baseline Report. At the time of writing, a key risk to the evaluation is the coronavirus pandemic and the associated restrictions on activity. Whilst consultations could be undertaken by phone/video, the pandemic may impact the availability of consultees.



## Annex A: Intervention level progress evaluation assessment

### Compound Semiconductor Cluster

Question	Yes / No	Comments
Q1: Is expenditure on budget?	No	To date £32.9m WIF has been spent, against an anticipated £37.9m. This is because expenditure was paused at the end of 2018, pending sufficient customer demand for IQE to proceed with equipment installation and fit-out. Spend remains paused.
Q2: Have agreed delivery milestones been met?	Yes	Target floorspace completed on schedule and scheme in occupancy
Q3: Have anticipated outputs been delivered, and (where relevant) how does this compare to planned outputs at this stage in terms of scale/nature?	No	The facility is occupied as planned. Job outputs to date are lower than anticipated although have increased in the past year
Q4: Have intermediate outcomes been delivered, and (where relevant) how does this compare to planned outcomes at this stage in terms of scale/nature?	No	Private sector leverage is behind profile. This reflects IQE's decision to pause investment in equipment pending an improvement in market conditions.
Q5: Does the project remain on course to deliver against its original objectives?	Yes	IQE investment is likely to pick up again as market conditions improve, and CCRCD is confident that it will receive full return on investment

*Source: SQW, based on: CCR monitoring workbook (completed by CCRCD and consultation evidence*

## Annex B: Updated risk matrix

### Common risks across Localities

Risk	Likelihood / Impact	Mitigating actions
<b>Common across Localities</b>		
COVID-19 restricting travel and movement for fieldwork activities	H / L	<p>While all organisations involved will have implemented responses to COVID-19 including home working, the availability of consultees for evaluation fieldwork is likely to be affected.</p> <p>SQW has enacted a series of mitigation activities to ensure business continuity. This includes moving from face to face to phone, video-conferencing or Skype-equivalent fieldwork methods. We propose to utilise these methods for consultations to follow current and anticipated government advice.</p>
Poor quality monitoring data from Localities	M/H	<p>The Locality Plans build in a six-monthly review of monitoring data. This is to enable issues to be identified at an early stage and so addressed in advance of the final report to inform the Gateway Review.</p> <p>NEP will not be verifying monitoring data but will review it for consistency against our consultations with project managers and previous sets of data.</p> <p>It is possible that data changes over time due to shifts in definition. We should be sighted on this through the review process set out above and because the data definitions are being taken from wider definitions areas use to report on their Growth Funds.</p>
Localities delay providing monitoring data in time for the final report to inform the Gateway Review	M/M	<p>We will agree dates with Localities when data should be supplied, well in advance of the key date.</p> <p>The six-monthly process set out above should mean that if there are delays with the final set of data then the final report to inform the Gateway Review could be written using the older data. This would not be ideal.</p>
Report contents do not match client needs	L / H	<p>The report would build from the outline in the National Framework.</p> <p>Standard templates will be developed to ensure consistency of reporting across all Localities.</p> <p>We would agree the templates and key headings with the client.</p>
Localities delay signing off reports	M/H	<p>This could occur due to governance structures or where a Locality is concerned that the report does not present favourable findings. To address these possibilities we will agree with each Locality key dates around their schedule of meetings on which:</p> <ul style="list-style-type: none"> <li>• Reports will be made available to them</li> <li>• Comments are expected back.</li> </ul> <p>Each Locality will also be provided with a note of comments received on the draft report, including comments from the academic panel, and how we have responded to those comments.</p>

Risk	Likelihood / Impact	Mitigating actions
Low response rates from participants	M/ H	We would work through project managers to develop the most appropriate way to encourage survey responses, e.g. not just that a reminder should be sent but who should send this.
Loss of electronic data in transfer from project to SQW	L/ M	We would develop a protocol for the transfer of data. This is likely to include files being sent with password protection, and the password being telephoned through.
IT failure	L/ M	SQW systems are fully backed up with data held in two offsite data centres. In the event of failure we can switch to the secondary centre and systems and files be restored.
Unexpected unavailability of team members	L/ M	Staff have confirmed availability to undertake the work in the required timescales.  In a team member becomes unavailable through sickness etc., we can identify other experienced SQW researchers with similar experience drawing from our range of 50 employees and using our internal time booking software.

Source: National Evaluation Panel

## Locality specific risks

Risk	Likelihood / Impact	Mitigating actions
Changes in evaluation representatives in the CCR	M / M	SQW and the CCR will work together to ensure a smooth handover – especially in terms of knowledge and understanding of the context and approach for the evaluation.
Limited evaluation evidence if further interventions are not funded ahead of 2020	L / M	The evaluation is already set to focus on the Compound Semiconductor Cluster project in particular. Even without any other interventions to evaluate, the evaluation should have sufficient evidence (if the Compound Semiconductor Cluster proceeds as expected, and alongside evidence from the complementary workstreams) to present a robust evidence base for the Gateway Review.

## Impact evaluation risks

Risk	Likelihood / Impact	Mitigating actions
Lack of engagement by IQE	M / H	The CCR and SQW to work together to ensure that IQE understand the importance of the evaluation, are available for consultations when needed, and are responsive to other requests e.g. in relation to data to support the evaluation.
Changes in staff members at IQE	M / M	SQW and the CCR will work with IQE to ensure that new staff understand the role of the evaluation. Speaking to IQE at the baseline stage will ensure that people involved at the early stage are able to provide evaluation evidence, even if subsequent phases of the work are with newer staff members.

<b>Risk</b>	<b>Likelihood / Impact</b>	<b>Mitigating actions</b>
Low response rate from the wider sector	M / H	the CCR to 'warm up' contacts ahead of SQW approaching firms for consultations, making it clear what the evaluation is for and the importance of their contribution to this. Also, engagement will be limited to the baseline and final reporting stages, to avoid consultation fatigue.
KTN data not updated	M / L	SQW will consult with KTN to clarify if/when new data will be available. If it looks unlikely to be updated a consultation will be undertaken with KTN, in addition to the consultation planned anyway with the Compound Semiconductor Catapult, to get their perspective on the growth of the sector qualitatively.
Delays in the Compound Semiconductor Cluster project being delivered and IQE occupying the facility	L / H	the CCR will keep SQW informed of progress with the project and any potential delays. It is apparent at the time of writing that the project has proceeded as expected, with this therefore unlikely to be an issue.



## Annex C: Consultees

### ***Cardiff Capital Region City Deal***

- Kellie Beirne (Chief Executive)
- Rob O'Dwyer (Head of Infrastructure)

### ***Impact consultees***

- Stephen Doran (Compound Semiconductor Applications Catapult)
- Andrew Evans (SPTS)
- Sam Evans (Newport Wafer Fab)
- Robert Huggins (Cardiff University School of Geography and Planning)
- Martin McHugh (Compound Semiconductor Applications Catapult)
- Chris Meadows (IQE)
- Wyn Meredith (CS Connected)
- Rhydian Morris (JLL)
- Max Munday (Cardiff Business School, Cardiff University)
- Graham Newell (Newport Wafer Fab)
- Beverley Owen (Newport City Council)
- Peter Snowton (Institute for Compound Semiconductors, Cardiff University)
- Chris Sutton (Suttons)
- Rhys Waite (Microsemi)
- Nick Weston (Renishaw)
- Tracy Wotherspoon (Microsemi)
- Chris Young (Welsh Government)

### ***Strategic consultees***

- Cllr Peter Fox (Monmouthshire County Council)
- Frank Holmes (Gambit Corporate Finance LLP, Chair of Regional Economic Growth Partnership)
- Paul Matthews (Monmouthshire County Council)
- Cllr Andrew Morgan (Rhondda Cynon Taf CBC)

- Paul Orders (Cardiff Council)
- Ian Price (CBI Wales)

**CARDIFF CAPITAL REGION CITY DEAL: ILLUSTRATIVE SUMMARY OF REVISED CORPORATE RISK REGISTER (MAY 2020)****SECTION 1: KEY STRATEGIC RISKS (SUMMARISED)**

Ref.	Risk Description	Potential Impact	Risk Owner	Inherent Risk Likelihood / Impact	Current Controls	Residual Risk Likelihood / Impact	Proposed Management Actions
1.	Public Health Impacts	Covid-19 pandemic leads to significant economic impact across the region	Regional Cabinet	TBC following assessment	Preparation and approval of Post-Covid 19 response document	TBC following assessment	Implementation of measures in-line Covid 19 document
2.	City Deal Office Resources, Staffing and Capacity	Inability to recruit appropriate resources to support preparation, whilst existing roles will expire on the 31 <sup>st</sup> March 2021	CEXs	TBC following assessment	Existing CDO budget approved as past IIF provides appropriate level of budget	TBC following assessment	CEXs reviewing how roles can be extended beyond 31 <sup>st</sup> March 2021
3.	Design of Gateway Review process does not recognise the impact of the substantial changes which have occurred	Impact on economic baseline, measures and progress leads to failure of Gateway Review due to issues beyond our control	Director	TBC following assessment	Discussions with UK/Welsh Governments and SQW plus State of the Region Baseline work	TBC following assessment	Seek agreement for CCR to inform Gateway Review design and deployment
4.	Regional Investment Framework for Wales	Risk that the new WG-led Regional Economic Frameworks could, if not appropriately integrated and balanced, over-ride many of the structures, processes and protocols put in place for CCR	Regional Cabinet	TBC following assessment	Response to consultation document and to Ministerial Committees	TBC following assessment	Follow-up on consultation submitted and ensure proposed way forward builds on CCR work to-date
5.	Levelling-up Agenda	Sub-optimal delivery structures implemented regionally for new funding identified	Regional Cabinet	TBC following assessment	Input to Welsh Government on emerging policy direction	TBC following assessment	Continue to engage with Welsh Government on this matter
6.	Post-Brexit Implementation	Leads to further deterioration in macro-economic environment e.g. interest rates, inflation, supply chains, funding levels etc.	Regional Cabinet	TBC following assessment	Input to Welsh Government on emerging policy direction	TBC following assessment	Continue to engage with Welsh Government on this matter

**SECTION 2: KEY OPERATIONAL AND PROGRAMME LEVEL RISKS (SUMMARISED)**

Ref.	Risk Description	Potential Impact	Risk Owner	Inherent Risk Likelihood / Impact	Current Controls	Residual Risk Likelihood / Impact	Proposed Management Actions
1.	Business Plan Delivery	Approved projects are not delivered or are delivered late/above budget, leading to City Deal targets not being met in full	Regional Cabinet / Project Director	TBC following assessment	Regular progress reports to Investment Panel and Regional Cabinet with key risks and Issues being captured and escalated in a timely manner	TBC following assessment	Ongoing review of the effectiveness of programme and project reporting, whilst ensuring risk registers and issues logs are in place and operating effectively
2.	Ensuring continued quality deal flow	Failure to attract or unlock significant social-economic projects within the region that may lead impact on the City Deal's ability to meet its targets in full	Investment Panel / Project Director	TBC following assessment	Ongoing review and monitoring of levels / quality of proposals in the pipeline and how these translate to City Deal targets being achieved	TBC following assessment	One Year on assessment of IIF and strategy for year 2 operations
3.	Governance & Effective Decision Making	Failure to ensure appropriate governance arrangements are in place leading to ineffective decision making	Project Director / Accountable Body	TBC following assessment	JWA in place which includes details of delegations and scopes of decision making. Legal input (internal/external) secured as part of the approved IIF process	TBC following assessment	Ongoing of review arrangements, Annual Governance Statement and Internal and External audit reviews
4.	Financial Affordability	Risk of approved Financial Affordability Envelope being breached	Project Director / Accountable Body	TBC following assessment	JWA in place which includes details of approved envelope IIF process requires business case development which captures wholelife	TBC following assessment	Ongoing of review arrangements, Annual Governance Statement and Internal and External audit reviews



## Appendix 2 Corporate Risk Register

Ref.	Risk Description	Potential Impact	Risk Owner	Inherent Risk Likelihood / Impact	Current Controls	Residual Risk Likelihood / Impact	Proposed Management Actions
					project costs, regular finance reports to Investment Panel, Regional Cabinet and 10 LA Partners		
5.	Funding Terms & Conditions	Non-compliance with approved UK/Welsh Government funding T&Cs leads to grant clawback and/or cessation of further funding	Project Director / Accountable Body	TBC following assessment	Embedded within the IIF process and documentation are the requirements of funding T&Cs and appropriate compliance checks at each approval stage	TBC following assessment	Ongoing of review arrangements, Annual Governance Statement and Internal and External audit reviews
6.	Effective Audit & Assurance	Non-compliance with approved UK/Welsh Government requirements which could lead to grant clawback and/or cessation of further funding. Potential reputational damage, reducing CCR's ability to support new funding streams	Project Director / Accountable Body / WAO	TBC following assessment	5yr rolling programme of internal audit, annual external audit plan, joint scrutiny function and preparation of the Annual Governance Statement	TBC following assessment	Ongoing of review arrangements, Annual Governance Statement and Internal / External audit reviews and Joint Scrutiny Programme of work

## Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  This report sets out the main findings of the one year out report and takes the opportunity to highlight associated risks and issues as we move into the final evaluation prior to the Gateway Review
<b>Proposal: One Year Out Report</b>	<b>Date Future Generations Evaluation form completed: 10<sup>th</sup> May 2020</b>





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

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report describes the findings of the One year Report and highlights the risks and issues as we move into the Gateway Review.  Ultimately, successfully completing the Gateway Review will see our City Deal continue to be supported and investment being aimed at priority economic interventions.	Ensuring there is a high state of readiness and a strong sense of self-awareness – through data capability and an awareness of the importance of place-based interventions.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The proposal relates to building resilience through understanding and being able to measure and assess the impact of our interventions – some of which might have an effect on natural eco-systems	Consideration to embedding circular economy principles in relevant aspects of procurement processes


Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	It is possible that aspects of the assessment process – might in time extend to wellness and wellbeing indicators.	Building our own self-awareness will be a key part of the evaluation process – wellness is likely to feature strongly within this
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The Gateway Review is about understanding the rate of economic progress and how this is contributes to community resilience and viability.	Data capability, place analysis and having systems and platforms capable of answering the key questions about the scale and extent of change will inform our understandings of progress and advancements made.
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	City Deal seeks to position our region for better economic output and global competitive advantage. This latter reflects upon economic betterment, social justice and environmental sustainability.	Further work will be needed on a proposal by proposal basis (and in conjunction with the Investment Framework) to embed wellbeing goals at the heart of economic activity, including support from the private and business sectors.
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of £1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives.	Examples are offered by small countries that have proactively sought to demonstrate how economic impact translates to improved inclusion, sustainability and a kind of growth that serves a

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?
		social good. These examples and best practice will be followed and integrated.

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	The report sets out the work needed in the short-term to both guide and reflect more accurately, better outcomes in the long-term	More work is needed around business and improved civic engagement
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	The Economic Growth Partnership will take a lead for commissioning the data capability work – in order that approach is rightly, industry-led and ready to inform industrial strategy development	The Regional Business Council, is developing a plan to more comprehensively engage and interact with the wider business community
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	The report will see an approach embedding across the region and involving organizations that can help inform data capability and approach – Universities and ONS in the main	A communications plan is being developed to ensure a more wide-ranging approach is taken to civic involvement. My perfect metro is a good example of inventive ways of building engagement.
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>		



<b>Sustainable Development Principle</b>	<b>Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.</b>	<b>Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	The proposal seeks the data competency and the evidence base to inform sound decision-making	

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Disability	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Marriage or civil partnership	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Pregnancy or maternity	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Race	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Religion or Belief	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Sex	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	.

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Sexual Orientation	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	
Welsh Language	The proposal is about data and evidence and ensuring we have accurate and timely information on which to base decisions. Dimensions such as protected characteristics will be more visible and apparent as a result.	None	

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

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	NA	NA	
Corporate Parenting	NA	NA	

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

- SQW and National Evaluation Framework
- One Year Out Report

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

Establishing the data and evidence is a first step. Once set out and a process is in place – issues and challenges will become clear and can be acted upon.

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

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

As each report is received through the evaluation and locality assessment phases

**10 JUNE 2019**

---

**LOCAL EVALUATION PLAN FOR THE CARDIFF CAPITAL REGION &  
BASELINE REPORT FOR FIRST EVALUATION OF THE WIDER  
INVESTMENT**

**REPORT OF CCR CITY DEAL DIRECTOR**

**AGENDA ITEM: 13**

---

**Reason for this Report**

1. The report is in two parts:
  - Under the auspices of the National Evaluation Framework (noted and endorsed by Cabinet in September 2018), this report firstly presents the proposed Locality Evaluation Plan for the Cardiff Capital Region (CCR) Wider Investment Fund. This evaluation will be undertaken and finalised in December 2021 in time for the Gateway Review in 2021. The plan, co-developed by the National Evaluation Panel and CCR, sets out the logic model for evaluating the only fully approved and operational project to date (Compound Semiconductor) and a range of other overarching evaluation activities with the intention to add and further supplement, as other projects are developed.
  - The second part of the report sets out the Baseline Report for the first evaluation of the Wider Investment Fund. This is the first major output of the evaluation work undertaken by the National Evaluation Panel that implements the approach set out in the aforementioned locality evaluation plan.
2. Both reports are significant in that they will inform the structure, processes and first wave of evidence to be presented to the Gateway Review. It is important that the early outcomes in particular, are acknowledged and understood, in order to further develop and reinforce the activities and interventions necessary – right across CCR structures and partners – as the City Deal journey progresses. The report further provides information in relation to the timing of the evaluation work and Gateway Review and the total cost of the work in order to inform budgetary preparations.



## Background

### Locality Evaluation Plan for CCR

3. The National Evaluation Panel (NEP) has been convened to evaluate the impact of locally-appraised interventions on economic growth. Their remit is to provide evidence to the five-year Gateway reviews associated with the Investment Funds. The CCR, as a recipient of Investment Funds in the second round of the programme (City Deal approved in 2016/17), is a cohort 2 participant. The focus of the work is on impact not process or governance and in the case of CCR, the remit is not the City Deal in full - only on aspects of activity wholly resourced by the Fund i.e. the Wider Investment Fund of £495m, meaning that the £734m allocated to the Metro is NOT included within the assessment. The NEP is the Government's appointed consortium and is led by SQW.
4. Appendix 1 contains the Locality Evaluation Plan co-developed between the City Deal office and SQW. It is an evolving document and although currently focussed on the Compound Semiconductor project and a range of overarching evaluation activities – the intention is to add and supplement it as further projects are established.
5. The Locality Evaluation Plan structure and content and the 'logic model' presented relates wholly to the Compound Semiconductor Project but allows for re-visitation as further interventions are agreed. These interventions will be those set to be funded by CCR before 2020. This ongoing process of evaluation will be undertaken in close conjunction with CCR, in particular around data input, monitoring, involvement of participants and the input of Wales Government. In summary, the key elements of the evaluation plan include:
  - Impact and progress evaluation of the Compound Semiconductor project
  - An overarching strategic level evaluation
  - Contextual economic forecasting
  - Three consecutive rounds of reporting
6. The full methodology is set out within the report. It is important that this is now synched with the new Annual Business Plan and the new quarterly performance monitoring and reporting. This will ensure that evaluation processes, data development and analysis and ongoing review are complementary and connected. The City Deal Office has procured the necessary expertise to ensure this can now be undertaken.
7. In addition to the CSC project, the Locality Evaluation Plan also focuses on complementary work-streams at both strategy and project-level. These include: capacity development and partnerships evaluation; and, contextual economic forecasting. This relates to the strength in collaborative arrangements, particularly around business engagement and how the economy at the time the City Deal was approved was expected to develop, in order to develop a 'baseline' projection with which to gauge future progress.

8. The plan anticipates the work contained will be undertaken and finalised by December 2020, in time for the Gateway Review of the Wider Investment Fund before the end of March 2021. The costs of all aspects of the work around the Compound Semiconductor project evaluation, baseline report and capacity and partnerships development are reported as totalling £217,524.
9. The document at Appendix 2 is the Baseline Report - for the first evaluation of the CCR Wider Investment Fund to be undertaken and finalised by 2020 (and to inform the Gateway Review before the end of March 2021). This report marks the first output of the evaluation work of the National Evaluation Panel in implementing the approach agreed in the Locality Evaluation Plan – as referenced above.

### **CCR Baseline Report**

10. The Baseline Report, the research for which completed at the start of 2019, does the following:
  - Confirms the scope of the evaluation work
  - Presents the economic forecasts for CCR
  - Establishes the status of the Compound Semiconductor project as at the end of 2018
  - Presents evidence around capacity development and partnerships
11. The evidence presented draws on the monitoring data and actual outputs of the Compound Semiconductor project; consultation with the Compound Semiconductor Cluster; 12 senior stakeholder interviews and 31 survey replies from partners; and, an economic forecast developed by Cambridge Econometrics. There are key references in the report to the industry-led Economic and Industrial Growth Plan; the new principles introduced for an 'evergreen' fund; the importance of the Investment and Intervention Framework and the already agreed five year JWA Business Plan and to the Compound Semiconductor Project.
12. The contextual economic forecast is set out in pages 9-15 of Appendix 2. Key messages include:
  - GVA growth in CCR has underperformed the UK as a whole and over the forecast period, the pattern is expected to continue. Ahead of the first Gateway Review it was forecast to rise by 1.5% from 2013-19 – lower than the UK overall
  - Employment growth over the period 1990-2013 was just under 0.4% - slightly lower than the UK at 0.5%. The number of jobs in CCR was forecast to rise from 645k in 2013 to 691k in 2019 and 705k in 2025
  - Both through the historical period (1990-2013) and the forecast period (2012-2025) productivity growth in CCR is, and was expected to be, behind the growth of the UK overall
13. In respect of the Compound Semiconductor project key messages include (Page 18 of Appendix 2):

- The project is well underway, albeit spend to date is slightly lower than projected – but this is starting to change
  - The project is bigger than the Foundry and is about the potential for the Cluster
  - Job creation is underway and to date, targets are exceeded
  - Clarification is needed on jobs safeguarded
14. In terms of capacity building and partnerships, stakeholder feedback key messages include (Page 18 onwards of Appendix 2):
- General view that CCR City Deal and the Wider Investment Fund HAS had a positive impact on local economic development capacity
  - Design of the Wider Investment Fund is important in driving demand, better evidence and decision making
  - Scope exists for further engagement - particularly with businesses. Engagement with civic society is also referenced
  - There is a sense the story is positive but it not widely promoted
  - It remains *'early days for the Wider Investment Fund: partnership and capacity has grown as a result, but as one consultee pointed out, the Compound Semiconductor project is just the first investment in what will need to develop as a wider transformational programme'*.
15. Timeframes for the remainder of the work are set out in the report. However it is expected that this pattern of ongoing review and monitoring will remain a constant.

## Risks and Opportunities

16. The Baseline Report is an independent report that has been informed by an objective review of the evidence and data available, as well as stakeholder views and partnership perspectives. It poses a number of risks, challenges and opportunities. These are:
- Project pipeline development – whilst it is recognised that City Deal is relatively new off the blocks; it is also acknowledged that there is a short window of opportunity in which to mobilise a delivery pipeline. Since the completion of the report, CCR has been notified of the Strength in Places seed award on the Compound Semiconductor Cluster; the case for Metro Plus has been approved, the Graduate Scheme is underway and work has started on the Housing Investment Fund. With the 'three funds' soon to be operational, subject to approval by Cabinet of the Investment Framework – this will see the pipeline develop – key to providing confidence that change is underway. This will feed forward into the next phase of review. It is clear however that creating the conditions to accelerate in line with priorities, will be key.
  - The new Investment and Intervention Framework sets expectation that some of the issues expressed by stakeholders around process, clarity and governance can be more effectively addressed. Again, this will be borne out in future delivery – and underlines the need for robust and honest ongoing evaluation. These outcomes will be captured in the next phase of the formal evaluation process.

- The issue around the Compound Semiconductor project, regarding full capture of targets and progress – in the ways now required for the logic model - will be addressed through formal recording through the new Quarterly Performance Monitoring Report processes.
- Moreover, with a new Annual Business Plan and digitised and consolidated means of quarterly performance tracking, the City Deal Office will ensure that all actions stemming from the Baseline Report, over which we have influence and direction, will be captured and appropriate plans put in place.
- One example of this is the point raised in the report about potential for further business engagement. Working with the Regional Business Council, the City Deal Office will support the development of a robust business plan that can effectively target the issues highlighted in the report.

## **Reasons for Recommendations**

17. The reasons for the recommendations are:

- The Locality Evaluation Framework provides a benchmark against which to measure the effects and impact of local interventions.
- Now that the first Baseline Report has been received, the relevant work can be undertaken to align performance monitoring and reporting and ensuring the focus is on the areas for improvement that CCR can influence and address.
- Regional cabinet, partnerships and other stakeholders will very quickly become involved in the process of establishing baseline information, offering views, perspectives and insights on outcomes and progress. It is important that there is a strong understanding of the significance of this work ongoing and the part they have to play
- The cost associated with this work up until Gateway Review is significant and it is important that Regional Cabinet understands what it is involved and the value added.

## **Financial Implications**

18. This report notes that costs associated with work leading towards the Gateway Review are significant and that it is important that Regional Cabinet understand what it is involved and the value added. It is also important to note that funding for 2021/22 and beyond is conditional on CCRC successfully passing this Gateway Review, whilst any unspent funding up to this time may be subject to repayment if Gateway Review is not passed.
19. Cardiff Capital Region's share of developing the National Evaluation Framework via Transport for Greater Manchester has been fully budgeted for, via resources set aside from the City Deal Office's allocation of the Joint Committee Revenue Budget. To date, costs of £28,744 have been incurred with a balance of £1,778 to be charged in 2019/20.
20. The total cost of SQW's work over the period from 2018/19 to 2020/21 is £217,524, of which, £27,751 has been charged to date. The 2019/20 Joint Committee Revenue Budget approved by Regional Cabinet at its meeting of 18<sup>th</sup> February 2019 contains an amount of £72,810 for this purpose, while the Joint

Committee Revenue Budget Final Out-Turn and Proposal to Create Earmarked 'Reserves' report being considered at Regional Cabinet's 10<sup>th</sup> June 2019 meeting seeks approval to carry forward unspent sums from the approved 2018/19 budget to cover costs which have slipped into 2019/20.

21. The Medium Term Financial Plan drawn-up to support Regional Cabinet's annual budget planning process includes further sums, to meet the cost of SQW's work over the whole period.

### **Legal Implications**

22. In the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA') the Councils acknowledged and agreed that the funding provided by HMT (£375,000 000) is subject (amongst other things) to satisfying the five yearly Gateway Reviews by HMT. This report sets out the work done to date in terms of developing the review process and future steps required. At risk of stating the obvious, it is very important that appropriate steps are put in place as satisfying the Gateway Review presents a key risk to the City Deal, given the implications for the HMT funding.
23. In considering its endorsement regard should be had, amongst other matters, to:
  - (a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,
  - (b) public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; i. Religion or belief – including lack of belief and
  - (c) the Well-being of Future Generations (Wales) Act 2015. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives and in so doing achieve the national well-being goals.



The well-being duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

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

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

## **RECOMMENDATIONS**

23. Regional Cabinet is asked to:

1. Note and endorse the co-produced Locality Evaluation Plan for the Cardiff Capital Region – as a means of guiding the process of evaluating the impact of interventions on local economic growth
2. Note the first Baseline Report and support the City Deal Director in addressing the issues which require improvement around business and civic engagement, synchronising performance report and marketing and communications – all of which are set out in the Annual Business Plan – but will now need reinforcement and strengthening.
3. Note the cost implications and budget provisions made as set out in financial implications above. In 2019/20 and for which provision has been made in the Wider Investment Fund in 2019.20.

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

Appendix 1 Locality Evaluation Report  
Appendix 2 CCR Baseline Report  
Appendix 3 Wellbeing of Future Generations Assessment

**18 MAY 2020**

---

## **A FRAMEWORK FOR REGIONAL INVESTMENT IN WALES – SECURING WALES’ FUTURE**

### **REPORT OF CARDIFF CAPITAL REGION DIRECTOR**

#### **AGENDA ITEM 7**

---

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

1. To seek approval of the finalised response from the Cardiff Capital Region to Welsh Government’s public consultation on Regional Investment in Wales, the closing date for which has been extended to 5 June 2020.

##### **Background**

2. The public consultation on a Framework for Regional Investment in Wales sets out Welsh Government’s thinking on regional investment outside of the European Union, which has been developed via partners and the Regional Investment Wales Steering Group – attended by CCR.
3. The Framework sets out proposals for investing replacement funding from the UK Government in a national framework that is underpinned by investment targets and managed ‘regionally’. This is stated as being important in building upon the successful legacy of Welsh European funding programmes.
4. Events have been held around Wales as well as on line and social media engagement. The Framework recognises the huge challenges posed in terms of culture, governance and the new approaches that will be required in working outside of the EU, especially as Wales has been a significant net beneficiary of EU funds over 20 years. However, as some of the specific requirements associated with EU funds fall away, the opportunity to work differently and develop new frameworks over time, is underlined.
5. The consultation poses 12 core questions concerning future models; community leadership; transition period; so-called horizontal themes; and, priorities, measures and ‘regionalisation’. CCR’s proposed response to these questions is attached at Appendix 1. As well as responding direct to the questions, CCR’s response also seeks to capture the ways in which COVID-19 will likely impact assumptions and some of the key areas that need to be focussed upon in the ensuing period of forecast significant economic downturn.

6. In addition to this, the Welsh Affairs Select Committee is currently taking submissions/evidence on the UK Shared Prosperity Fund. Whilst this call for evidence closes imminently, CCR has secured an extension 'til 22 May 2019. It is proposed that given the overlap between the two consultation processes, the same response is submitted to the Welsh Affairs Select Committee with a separate covering letter providing relevant context. This will enable consistency of approach and for the key issues to be highlighted and reinforced.

### **Reasons for Recommendations**

7. The Welsh Government has launched an important framework on which it is currently consulting which establishes new ways of overseeing and delivering regional investment in Wales in the future. As an already established 'region' which is charged with delivery of a £1.3bn City Deal – in partnership with both UK and Welsh Governments, these proposals will CCR significantly and it is vital that the region's perspective is clearly articulated and heard.

### **Financial Implications**

8. This report is a response to a consultation on a regional investment framework and has no direct financial implications at this stage.

### **Legal Implications**

9. This is a report seeking Cardiff Capital Region Joint Cabinet's approval of a prepared response to a consultation on a regional investment framework. There are no legal implications at this stage.

### **Well-Being of Future Generations**

10. 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.

11. 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**

12. It is recommended that the Cardiff Capital Region Joint Cabinet:
  - a) notes and approves the proposed final response which is attached to this report at Appendix 1 for submission to Welsh Government on 5 June and to UK Government's Welsh Affairs Select Committee on 22 May 2020.

**Kellie Beirne**  
**Director, Cardiff Capital Region**  
**18 May 2020**

## **Appendices**

Appendix 1 CCR's proposed response to a Framework for Regional Investment in Wales  
Appendix 2 Well-being of Future Generations Assessment

## SUMMARY OF CCR RESPONSE TO A FRAMEWORK FOR REGIONAL INVESTMENT WALES CONSULTATION

- The COVID-19 impact on the economy and the continual changes we are seeing - must be reflected in the proposed new framework. Many of the assumptions in the document will need to fundamentally shift and change as a result. We must take this as an opportunity to focus on the right things and not the quick fix, easy things.
- COVID-19 has been described as a great leveller, which may be the case in terms of its indiscriminate pattern of attack. The way in which these impacts and after-effects are felt will however, not be level. This has particular implications for regions like CCR where prosperity is cheek by jowl with disadvantage.
- There needs to clarity about the purpose of regional investment and what it aims to achieve. It's not just about doing it, or doing more of it – the higher purpose and value needs articulation. This will help distinguish between means and ends.
- WG need not be at the front to be at the forefront. Steering the ship, setting direction and convening is the new job of work, leaving those who are best placed to locally deliver, to get on with the job
- There should be no hierarchy in regional investment or no 'one way' of doing things. The aspiration should be for a network and distributed model
- Regionalism is preferential to 'regionalisation'. The latter speaks of rigid, top-down imposition whilst the former, a spirit or culture of collaboration and shared purpose
- Urgent clarity is needed about the constant references to 'empowering the regions'. There is little substantive reference to existing regional structures or investment programmes like City or Growth Deals. The core reference point is to WG-led Regional Economic Frameworks, which not only overlooks the role of Regional Cabinet Committees and economic partnerships, but creates the impression that 'devolution to regions', will see WG re-direct power to itself, through the creation of new regional mechanisms.
- If this means that the current complement of c200 WEFO staff is redeployed to the new WG created regions, this will afford a critical mass that would dwarf CCR's capacity-set when thought should be given to how it is enhanced. This is a key risk since it could dilute CCR's voice and presence and see continuation of 'business as usual' – just driven through new regions. The change, ethos of collaboration and will to fundamentally move the dial, call for an approach that goes beyond this
- The prospect of two sets of frameworks, partnerships, plans and measures for regional investment has the potential for duplication and frustration
- CCR has learned many lessons in developing its City Deal, Industrial Growth Plan, tapestry of partnerships and advisors and its approach to Assurance through its Investment and Intervention Framework. We must find ways of feeding this in and take care to not throw the baby out with the bathwater
- Care must be taken in ensuring projects and investments taken forward are capable of moving the needle. Really great delivery of a mediocre project or average delivery of a proposal that didn't respond to the right challenge in the first place – will not do
- Many of the questions posed lack context and purpose and appear random. For example, the question about introduction of repayable finance. This cannot be considered without knowing the nature of a proposal, what is hoped to be achieved and what the risk-reward profile looks like. Debt finance is simply one tool that could be considered alongside a wider package of measures as part of a portfolio approach.
- The transition period should be used more effectively and to iron out inherent tensions across 'baked in' GVA-led programmes vis a vis a focus on wellbeing and sustainability. There is an opportunity to strive for a more distinctive approach. Developing a collective sense of culture and modelling behaviours, skill-sets and new capabilities in this period will also be vital



- There are still too many projects borne and funded that seek four year funding and in four years' time will require a further four years' funding. Exit is harder than entry.
  - Attention needs to be given to EU replacement funds in the wider context of City and Growth Deals, UK Govt investment, external leveraged funds and other investment opportunities – so we all understand contribution and fit. This will stop the jam being spread too thinly within individual programmes.
  - There needs to be an urgent focus on ramping up the proportion of public investment programmes injected into Science and Innovation and Research and Development with a focus on problem-solving and building resilience and internationalisation through innovation-readiness
  - We have to get better at evaluating higher level policy goals – rather than just the impact of one-off 'projects'.
  - We must take the opportunity to create a positive and resourceful post-COVID legacy. . We could chart a new course for Wales; develop more distinctive ways of working and a different type and scale of interaction between public-private-community sectors. Be ambitious and, focussed on delivery that is measurable in ROI terms. Leverage the brilliance of businesses which have engaged in innovation and rapid adaptation as well as inherently inventive public services.
  - It is not the time for more statements that are hard to disagree with, but fail to turn the dial in their application. We can't reinvent the rules by tweaking away at the margins and with new names and signs over the same door. Neither can the height of our ambition be to win the same race as others. We must set our own grand challenges; develop new fiscal levers and incentives and be prepared to compete on the things that matter and show wealth creation and distribution can co-exist with wellbeing.
- .....

**Q1) What are your views on a model where:**

- **Strategic pan-Wales initiatives are co-ordinated at national level;**
- **Designated regional bodies, design and deliver their own programmes of investment aligned with national-level policy?**

The role of WG as we see it and the prospect of 'once for Wales' initiatives or solutions must continue to change and adapt. WG should not be at the centre of everything – leading policy, managing delivery and evaluating outcomes. This is not the function of a modern, agile and interventionist government. WG must practice more networked and facilitative leadership and develop its convening role. This would mean ceding control – but ultimately increasing influence. This needs a new kind of trust, respect and subsidiarity which is better described as 'regionalism' – a spirit of partnership and flexibility, than 'regionalisation' – which sounds more authoritarian, rigid and top-down. We have to shift from a focus on doing the same old things a little better to doing fundamentally better things. This will mean developing a greater appetite for innovation, adaptation and experimentation and recognising that whilst not everything will work and there will be failure – failure by omission or 'standing still' is the more significant risk.

This requires of WG, courage and adaptive leadership. Equally it requires proactive local leadership and more focussed institutional capability building. Designated regional bodies such as the CCR Cabinet (joint committee structure) has developed a City Deal programme in conjunction with UK and Welsh Government partners. Attached to this are mandatory partnerships – a Regional Transport Authority and a private sector-led Economic Growth Partnership, as well as additional important groups such as a Business Council and CCR's own Special Purpose Vehicle – CSC Foundry Ltd. This partnership is about thinking local, but acting regional. There is real clarity about the purpose of regional investment which is informed and led locally by business experts in conjunction with local politicians who provide a strong sense of democratic legitimacy. There is clear function before form – a strategic rationale for a £1.3bn City Deal – articulated through a 5 year business plan; a Regional Economic and Industrial Growth Plan and a robust Assurance Framework operationalised through a clear and open Investment and Intervention Framework.

City Deal is further underpinned by an understanding of what needs to be done and the difference between means and ends. Although focussed by delivery against jobs, growth and leverage targets – political leaders do not want to hit targets that miss the point and have underlined the importance of economic inclusion, ensuring no part of the region is left behind. This is vital when highly competitive and fast growing parts of the region, sit cheek by jowl with some of the least competitive places in the whole of the UK. Innovation therefore has a wide application across business/ technology, the public sector and civil society. In addition, economic ambition will not be enough and has to be matched with opportunities to build progressive social policies. Local wealth building sits at the heart of this. CCR political leaders have a strong desire to see beyond conventional agglomeration economics - which suggest that building up growth hotspots will see the benefits trickle down to the hinterland – and be proactive in creating and dispersing wealth right across the region.

The Regional Cabinet governance is built upon a single powerful principle of one member: one vote. This feeling of equity, shared purpose and collective endeavour is compelling. Unlike Growth Deals with prescribed projects typically delivered by single 'lead' agents – presiding over an open Wider Investment Fund - creates a powerful and unifying bond. In CCR, the City Deal may have galvanised this network, but City Deal, whilst still seen as important, is recognised as an investment programme. It is the CCR which is now fundamental and the co-ordinating and coalescing force. 'Beyond City Deal' – new programmes, and activities are developing – a SDP, governance co-ordination of the VRP and the Regional Skills Board with more to come. This is a sign of growing maturity and the evolution of a functioning region.

**Q2) Do you support our proposals for some investments to be led by the community in which activity takes place?**

As stated above, respecting the principles of subsidiarity and devolution to the local level is an important principle, meaning delivery is ever closer to citizens, communities and those who are best able to shape and inform it. This local focus is at the heart of CCR and delivery of its City Deal as its central co-ordinating mechanism.

Within CCR however, the principle is that those who are best placed to lead should do so. This has led to a hybrid delivery model wherein, expertise is shared and resources are pooled through the City Deal Office – complementing and working alongside local delivery. This brings to bear a wider range of expertise and resources from the Economic Growth Partnership, Skills Board, Transport Authority, Business Council, Universities and many other local partners with the requisite know-how. What matters is the outcome and so our approach has been less about ‘who’ delivers and more about the quality and sustainability of ‘what’ gets done.

For example, the Economic Growth Partnership has provided the lead role on the economic strategy and investment framework – both of which were adopted in full by CCR Cabinet. The value of this was in the independence and the evidence base and business insights brought to bear. The Investment framework principles allow Regional Cabinet to steer the ship and make decisions leaving more detailed advice, delivery and due diligence on proposals to the CCR Investment Panel – whose membership is derived from public and private partners. This leaves no room for so-called ‘vanity’ projects and breeds high levels of trust and reciprocity.

As regards community leadership – again, whilst supported in principle – there needs to be an understanding of context and competition. Community leadership of a proposal to UKRI challenge fund wherein competition from other regions, universities and industrial leaders features – is unlikely to work. However, a community response to a local challenge call around solving specific local problems with community insight and ingenuity, is likely to be highly successful. Before the question can be answered, context needs to be determined and proper frameworks for evaluation and assessment need to be in place and understood. CCR has a clear Investment and Intervention Framework which sets out how business will be done; expectations in terms of outcomes, ROI and sharing of risk-reward. This investment framework is adaptable – beyond the here and now, it applies foresight so that decisions can be future-proofed as far as is practicable. Furthermore, the investment framework is built on data and insight and not just what is assumed to be important. This means that investment gets directed at the right things – not the easy things.

The important thing here is not just about delivery either. Really great delivery of a mediocre project or average delivery of a proposal that didn’t respond to the right challenge in the first place - is not good enough. There is a strong convening role to be played in framing the right challenges and being open to experimentation in solving them. Public sector has a key role to play in setting out the key industrial and societal challenges of the day – and this goes beyond typical notions of ‘enabling’ or de-risking’ and will require focus and investment.

The issue is how we re-learn how to break out of silos and reinvent the quadruple helix of government, university, business and community.

**Q3) Do you agree we should increase our use of repayable finance where this is viable, and where it is not, that models that maximise repayment are used?**

Again, this question cannot be posed in isolation or without contextualising what investment, for what purpose, on what basis and with what expectations. Without an overarching investment framework that provides the scope, parameters and backdrop for this – it is impossible to answer. Invoking a debt instrument with a company possessing unique Intellectual Property, market leadership and a strong EBITDA and full security – as per CCR's investment in CSC Foundry Ltd - is very different to acting on a policy ambition to support start-ups with much higher risk profiles, or a University-led skills and entrepreneurship programme which requires seed funding and catalytic support.

ROI also has many forms. Certain activities, especially those that might be deemed appropriate to be delivered via Shared Prosperity Fund will need to support policy positions, that early doors, won't be capable of delivering £ROI, but may help deliver social ROI or help create denser labour markets that create benefits and IRRs in other policy areas.

CCR City Deal is built on an evergreen principle – but through a mixed portfolio approach. The aim for a revolving fund principle in the round, was borne out of the dependency culture rooted in our economic history. This reliance on funding programmes and grants has eroded our choices and chipped away at our self-esteem. Innovate UK has reported that only around 3% of its funds come into Wales and those that do are typically smaller grants rather than larger scale and more ambitious leveraged or repayable investment. With no more City Deals and new regional investment likely to have a competitive or challenge-led element, Wales must learn how to compete and win resources. This means the end of programme jumping and beyond finding points of entry – developing means of long-term self-sufficiency.

CCR City Deal has three targets – jobs, GVA growth, leverage and economic inclusion. The Investment Framework provides a hierarchy of key questions regarding the ability of a proposal to deliver against these. If a proposal can indeed demonstrate deliverability, the question around ROI is applied. If ROI cannot be achieved that doesn't mean the end of the proposal. ROI is not a fixed target – however it has been introduced by CCR as a means of building resilience, self-sufficiency and the potential to scale outcomes. Through an innovation fund, infrastructure fund and a challenge fund – it is forecast that there is sufficient scope in the programme overall to recycle funds. The approach is pragmatic and flexible.

As per the opening to this response, COVID-19 has changed everything. Repayable finance is increasingly difficult with public bodies now being encouraged to support business survival through more secure mechanisms such as convertible equity, IP shares and exploring more banking-based models of diligence. Supporting companies to mitigate the worse effects of the economic fallout does not mean reverting back to more transactional funding – often long-term access to patient finance is the key issue and flooding the market with liquidity doesn't always mean the best proposals get backed. Repayable finance should thus, only be seen as one possible measure alongside many others such as those mentioned above, infrastructure recovery charges and other fiscal levers and incentives.

**Q4) What are your views on our plans for transition period?**

The transition period should not be focussed entirely on project continuity and phasing out of the old whilst ringing in the new. There is an opportunity to use this period to work through tensions of a 'baked in' GVA metrics-model which not only permeates City Deal, but tax raising powers and other economic programmes and is often found to be in conflict with the promotion of wellbeing and sustainability. With the UK government maintaining a commitment to levelling-up; HMT actively discussing the limitations of traditional growth metrics; and now, the

potential to galvanise a debate about the kind of economy we want to build in Wales post-COVID, there is an opportunity to show leadership on this.

In addition, this time would be well spent considering how we develop a collective sense of culture, modelling the kinds of behaviours and mind-sets required and new ways of working. This could assess the new capabilities required and develop foundational programmes which grow the skill-set of the 21<sup>st</sup> Century post-COVID public servant. We need to get beyond announcements and statements of projects and focus on the skills and perseverance it takes to deliver and see things through. There are still many projects borne that are seeking four-year funding, that in four years' time, will seek a further four years' funding. This has to stop.

The focus on R&I in this time period is also critical. In science we now must trust but R&D spending in Wales as a % of national spend is low. What is poorer yet is the proportion of budgets that actually prioritise the skills and knowhow to develop R&D and become innovation-ready. We are not short of massive challenges, be it a public health crisis, climate emergency, future mobility or ageing. Having the requisite skills base to solve problems and innovate our way through moral, social and economic dilemmas will be key to any transition. Continued membership of H20/20 and of value-creating programmes such as Vanguard and Manumix will be key as well as maintaining friendships with Basques and national innovation agencies such as Vinnova and Tekes – and indeed in incentivising creation of our own.

We might also wish to think beyond funding or investment programmes to other tools in our armoury such as other fiscal levers like TIF, enhanced R&D tax credits and support for the research base as viability diminishes post-COVID.

**Q5) How can we integrate horizontal themes of equality, sustainable development, gender mainstreaming and welsh language?**

It is likely that no amount of soft encouragement will see these themes mainstreamed and so consideration should be given to building explicit programmes that address under-representation such as Women in STEM. Organisations such as Chwarae Teg should also be enlisted to work with funding applicants to raise awareness and develop positive strategies that help promote the issues and create programmes and incentives that bring about better balance. This however should not become a tick-box exercise which would be counter-productive and will need a sophisticated approach that makes a sustained impact on the issues rather than a paper based exercise that demonstrates simply process-based activity.

**Q6) How can we best increase the use of the Welsh language through our proposals for regional investment and ensure it is treated no less favourably than the English language?**

The key breakthrough in this space has to be technology. With the disruptive forces of digital, AI and data – technology has to be the means through which the Welsh language is brought to a wider audience, bolstering linguistic diversity and ensuring programmes and end use applications reflect bi-lingual Wales. One means of achieving this might be to divert an element of future programme funds into a series of challenge funds that help to test out and develop options to solve this enduring problem, at scale.

**Q7) What are your views on the proposed delivery model for the strengthening of partnerships, co-operation and trade across borders within in the UK and with international partners?**

Firstly, a great number of existing partnerships are built upon connections in R&D/Science, Research and Innovation and so continuing membership of H20/20 research programmes will be critical. Not just in terms of linkages across international research institutions but in relation



to inter-governmental and industry connections and maintaining Wales' high rate of international research citations and positions on the Research Excellence Framework.

The draft International Strategy provides a good basis for this and the selection of fewer economic priorities for collaboration is a strong sign of focussed intent. This will enable links to be made with our anchor/ significant companies, with HQs based outside of the UK and whose high-value R&D capacity currently sits overseas. Penetrating these networks and demonstrating that Wales offers not only an investable business destination, but a highly liveable and unique environment, will be key to future inward investment success.

There is also scope for co-investment across Wales Government and UK Government across programmes such as SIPF and aspects of the Industrial Strategy Challenge Fund. Wales also has the highest level of adoption of SBRI solutions across the whole of the UK and this could be easily built upon with the Centre for SBRI Excellence in North Wales.

Ensuring there is a strong investment readiness programme; new links into the Foreign and Commonwealth Office, greater interaction with Dept. for International Trade driven by a focus on our priority industrial sectors and strength of the research base – will also be key. Understanding our role in inter-region/ cross-UK developments such as the Western Gateway, coordinating a Wales-wide offer for MIPIM and support for a Welsh diaspora through Global Welsh must also play a part.

**Q8) What do you think of the proposed strategic objectives across the four investment priority areas? Are there other objectives that should be considered?**

The proposed strategic objectives with the exception of the more focussed one on transition to a zero-carbon economy – are vague and imprecise. They are broad sentiments – which would be hard to disagree with, for who doesn't want more prosperity, equality and a stronger innovation system? However, they lack clarity about why it is so important that we tackle them and how it can be best done through a new system of regional investment.

The evidence base informing the objectives is unclear. Where is the data on the particular issues Wales faces? What are the priority economic and industrial sectors? What is the approach to place beyond a broad focus on 'regions' and the perspectives on the purpose of economic growth and what we are seeking to achieve for Wales as a country? Rather than broad statements on eradicating poverty and inequality – where is our equivalent of Wales' Grand Challenges and how developing much more 'mission-driven' perspectives as has been done in other parts of the world, can drive a focus on the things that really matter? The words used are fine – but how will they inspire change and make a difference? Will these objectives help move away from conventional thinking that sees departments and silos as being significant in themselves – as opposed to be contributors to bigger problems and challenges?

The section is littered with commitments to 'empower the regions' – however from the diagram at the front of the document which shows WG Regional Economic Frameworks and structures – this appears to mean empowerment of WG-led regions. This is not the same thing, especially when in CCR, there are already strong regional economic and investment plans and frameworks, visible and distinctive regional political leadership and proactive business leadership. This is a fundamental point as devolution of power to regions is about more than WG-led structures. At the very least, it risks duplication and replication and having two sets of plans, frameworks and partnerships – in what are already small spaces.

It is not that other investment objectives should be covered – there are already many in the section and it appears there are multiple priorities. In addition to decarbonisation, equality, inclusion, foundational economy, high skill jobs, skills development, company growth and expansion, entrepreneurship and fair work - and many more issues are all priorities. However,

rather than see these things as singular objectives, these are all forms of inter-connected elements of a wider economic eco-system and some areas are much more task and subject specific – whilst some are sentiments and others are more aspirational statements. This needs some organisation and sequence to show how the different economies that exist in Wales, for example, the foundational economy, the tradeable and knowledge economies, all interact and are mutually reinforcing. Some priorities could run counter to one another with commitments to competitive productive growth and wellbeing and sustainability. It is not that these two concepts are mutually exclusive – but there needs to be narrative, explanation and policy goals about how wealth and wellbeing can be compatible aims.

The concern with this chapter is that it suggests the jam will be spread thinly. It would be better to focus not only on what follow-on EU funds will be used for, but what they won't. This could then link across to the focus and purpose of City and Growth Deals, the fit and contribution of UK Government Funds, the potential for external private leveraged funds, the role and purpose of inward investment and FDI and so on. This helps to paint one big rich picture of all the investment tools and levers at our disposal – ensuring they are complementary and are optimising potential for Wales.

In terms of the foundational economy specifically, there is potential to link the everyday economy to how we grow productive capacity through linkages with challenges around ageing and care, mobility and transport and the disruptive forces of AI and data particular in sectors such as food and retail. This would see a focus on foundational renewal and the potential to consider how these sectors could adapt and adjust as manual labour and 'everyday' work is displaced and replaced by the radical forces at work.

**Q9) What indicators do you think could be used to measure progress towards achieving the proposed strategic objectives?**

Real care needs to be taken in setting targets – as started above – targets can drive perverse behaviours and as we have seen with aspects of previous programmes, the focus on process measures and box ticking drives whole industries and becomes a job of work in itself.

This has to be an opportunity to think about development of outcome driven measures and metrics that matter most and are pertinent to our context, goals and what it is we are trying to achieve through this thing called Regional Economic Investment. Measures of productivity and competitiveness will continue to be important in this context but must be balanced with compatible measures around wellbeing, sustainability, happiness, quality of life and give colour and interpretation to standard metrics that are typically one dimensional – for example, gross household income comparisons across UK do not often take into account high housing costs in UK cities like London – which when pitched alongside relative affordability in CCR, tell a very different story regarding disposable income. There are real specialisms in this regard in Cardiff University's School of Economic Geography and the Economic Intelligence Unit established by DBW.

**Q10) What are your views on fairness, transparency and consistent rules**

It goes without saying that these should be core principles of any approach involving public funds. The absence of EU rules on deployment of funds should not read as an opportunity to create an ever-more bureaucratic framework where the process and procedures are held in greater esteem than the project interventions and the outcomes. The process should not be judged on ability to write technically proficient business plans and to keep them well monitored and maintained – but to actively project manage, further and optimise objectives, leverage further investment and opportunity and use funds as a platform on which to build and as a means of securing further potential – rather than seeing them as the end in themselves.

Whatever the funding mechanisms are, debt instruments, equity, grant or seed monies – the important thing is that criteria is applied consistently. Just because a grant is given doesn't mean there is no accountability – or that features such as core business viability, strategic importance, business health, supply chain impact, sectoral importance, future economy focussed and so – shouldn't apply. These should be consistent factors applied to all funding sources in order that social and economic impact is maximised in ways which demonstrate a business like discipline.

Risk thresholds will also need to be considered and the risk-reward-responsibility ratios – with tolerance for failure built in.

In addition, consideration of proportionate business case development should feature as many challenge driven and innovation investment approaches do not sit well with the more infrastructure focussed Five Case Model.

**Q11) Should the capacity to deliver monitoring and evaluation proposals be prioritised?**

**Q12) Do you agree with the proposal outlined for development of monitoring at the local and regional level?**

Learning and evaluation comes through delivering, adapting and iterating in continuous ways. Re-setting the pace, rules of engagement and purpose of regional investment in Wales is complex and cross-cutting and there will be no easy answers. We will need patience, capacity to re-learn and to in-build challenge. The things that worked in times of certainty and compliance will not work in the new normal. We need to be nimble and fleet of foot and understand that employing teams of people whose job it is to 'audit' and check; runs counter to developing a culture of continuous self-assessment and self-awareness.

It is also unclear as to where proposed Corporate Joint Committees sit in this space and with particular regard to local/ regional accountability vis a vis WG's Regional Economic Frameworks. Again the answer to the question as to where monitoring best sits, depends on whether 'the region' is seen as the new structures developed and led by WG and headed up by Chief Regional Officers – or whether it is pre-existing political structures such as the CCR Joint Cabinet Committee, which supported by business leaders, is already overseeing a tripartite City Deal? Clearly, we want to continue to support our existing structures and ways of working since they have been co-developed by stakeholders and experts in considered and applied ways and to date, have withstood scrutiny applied through the Gateway process.

The evaluation role is not about 'project reporting'. It is about strategy, connecting the horizontals and building out a story. We need to incentivise performance across institutions appropriately and review current measures that drive counter-productive outcomes. This will need closer integration and an approach to long-term planning and investment to scale impact. Schemes that may draw from one funding source but form part of a wider programme of measures cannot be considered in isolation. We have to get better at evaluating higher level policy goals – rather than just the impact of one-off 'projects'.

All this needs a re-examination of roles. This comes back to the point about WG ceding direct control of programmes and delivery in exchange for influence, thought leadership and direction setting. Getting this bit right is crucial. We need to strengthen capacity and reinforce the expertise of local authorities to deliver and promote learning across different layers of government. This would power up the vision for one co-ordinated investment framework shaped by business and other key stakeholders. We have to be results focussed and promote learning through doing and be prepared to say and share it when we get it wrong.

## Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: <a href="mailto:kellie.beirne@cardiff.gov.uk">kellie.beirne@cardiff.gov.uk</a></b>	<b>Please give a brief description of the aims of the proposal</b>  Consultation response
<b>Proposal: Regional Investment Wales – consultation response</b>	<b>Date Future Generations Evaluation form completed: 18 May 2020</b>






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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	There is no proposal – this is a consultation response to a document seeking to inform the future of regional economic investment.	CCR has suggested proposals and actions that seek to feed into the consultation in a positive way.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The thrust of the consultation and response is how we best support economic resilience	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	As above	The response makes reference to ways and ideas for bottoming out tensions across economic growth programmes and sustainability/ wellbeing measures and argues for new metrics
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	As above	The response argues the need for a balanced approach to investment across sectors and place
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances		



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

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 response leans more to building a fit for future region post Brexit and in the light of new challenges and opportunities</p>	<p>This will be under constant review.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The report sets out the different partners and sectors engaged in this work and how the private sector need more of a say</p>	<p>Awaiting outcome of work on CJC's</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The report sets out the different partners and sectors engaged in this work – and has engaged widely with REGP, business partners, HEI and others</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The focus of the consultation is on adapting our approaches to be responsive, preventative and long-term, resilient</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The report considers the balance needed across the plural economies in the CCR in particular</p>	

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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	This is not a proposal but a response to consultation	None arising at this time.	None arising at this time
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		

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

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

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

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

- Economic evidence data and insight
- Government and ONS data
- CCR experience
- IIF insights
- Business Council and REGP insights

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

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

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

The impacts of this proposal will be evaluated on:

Quarterly via the IIF reports to Cabinet and quarterly performance monitoring.

**18 MAY 2020**

---

## **CCR PRIORITIES FOR ADDRESSING ECONOMIC IMPACT OF COVID-19 AND BEYOND**

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

#### **AGENDA ITEM 8**

---

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

1. To seek Cabinet approval of a set of new priorities emerging in response to COVID-19 and the ensuing economic fallout. To seek endorsement of Cabinet to convert the ten priorities into a clear, concise and reader/user friendly addendum to both the Regional Industrial and Economic Growth Plan and the Investment and Intervention Framework. This will act as a guide to set out the ways in which CCR is best able to make a help mitigate some of the worse effects on the economy and businesses in the region as a result of the crisis and its ongoing impact. The document is not a fixed strategy – it is a set of priorities that can be updated and iterated continually as shifts and changes occur and the situation continues to evolve.
2. Cabinet approval is also sought to submit the document in its current form into the urgent Inquiry into the Welsh Economy and COVID-19 on 15 May 2020 convened by the Welsh Affairs Select Committee. It is also means CCR has a response to hand in the light of news that Counsel General has appointed a Taskforce to inform the post-COVID future for Wales.

##### **Background**

3. The economic fallout of COVID-19 is already dramatic and serious. However, the situation is a quickly evolving one. It is highly unlikely that we will see the UK economy simply ‘snap back’ – but equally must try and strike a balance in CCR avoiding knee-jerk reactions, focussing on our 20 year outlook and working in real-time. The independent Office of Budget Responsibility published a report in April 2020 that forecast a 35% drop in GDP for Q2 of 2020 with incremental improvements expected over the remaining quarters. At this time, it is early to predict how things will play out with any certainty and it is the firm view of the CCR Economic Growth Partnership that CCR should keep an open mind; monitor the situation closely and rather than prepare solely for bleak scenarios, prepare to keep adjusting and adapting.



4. There is also a clear view that the Industrial and Economic Growth Plan stands the test of COVID with its focus on sectors and building clusters around Med-tech, compound semi-conductors, Data/ AI, infrastructure, fin-tech and energy – which is anything must be now be accelerated.
5. The challenge therefore is not so much about preparing for fixed scenarios of whole-scale long-term change, but a scenario of constant rapid adaption and being clear about the kind of positive legacy, post COVID-19, that CCR could achieve. For example, new working patterns, framing public policy and societal challenges, reframing the way we view key foundational occupations and focusing on the unevenness of impact – both in terms of effects across places in the CCR and across economic sectors, organisations and occupations.
6. In recent weeks, CCR has devoted time to building the intelligence & data, informing criteria and priorities for government; helping navigate businesses through frameworks and programmes and ensuring they are able to optimise support available, as well as planning for next steps as the economy emerges from hibernation. Within this, new scheme proposals are also being brought forward in direct response to COVID.
7. In consultation with the Regional Economic Growth Partnership and wider stakeholders, it is recommended that CCR should seek to:
  - keep out of the short-term crowded immediate ‘funding’ response space;
  - stick with the plan – strategic and focussed on industries of future balanced with an approach to building local wealth;
  - adjust and adapt programmes to ensure they are fit for purpose;
  - deploy relevant financial tools and solutions where there is proven viable company or proposal to assist with business resilience moving forward;
  - accelerate cluster support and in particular, Med-tech innovation and R&D intensity which will re-grow the economy in sustainable ways;
  - take opportunities to create a positive public sector-led post-COVID legacy.
8. To do this, a clear set of priorities has been established under the headings of ‘Account Management Plus’; ‘Response and Resilience’ and ‘Recovery and Re-emergence’. The priorities are all framed and set out in the attached document ‘Priorities for Addressing Economic Impact of COVID-19 and beyond’. These include starting with basics such as reframing the business intelligence base, kicking the tyres on existing schemes to ensure they are fit for a changing future; assisting start-ups; introducing structured funds and stabilising businesses through offerings such as convertible equity as well as support for priority sectors and medium sized businesses. This is attached at Appendix 1.
9. This document is a key reference point and shows how CCR is adapting. It is not a strategy or fixed in any way. CCR has an adopted Industrial and Economic Growth Plan and a clear Investment Framework. This set of priorities works with these and will be updated, refined and iterated as things shift and evolve.

## **Reasons for Recommendations**

10. This approach is necessary for the following reasons:

- demonstrates the ability to pivot and adapt and have a clear 'offer' and approach in light of volatility;
- acts as a guide to partners and those wishing to work with CCR setting out what's important and how it can be best achieved;
- is at hand to demonstrate to both UK and Wales Governments that we have a thoughtful approach and are prepared;
- can be submitted to the Welsh Affairs Select Committee Inquiry into the impact of COVID-19 on the Wales economy – which is said to be one of the worse affected areas of the UK;
- can be used to inform and guide input into the Taskforce convened by Welsh Government's Counsel General for post-COVID recovery;
- can be used as basis to secure any future funds into the regions resulting from the Chancellor's recent statement that the best way out of the future slump is to re-boot economies through the different regions of the UK.

## **Financial Implications**

11. Regional Cabinet approved the Annual Business Plan for 2020/21 in December 2019. This report refers to potentially bringing forward new proposals in direct response to COVID 19 . The report indicates that this may include deploying financial tools and solutions such as structured funds, loans, convertible equity. Consideration should be given to whether financial support proposed is classified as capital or revenue expenditure to ensure that the financial and budgetary implications can be considered at an early stage. Robust due diligence will need to be undertaken as part of business case development to ensure risks are clearly communicated and understood by Regional Cabinet. Potential financial issues should be considered at the very early stages of the IIF framework, to ensure key issues are identified and considered in the development of proposals being recommended.
12. Business cases need to be clear on the options considered, proposed delivery mechanisms and how risks, such as state aid, the legal powers to offer support and enter into financial transactions, financial risks, and security in place will be managed.
13. HM Treasury funding is paid to the Accountable Body on behalf of the ten Cardiff Capital Region City Deal (CCRCD) constituent councils. The funding must be used solely to support the objectives of CCRCD through the implementation of projects and schemes agreed by the Regional Cabinet and in accordance with arrangements set out in its Joint Working Agreement, Wider Investment Fund, Assurance Framework, and the JWA Business Plan. Where proposals are brought forward, the financial implications will need to consider existing commitments and affordability as part of regular monitoring reports and updates to the annual business plan.

14. In this regard it is important that the provisions of the Investment and Intervention Framework (IIF) continue to be robustly followed, as this is a key requirement of the City Deal Funding Terms & Conditions. This is important to demonstrate good governance, whilst ensuring the risk of non-compliance with Funding Terms & Conditions is minimised. Business cases should be developed in line with HM Treasury Green Book (5 Case Model), although, clauses 3.5 (Appraisal Framework) and 3.7 (Business Case Development), make an important reference the concept of 'proportionality' depending on factors such as project value, complexity.
15. Where any steps in the business case process are fastracked, or not deemed relevant in bringing forward proposals for Cabinet to approve, the risks of undertaking such a approach need to be communicated clearly as part of the decision making process.

### **Legal Implications**

16. In approving the recommendations in this report, Regional Cabinet must comply with its's duties under the Well-being of Future Generations (Wales) Act 2015, and the Equality Act 2010, as set out below.
17. There are no other legal implications other than those already set out within the report.

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

18. 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.

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.

## **RECOMMENDATION**

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

- a) approves the document 'Priorities for Addressing Economic Impact of COVID-19 and beyond' which is contained at Appendix 1 and the development of a user friendly version to form an addendum (which will be iterated as required) to the Economic and Industrial Growth Plan and Investment and Intervention Framework; and,
- b) approves submission of the document to the Welsh Affairs Select Committee Inquiry into the economic impact of COVID-19 on the Welsh economy.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**18 May 2020**

## **Appendices**

- Appendix 1 CCR Priorities for Addressing the Economic Impact of COVID-19 and Beyond
- Appendix 2 Well-being of Future Generations Assessment

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

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

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

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



## INTRODUCTION

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

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

## THE CHALLENGE

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

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

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

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

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

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

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

For CCR, this means:

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

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

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

### What we’ve found so far

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

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

### What we've done

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

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

### Forward Focus

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

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

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

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

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

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

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

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

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

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

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

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

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

**PRIORITY 4 – Supporting new businesses.** Ensuring that entrepreneurs are supported through the process of starting up and developing a business is vital to ensure that the region recovers, especially as new businesses create the majority of the jobs in an economy. Entrepreneurs need access to expertise, knowledge, seed capital and to a supportive community but the COVID 19 lockdown has seen many start-ups unable to access support. Such funding provision would be an ideal fit for Shared Prosperity Funds.

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

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

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

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

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

The programme would work through selecting a 2 or 3 challenges to form the focus on individual challenge funds. The idea is these would aim to build new thinking, services, ways



of working and potentially products, that contribute to new momentum and the 'new normal' in a post-COVID world.

The core principle is about putting innovation capability and skills in alongside the changes and challenges so that learning and value is *applied* and can continue to spread, scale and develop. This is as opposed to a reversion to 'business as usual' – when the worse of the pandemic is over. There is a real danger that when the healthcare imperatives give way to more long-term economic concerns, we will reach for what we know and not stick with what we have learned. The proposed programme will therefore involve:

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

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

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

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

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

- Payment holidays & rental breaks & easing cash flow burdens

- Consider equity buy ins – which can be diluted over time or transferred into debt as company balance sheets improve (convertible equity)
- Consider the important role that could be played by guarantees, collateral support, asset-backed security to bridge gaps and help mitigate the prospect of risk where more stringent banking requirements apply
- Potential to match complementary initiatives such as the Future Ready Fund
- Considering shares of IP and know-how
- Re-set some of the metrics – some of the financial performance metrics commonly used will have limited use in this new environment. Increased collaboration to identify key transparent achievable KPIs will be vitally important and must be progressed with Wales and UK Govts, as well as a new approach to Risk Management.
- Greater emphasis could be placed on EBITDA (or equivalent) ratings to assess debt capacity and EBITDA(c) concept to assess core company stability
- Greater role for CCR and indeed other City Deals in this phase. The way and pace of working must change. In this period of re-emergence – it will timely to think about the establishment of a CCR Development Agency and ways to enhance democratic legitimacy at the same time as utilising new levers and opportunities.

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

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

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

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

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

## Future Generations Assessment






<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: <a href="mailto:kellie.beirne@cardiff.gov.uk">kellie.beirne@cardiff.gov.uk</a></b>	<b>Please give a brief description of the aims of the proposal</b>  Responding to the Covid-19 economic fallout and beyond
<b>Proposal: Covid-19 and beyond – CCR priorities</b>	<b>Date Future Generations Evaluation form completed: 18 May 2020</b>

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

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	There is no proposal – it is a priorities document that sets the context for future proposals and projects. However it does provide a backdrop for maximizing prosperity in a changed economic situation.	The current approach of CCR has been reviewed comprehensively to ensure we can be optimally effective at this time of crisis as well as when the fallout hits most hard
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The new set of priorities is aimed at optimizing economic vitality and charting a course through downturn in line with 20 year strategy.	Resilience is referenced as the key goal and actions such as support for start ups; new types of funding and models etc all seek to make a contribution to this.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	The new priorities emerge directly in response to Covid and sustainability challenges and opportunities	Discrete proposals that will emerge from this framework will make more of a direct impact upon this
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The new priority set is about creating the conditions needed to balance investments, take into account place and the way in which we value certain sectors and occupations	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The proposal shows how the CCR can lead the way in pioneering new solutions and showing the foresight to get ahead.	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	N/A	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	The new priority set is about levelling across the region and ensuring a balance across interventions that will support the wider region and those which will be locally specific.	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	The proposal is about balancing short term account management with building resilience and planning for the long-ter,	This will be under constant review.
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	The report sets out the different partners and sectors engaged in this work	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	The report sets out the different partners and sectors engaged in this work – and has engaged widely with REGP, business partners, HEI and others	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	The focus of this is around providing economic support and resilience measures which will support the economy as it comes out of economic hibernation.	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	This report helps chart a course for CCR as the healthcare imperative of Covid give way to economic concerns.	



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

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Age	This is not a proposal but a new and emergent priority set	None arising at this time.	Monitoring data and evidence required as part of ongoing evaluation and project management.
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above		

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

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

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

- Economic evidence data and insight
- Business survey
- Government and ONS data
- CBILS data
- 

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

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

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

<b>The impacts of this proposal will be evaluated on:</b>	<b>Quarterly via the IIF reports to Cabinet and quarterly performance monitoring.</b>
---	---

**18 May 2020**

---

## **INVESTMENT PANEL RECOMMENDATIONS LOG & PROJECT UPDATES**

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

#### **AGENDA ITEM 9a**

---

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

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

1. To seek approval of the recommendations made by Investment Panel at its meetings, held remotely, on 31 March and 28 April 2020 in respect of SIFT 1A's and specifically, a Strategic Outline Case for a CCR Premises Fund. Investment Panel also made further recommendations at these meetings in relation to the Business Case for COVID-19 Cool Plasma Sterilisation Technology and endorsed the CSC Foundry report. These are set out in separate reports but are referenced here for completeness.

#### **Background – The Investment and Intervention Framework**

2. The Investment and Intervention Framework (IIF) was approved by Cabinet in June 2019 as a means of providing a comprehensive assessment toolkit for evaluation and approval of proposals received into the City Deal Wider Investment Fund. The IIF builds upon the sectoral, cluster-driven and place-based priorities set out in the Industrial and Economic Growth Plan (endorsed by Cabinet in February 2019). It further provides a clear means of originating projects and proposals that resonate with core priorities; developing a meaningful pipeline and deal flow; robust assessment criteria; and, accenting key decision-making points that support an agile but strong governance approach.
3. The IIF gives practical effect to the Assurance Framework and ensures Regional Cabinet is supported to enact its strategic decision-making role. The IIF has established an Investment Panel which comprises five members of the Regional Economic Growth Partnership and five members of the Chief Executive's/Programme

Board. The Investment Panel is an advisory panel and considers detailed technical matters and provides a means of impartial advice to Regional Cabinet as core decision-makers in the process. As of 28 April, Investment Panel has met on eight occasions which indicates the pace and momentum now within the system.

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

4. Investment Panel met on 31 March 2020. It should be noted that this meeting was held remotely. Reports to Investment Panel were as follows with the associated recommendations and the exempt Recommendation Log attached at Appendix 1.
  - Report of CCR Director SIFT 1a - AI Technology B2B Platform - Private Proposer. This proposed to develop a technology platform to enable businesses to maximise procurement opportunities. Investment Panel concluded that this was **NOT** a suitable proposition based on risk profile, pre-revenue nature of proposal and VfM assessments.
  - Report of CCR Director SIFT 1a - Investment Readiness - Private Proposer. This proposed to develop an Investment Readiness programme aimed at increasing investment for good proposals in the region. Investment Panel concluded that this was **NOT** a suitable proposal since CCR should test the market offer on a brief that set out its specific terms.
  - Report of CCR Director SIFT 1a - Prison Support Programme – Community Sector Proposal. This proposed a programme for offender employment related rehabilitation. Investment Panel concluded that whilst this was commendable, it could **NOT** demonstrate contribution to core CCR targets and whilst support, advice and signposting would be given, it was not in line with the IIF
  - Report of CCR Director SIFT 1a - Seed support for fin-tech trade body to underpin development of a Cardiff HQ and satellite outlets in Bridgend and Cwmbran. Investment Panel concluded that this **SHOULD** proceed, with some changes and refinements, to the next stage of SOC.
  - Report of CCR Director SIFT 1a - Building Local Wealth Challenge Fund – Public-led consortium. Investment Panel concluded this **SHOULD** proceed to the next stage and a business case to be brought forward.
  - Report of CCR Director SIFT 1a - Renewable Energy project – Private proposer. Investment Panel concluded that given the nature of project, environmental issues and issues yet to be concluded around Planning – this could **NOT** proceed at this time.
  - Report of CCR Director SIFT 1a – Equity Co-investment Fund – Private consortium. Investment Panel concluded from a presentation delivered by proposers that due to absence of co-investment and the need to develop a fund based on CCR's clear terms and requirements, this should **NOT** proceed and instead, CCR should take lead on developing such a fund and engaging with the market.
  - Discussion reports on SME Co-investment Fund and Evergreen Premises Fund – Investment Panel concluded these were good in principle and aligned well with the strategic intent of the Investment Fund and should progress with specifications for the funds to be drawn up.
5. All of the full SIFT applications can be accessed by members of Regional Cabinet on request to the City Deal Office and on the cessation of lockdown, a secure folder will be made available, containing all of the original applications.

6. Investment Panel met again on 28 April 2020. It should be noted that this meeting was held remotely and that in addition to the below, the CSC Foundry report was considered and also, the COVID-19 Cool Plasma sterilisation technology proposal. Both these are the subject of separate reports. Recommendations are as below and are attached in the exempt Recommendation Log at Appendix 2.
- Report of CCR Director SIFT 1a - Technology Quarter in Cardiff - Private Proposer. This proposal focussed on development of a technology hub in the centre of Cardiff. Investment Panel concluded, given this was a property acquisition strategy, this did **NOT** fit with the principles and requirements of the IIF.
  - Report of CCR Director SIFT 1a - Transport proposal for fibre enablement – Public proposer. This is a good proposal but there is a more suitable route and investment backing for this than as currently developed. Investment Panel concluded this should be subject to further discussion with the proposer.
  - Report of CCR Director SIFT 1a - Digital Farming – Private Proposer. This proposal is for LED vertical farming in the cannabinoids market. Investment Panel concluded that given the impact of COVID-19 and loss of key backing, the project was revised to seek prototype finalisation funding and so was **NOT** currently compatible with objectives but could be re-considered as conditions improve or change.
  - Report of CCR Director SIFT 1a - Pharma AI Data growth proposal. This proposal seeks to build on an established company and product to spin out a new product. Whilst there is more detailed up-front exploration, this proposal has sound principles, the proposers have strong credentials and any investment would be securitised against the parent company. Investment Panel concluded this **SHOULD** proceed to the next stage.

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

7. At the Investment Panel meeting on 28 April, a Strategic Outline Case (SOC) for an Evergreen Premises Fund was presented. CCR has worked with market-leading experts CBRE to support develop a proposal for an evergreen Premises Fund for industrial/commercial property. This has long been an objective of CCR and builds upon work previously commissioned via JLL on a strategic approach to sites and premises in the region. Similarly, this also connects into a very closely aligned piece of work done by SQW in recent times for WG and so is an area of joint working.
8. In the post-COVID environment, there will be an opportunity to develop a distinctive strategy for CCR's approach to strategic premises, outside of 'business as usual' scenarios. The opportunity is to develop a strategic approach to supporting development of new business and industrial premises as a means of creating a more entrepreneurial region. It should be noted that the proposal developed has a specific angle. This is only one part of the picture and it is recognised this supports a commercially-led approach. However, it is necessary to kick this off to be able to create returns, which can be matched through CCR, Shared Prosperity Funds, Welsh Government and other forms of assistance to provide grants into the areas that need subsidy to sustain such an approach.
9. The proposed Fund is to be set up to support the region's Industrial and Economic Plan by driving forward economic development projects across South East Wales. The Fund will target projects that are key to delivery of the region's economic priorities



in support of innovation, business growth and regeneration. It is proposed that the fund is set up initially with a £50M investment from the CCR with Welsh Government strategic and financial support being explored via the Property Development Grant and Financial Transactional Capital.

10. The role of the Fund will be to provide the necessary finance to unlock projects, with the risk managed in accordance with a pre-approved Investment Strategy. The concept is an 'evergreen' model where funds are fully repayable and re-invested into future projects creating a multiplier effect in terms of outputs generated over the life of the Fund. The Fund will be designed to align with CCR objectives by funding projects where the strategic CCR criteria are met. The Fund will target sectors where investment is needed and alignment to the strategic goals for CCR allowing for:
  - Regeneration & Infrastructure: - Creating grade A or equivalent space, reusing Brownfield land, regeneration, and recycling capital
  - Innovation: - The Fund will target projects in support of innovation as well as business growth and regeneration
  - Skills and Employment: - To promote and measure jobs creation from funding
  - COVID-19: - Providing funding to kick start developments, which will attract inward investment which may have slowed due the pandemic as well as enabling economic recovery sooner and possibly accelerated over the recovery period.
11. The Fund will support one of the key objectives of CCR by leveraging private sector investment into the region through matched funding and creating and supporting investable projects.
12. In order to move the SOC forwards to an OBC, project development, early due diligence costs and legal advice will be required and it is therefore suggested that an initial £45,000 is required to be met from the CCR Programme Development Fund.
13. The Strategic Outline Case for the CCR Premises Fund, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 3. At its meeting on 28 April, Investment Panel recommended approval of the SOC to Regional Cabinet subject to this being one part of a wider approach to strategic premises that takes into account the differing viability needs and subsidy requirements across the region and that further interventions are developed on the back of this, to address these comprehensively.

## **Wider Projects Update**

14. In a short space of time, the Investment Framework has come alive and Investment Panel is committing a significant amount of time to proposals coming forward. The attached exempt IIF Tracker at Appendix 4 gives an overall picture of the number and positioning of projects and programmes as at the time of writing. Appendix 5 gives more detailed narrative and a status update on the projects that are currently progressing. In overview terms, there are currently:
  - c17 known proposals that CCR is actively talking to proposers about, in the wider Pipeline – and yet to formally submit
  - 6 proposals are at SIFT 1a
  - 5 proposals are at SIFT 1b
  - 7 are at SOC

- 4 are at OBC
  - 3 projects are at legal completion/delivery
15. This sets out the projects in process – however – regular reports to Cabinet such as this, demonstrate the work and effort that also has to go into the proposals that do not progress. Given the inability to recruit to all posts in the team structure, compounded by the temporary ‘holding pattern’ as we head into the Gateway 1, there are issues around the capacity and resources needed to manage and balance all of this. This is highlighted in the Risk Register item on the agenda.

### **Reasons for Recommendations**

16. Given the phases and sequence set out for approvals in the IIF, this report provides progress on the proposals deemed to be in a sufficient state of readiness to progress and, the SOC on an CCR Premises Fund. It further provides a status update on the wider IIF Pipeline.

### **Financial Implications**

17. Following the Investment Panel meetings of the 31 March 2020 and 28 April 2020, the Investment Panel Recommendation Logs attached at Appendix 1 & 2 seek the approval of £45,000 for early due diligence and legal costs to support the development of an Outline Business Case.
18. If approved, the City Deal financial contribution to specific projects and any on-going support can be met from sums set aside in respect of the Wider Investment Fund ‘Top-Slice’.
19. All approvals will be subject to periodic financial and performance reports throughout the year. Access to funds will need to be through agreed criteria which align to the requirements of the Investment & Intervention Framework itself. This includes the requirement to produce acceptable business cases in line with the funding requirements set out by HMT and Welsh Government as well as best practice. This is key, to ensure that City Deal funding terms and conditions are observed at all times and the risk of costs proving to be abortive at a later stage are minimised.

### **Legal Implications**

20. The report seeks authority for further work to be carried out to develop proposals for the various projects referred to.
21. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal (‘the JWA’), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRC must be complied with. To ensure compliance with the JWA, business cases will be developed for each project and the approach taken will be consistent with the HM Treasury Green Book and business case appraisal process, applied in a manner that is proportionate to the project in question.
22. It is important that the due diligence and development of the business cases involve consideration of the legal issues raised by the proposals to ensure that the proposals,

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

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

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

23. 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.

24. 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.

## RECOMMENDATIONS

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

- a) notes the Recommendation logs from the meetings of Investment Panel on 31 March and 28 April 2020 respectively;
- b) approves the recommendations made by the Investment Panel in respect of SIFT 1As;
- c) approves the SOC for an Evergreen Premises Fund and agrees the next step to develop an OBC at a cost of £45,000 and approves to receive the OBC in June;
- d) notes the status update on the IIF tracker and the projects and proposals provided in the confidential appendices.

**Kellie Beirne**  
**Director, Cardiff Capital Region City Deal**  
**18 May 2020**

## Appendices

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

EXEMPT Appendix 1	Investment Panel Recommendation Log - 31 March 2020
EXEMPT Appendix 2	Investment Panel Recommendation Log - 28 April 2020
EXEMPT Appendix 3	SOC CCR Premises Fund
EXEMPT Appendices 4 & 5	IIF Pipeline Status and Projects Update
Appendix 6	Well-being of Future Generations Assessment

## Future Generations Assessment

<b>Name of the Officer completing the evaluation:</b>  <b>Kellie Beirne</b>  <b>Phone no: 07826 919286</b> <b>E-mail: kellie.beirne@cardiff.gov.uk</b>	<b>Please give a brief description of the aims of the proposal</b>  Setting out the recommendations of the Investment Panel in respect of potential projects in the IIF and a specific recommendation on a Strategic Outline Case for a Strategic Premises Fund.
<b>Proposal: Investment and Intervention Framework Report and SOC on Strategic Premises Fund</b>	<b>Date Future Generations Evaluation form completed: 18 May 2020</b>

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




<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The IIF sets out the framework for testing, assessing and appraising proposals in an independent, fair and balanced way, in order to ensure the proposals that develop are those that best contribute to wealth creation and prosperity. The projects in the pipeline now seek to make a major contribution to this.	Maximising potential for added value and meeting City Deal targets is enshrined within the assessment process.  In relation to the SOC for Strategic Premises, we are mindful of the opportunity afforded by the Covid-19 crisis, to rethink the balance required across home-office-local working and this will be reflected in the work, as will the need and opportunity to roll-out an approach across the whole of CCR.





Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	<p>The IIF is underpinned by the four Industrial Strategy Grand Challenges, included in which is clean growth.</p> <p>In any proposals that are brought back to Cabinet regarding strategic premises development – and subject to approval of a final business case – biodiversity, environmental and sustainability implications will be considered in detail.</p>	<p>This will be pertinent on a business case by business case basis.</p>
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	<p>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.</p>	<p>Inclusive growth and sharing prosperity are key principles and some of the conditions proposed to be set by Panel.</p>
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	<p>The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.</p>	<p>ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas</p>
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	<p>The IIF has regard to the wider factors required to support a vibrant and responsible economy</p>	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	<p>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.</p>	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people's lives.	The 'spread' and targeting of City Deal benefits in a place-based and place-led way – as reflected by the proposals.

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

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

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

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

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

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

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

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

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

- Individual SIFTs and accompanying documents.
- SOC and underpinning research and evidence base for the Strategic Premises Fund
- CCR Priority Sectors analysis 2019

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

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

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

The impacts of this proposal will be evaluated on:	Quarterly via the IIF reports to Cabinet and via emergence of individual business case developments
--	---



## 2020 Audit Plan – Cardiff Capital Region City Deal Joint Committee

Audit year: 2019-20

Date issued: May 2020

Document reference: 1863A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of Audit Wales or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Audit Wales and, where applicable, the auditor acting on behalf of the Auditor General are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [infoofficer@audit.wales](mailto: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.

# Contents

## 2020 Audit Plan

Our duties	4
Impact of COVID-19	4
Audit of financial statements	5
Performance audit	6
Fee, audit team and timetable	7
Accounts and Audit (Wales) Regulations 2014	9
Appendix A – Requirements of the Accounts and Audit (Wales) Regulations 2014	11
Appendix B - Accounts and Audit (Wales) Regulations 2014 – suggested notice	12

# 2020 Audit Plan

## Our duties

- 1 We complete work each year to meet the following duties.

### Audit of financial statements

- 2 Each year we audit the Cardiff Capital Regional City Deal Joint Cabinet's (the Joint Cabinet) financial statements and the consolidation of the Joint Cabinet's subsidiary in the Group financial statements to make sure that public money is being properly accounted for.

### Value for money

- 3 The Joint Cabinet has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

## Impact of COVID-19

- 4 The COVID-19 national emergency has had an unprecedented impact on the UK and will significantly impact on local authorities' preparation of the 2019-20 accounts and our audit work, both financial audit and performance audit.
- 5 Due to the UK Government's restrictions on movement and anticipated sickness absence levels, we understand that many local authorities will not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of the Auditor General's statutory responsibilities, our priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 6 In response to the government advice and subsequent restrictions, we have ceased all on site work at audited bodies and our own offices. Audit Wales staff are working from home and we will continue to make whatever progress we can whilst working and engaging with you remotely.
- 7 Consequently, this audit plan does not include any details in relation to completion of our audit work. We will discuss a timetable with Cardiff Capital Region City Deal (CCRCDD) management once the current national emergency situation is over and CCRCDD is in a position to prepare its accounts.
- 8 We commit to ensuring that our audit work will not have a detrimental impact on the Joint Cabinet at a time when public bodies are stretched and focused on more important matters.

## Audit of financial statements

- 9 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
- we plan to give an opinion on the City Deal Joint Cabinet's and the Group's financial statements in accordance with a timetable to be agreed.
  - assess whether the CCRCD Joint Cabinet's Annual Governance Statement has been prepared in line with the CIPFA Code and relevant guidance. We also review whether the Annual Governance and accompanying Narrative Report are consistent with the financial statements prepared by the by the Joint Cabinet with our knowledge of CCRCD.
- 10 In addition to our responsibilities for auditing CCRCD Joint Cabinet's financial statements, we also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- 11 There have been no limitations imposed on me in planning the scope of this audit.
- 12 Further information about our work is provided in our Statement of Responsibilities, which is available on our website ([www.audit.wales](http://www.audit.wales)).

## Financial Statement Audit Risks

- 13 The following table sets out the significant risks I have identified for the audit of the City Deal.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<b>Risk of management override</b> The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"><li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li><li>• review accounting estimates for biases; and</li></ul>

Audit risk	Proposed audit response
	<ul style="list-style-type: none"> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<p><b>Declarations of Interest and Related Party Disclosures</b></p> <p>Our 2018-19 audit identified an issue in respect of the Registration of Members' Interests within one authority and the processes and procedures in place to notify the City Deal Director and Monitoring Officer of those interests. My team's discussions with management during 2019-20 confirmed that these processes have been reviewed, with training and guidance provided, and that the Related Party disclosures will be based on a full review of all declarations made.</p>	<p>My audit team will review the:</p> <ul style="list-style-type: none"> <li>• revised processes and procedures implemented during the year which capture the information contained within the Related Party disclosures in the draft financial statements; and</li> <li>• accuracy and completeness of Related Party disclosures within the draft financial statements.</li> </ul>
<p><b>Impact of COVID-19</b></p> <p>The COVID-19 national emergency is likely to result in a significant delay in the preparation and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>

## Performance audit

- 14 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on page 4 in relation to value for money. For 2020-21, this work will focus on the Cardiff Capital Region Investment Framework. We envisage the work will include following a live investment through the investment framework process, but we will discuss the scope with the Director of the City Deal.



- 15 On 18 March 2020, the Auditor General wrote to local authorities explaining that, following Government guidance, he had decided to suspend all on-site performance audit work with immediate effect. The COVID-19 outbreak will also have an impact on the delivery of our performance audit work relevant to the CCRCD. We will make as much progress as possible with our work by working remotely, if appropriate. We are keeping this under ongoing review and will communicate further information regarding our performance audit work (including the timings and the likely outputs) when more is known about the duration of the COVID-19 restrictions and the wider impact of the outbreak on the sector.

## Fee, audit team and timetable

- 16 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed following the end of the COVID-19 national emergency, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee

- 18 Your estimated fee for 2020 is set out in **Exhibit 2**. There have been some small changes to my fees rates for 2019, however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

## Exhibit 2: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	18,118	21,510
Performance audit work <sup>3</sup>	14,819	14,791*
<b>Total fee</b>	<b>32,937</b>	<b>36,301</b>

\* This is the estimated figure set out in our 2019 Audit Plan. Due to the COVID-19 outbreak we have not yet completed our 2019-20 performance audit work, so are unable to provide an actual fee at this stage.

- 19 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the City Deal Joint Committee.
- 20 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

- 21 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

## Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Ann-Marie Harkin	Engagement Director / Engagement Lead – Financial Audit	02920 320562	<a href="mailto:ann-marie.harkin@audit.wales">ann-marie.harkin@audit.wales</a>
Huw Rees	Engagement Lead – Performance Audit	02920 320599	<a href="mailto:huw.rees@audit.wales">huw.rees@audit.wales</a>

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

<sup>2</sup> Payable November 2019 to October 2020.

<sup>3</sup> Payable April 2020 to March 2021

Name	Role	Contact number	E-mail address
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	<a href="mailto:phil.pugh@audit.wales">phil.pugh@audit.wales</a>
Jon Martin	Audit Lead (Financial Audit)	02920 320692	<a href="mailto:jon.martin@audit.wales">jon.martin@audit.wales</a>
Sara-Jane Byrne	Audit Manager (Performance Audit)	07786 111385	<a href="mailto:sara-jane.byrne@audit.wales">sara-jane.byrne@audit.wales</a>
Ian Phillips	Audit Lead (Performance Audit)	07811 757163	<a href="mailto:ian.phillips@audit.wales">ian.phillips@audit.wales</a>

## Timetable

- 22 We will continue to undertake such remote work as is possible during the COVID-19 national emergency. However, as set out above, we will not be in a position to agree a timetable with you until the COVID-19 national emergency has passed.
- 23 We will need to discuss any amendments to the timetable for the production and audit of accounts with you but will continue to work as flexibly as we can and are supportive of 'extending' the accounts window where required. It will be vital that this close engagement continues over the next few months, against what will doubtless be a fast-changing backdrop.
- 24 Therefore, we will report on a timetable for our audit work in due course.

## Accounts and Audit (Wales) Regulations 2014

- 25 In respect of our accounts work, we are aware that there may be difficulties in meeting the accounts preparation and publication dates set by the Accounts and Audit (Wales) Regulations 2014. Welsh Government have indicated that the Regulations will not be amended as they already provide sufficient flexibility to deal with any delays resulting from COVID-19.
- 26 The Regulations require the publication of a notice where authorities do not expect to achieve the dates specified by the Regulations. I have included further detail in **Appendix A** and example notices in **Appendix B** that the Joint Cabinet may wish to consider using.

- 27 The requirements for the exercise of electors' rights under the Public Audit (Wales) Act 2004 continue to apply. This presents some practical difficulties while lockdown restrictions still apply, eg public access to the authority's accounting records.
- 28 Therefore, my audit team will discuss with management an appropriate timetable for public inspection when we have a clear idea of the date on which the accounts will be available and when lockdown restrictions have been sufficiently relaxed.
- 29 The audit team will issue an audit notice in due course setting out the appointed date.
- 30 This may mean that there is a delay before we can issue our audit opinion.

# Appendix A

## Requirements of the Accounts and Audit (Wales) Regulations 2014

You may be aware that in England, the Local Government Secretary Robert Jenrick MP announced that the deadline for preparation of local government accounts will be extended to 31 August 2020 and publication of audited accounts to 30 November.

Audit Wales discussed this development with Welsh Government officials to establish if a similar announcement will be made for Wales. The Welsh Government position (as communicated to local government bodies) is currently as set out below.

### Statutory requirements

The statutory position for local government bodies in Wales is set out in the Accounts and Audit (Wales) Regulations 2014 (as amended).

### Welsh Government interpretation

Regulation 10 sets out the expected timetable for the preparation, approval and audit of the annual accounts. Due to the impact of COVID-19, Welsh Government recognises that it may not be possible for all local government bodies to meet this timetable. Regulation 10(4) provides local government bodies with sufficient flexibility to deal with delays caused by COVID-19. Its guidance on the Regulations, notes that:

‘Where, extraordinarily, certification cannot happen before [31 May/15 June], action needs to be taken to publish a statement that clearly sets out the reasons why this has not happened before that date and agree a course of action to ensure this is done as soon as is practicable after [31 May/15 June].’

The guidance also notes that the accounts should be published by 31 July/15 September even if the accounts have not been approved.

On the basis that sufficient flexibility is built into the current Regulations, Welsh Government does not consider it necessary to amend the Regulations.

### Audit Wales view and impact on the audit process

Audit Wales concurs with the Welsh Government assessment that sufficient flexibility already exists in the Regulations.

In the event that the accounts are not prepared by the statutory timetable, audited bodies should notify their audit team and publish a notice setting out there is a delay and the reason for the delay. Example wording is provided in **Appendix B**.

# Appendix B

## Accounts and Audit (Wales) Regulations 2014 – suggested notice

### **Audit notice where RFO unable to certify the accounts either due to illness or because the accounts have not been prepared**

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of [name of body] sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by [31 May 2020/15 June 2020].

The Responsible Financial Officer has not signed and certified the accounts for the year ended 31 March 2020. Due to the COVID-19 outbreak, the authority has diverted resources to support key frontline services and the statement of accounts has not yet been prepared. The statement of accounts will be prepared and the Responsible Financial Officer will sign and certify the statement of accounts when the immediate pressures of the COVID-19 outbreak have subsided.

### **Audit notice where RFO has certified the accounts but the audited body is not meeting and therefore unable to approve the accounts**

Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that Responsible Financial Officer of [name of body] sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year. The Regulations required that this be completed by [31 May 2020/15 June 2020].

[The Responsible Financial Officer signed and certified the accounts on [date].

Regulation 10(2) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires that following the certification by the Responsible Financial Officer referred to above, [name of body] approve and publish the audited statement of accounts. The Regulations required that this be completed by [31 July 2020/15 September 2020].

[Due to the COVID-19 outbreak, the statement of accounts has not yet been prepared.]

OR

[Due to the COVID-19 outbreak, [name of body] has not met to approve the statement of accounts.]

OR



[Due to the COVID-19 outbreak, the audit of the 2019-20 statement of accounts has not yet been completed and no audit opinion has been provided. The statement of accounts that is published is the unaudited statement of accounts.]



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.