



14 SEPTEMBER 2020

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

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM 10

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 7 July 2020 and 8 September 2020 in respect of SIFT 1A's and specifically for a Strategic Outline Case for an investment in an outdoor adventure tourism business.

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 8 September, Investment Panel has met on twelve

occasions within its first 12 months of operation which indicates the pace and momentum now within the system.

4. In line with good practice and good governance, the Investment Panel supported by the CCR City Deal Office will be undertaking a self-evaluation of the Investment and Intervention Fund during the autumn of 2020, reflecting and reviewing what has worked well and where there is scope of enhancements to the overall process based on the first twelve months experience. A report will follow to Regional Cabinet in due course with the outcome including an action plan for implementation of any changes/enhancements recommended.

Making Progress – Stage 1a Proposals

5. Investment Panel met on 7 July 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 – engine manufacturer – Private Proposer. This proposed to take forwards a pre-revenue business which owned intellectual property in hot water engines and wished to develop a manufacturing base in South Wales. Investment Panel concluded that this was **NOT** a suitable proposition since it was a high risk investment with limited security available.
 - Report of CCR Director SIFT 1a – optimised retrofit of homes – Private Proposer. This proposed to scale-up and deliver significant decarbonisation of new and existing homes across Wales. Investment Panel concluded that this was **NOT** a suitable proposition as currently structured as it lacked focus and was deemed high risk due to the start-up stage of the business.
 - Report of the CCR Director SIFT 1a – outdoor adventure tourism – Private Proposer. This proposed to create a major new tourist destination at the Heads of the Valleys preserving and regenerating an old mining site. Investment Panel concluded that this **SHOULD** proceed to the next stage (development of a SOC).
6. All of the 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.
7. Investment Panel met again on 8 September 2020. It should be noted that this meeting was held remotely and that in addition to the below, the CCR Challenge Fund Full Business Case was considered which is subject to a separate report. Reports to Investment Panel were as follows with associated recommendations and the exempt Recommendation Log attached at Appendix 2.
 - Report of CCR Director SIFT 1a – co-working spaces in town centres – Private Proposer. This proposed a JV arrangement with CCR to establish ten co-working hubs across the region creating a network of start-up hubs providing entrepreneurial space and support. Investment Panel concluded that this proposal does not wholly fit the Investment Framework criteria and that further information was needed in respect of this proposal to understand the investment needs and the details behind the proposed JV and the local need/demand and view on this proposal vis a vis the fit with current local provision. At this stage, and although welcoming further refinement from the applicant, this is **NOT** a suitable proposition.

- Report of CCR Director SIFT 1a – shared apprenticeship programme – Public Sector Proposer. This proposed to build upon a shared apprenticeship scheme already in successful operation and offer a region-wide solution to ensure industries of the future have access to skilled workers in a post COVID-19 world. Investment Panel concluded that the current scheme is small and without direct comparison is difficult to make a meaningful assessment of value for money. A targeted piece of work should be undertaken to set out clearly the purpose and requirements in the CCR regarding apprenticeships including an options appraisal. Once this is complete the proposal should be brought back to Investment Panel for further **REVIEW** and consideration.
 - Report of CCR Director SIFT 1a – Fibre to the Premise project – Private Proposer. This proposed engaging with CCR to leverage its fully funded project to rollout fibre to the premise to 150,000 properties across the region (phase 1) to address CCR priorities such as tackling notspots and ensuring connectivity to key industrial cluster locations (phase 2). Investment Panel concluded that this **SHOULD** proceed to the next stage of discussion whilst i) exploring the opportunities and challenges with other digital projects under consideration, and ii) understand in further detail the investment requirements and the economic priority focus of phase 2.
 - Report of CCR Director SIFT 1a – CCR Cluster Fund – Public Sector Proposer. This proposed to support the development of a Fund to provide scale-up funding for businesses in targeted clusters in the region – indigenous and inward investment businesses. Investment Panel concluded that there was a clear strategic alignment with CCR priorities and timely proposal in terms of the region’s response to the economic challenges posed by COVID-19 and therefore **SHOULD** proceed to the next stage of development.
8. In parallel with the preparation of the Sift 1a – CCR Cluster Fund, initial discussions have commenced with the British Business Bank regarding co-investment in the fund. In addition, it recognised that specialist advice and support is required to develop the proposal and associated business case. Therefore, it is requested that an initial £100,000 is approved from the Wider Investment Fund (In-Principle Projects budget) to meet these costs, and to develop the proposal further.
9. All of the 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.

Strategic Outline Case – Outdoor Adventure Tourism

10. At the Investment Panel meeting on 8 September, a Strategic Outline Case (SOC) for an investment into an outdoor Adventure Tourism business was presented.
11. The proposer is a large and growing company with 450 employees, a turnover of £15.5M in 2019 and headquartered in Wales. They are a Sunday Times Fast Track 100 company, and are a recognisable national and international brand, who wish to expand and add a significant site to their adventure and experience tourism operational portfolio in the Cardiff Capital Region.
12. The proposal is concerned with creating a major new tourist destination at the Heads of the Valleys, preserving and regenerating an old mining site. It aims to be a premier adventure attraction for South Wales with six iconic adventures complimented by a high-quality food and beverage facility. The project will be delivered over 5 phases in

5 years requiring a total capital investment of over £7.4M, attracting over a million visitors in the initial 5 year period generating c.£23m in turnover.

13. Their current operation in North Wales added £250M+ to the economy between 2013 and 2018 through visitor spend at their locations, with the wider economic impact across other businesses and communities the impact is significantly greater. A similar and greater impact can be expected from the project in the CCR due to better access to a wider range of UK markets and customer segments. Consideration as to how this might be leveraged to attract more visitors to the region and as such provide support for a wider and diverse range of visitor attractions should also be taken into account. This investment could act as a catalyst to make the region a destination within the UK.
14. The proposal is for a £4.4M loan investment from CCR with the remaining £3M being leveraged into the project to support the capital expenditure required to build out the site in the region. The nature and structure of the investment will need to be tested through the next stages of the due diligence.
15. In order to move the SOC forwards to an OBC/FBC, project development, early due diligence costs and legal advice to support the development of the business case will be required and it is therefore suggested that an initial £35,000 is required to be met from the CCR Programme Development Fund.
16. The Strategic Outline Case for the proposed investment, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 3. At its meeting on 8 September, Investment Panel recommended approval of the SOC to Regional Cabinet.

Wider Projects Update

8. 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:
 - c20 known proposals that CCR is actively talking to proposers about, in the wider Pipeline – and yet to formally submit
 - 4 proposals are at SIFT 1a
 - 4 proposals are at SIFT 1b
 - 7 are at SOC
 - 6 are at OBC/FBC
 - 5 projects are at legal completion/delivery
9. This sets out the projects in process – however – regular reports to Cabinet such as this, demonstrate the work and effort that goes into all proposals, including those that do not progress.
10. The Investment & Intervention Framework process requires that regular updates are provided to Investment Panel and Regional Cabinet on all projects, as they progress through the investment process. In this regard, Regional Cabinet should note that the valuation report for the Life Sciences Innovation Park project presents

challenges to the current investment structure as it has been impacted by COVID-19 volatility. The project team has re-opened negotiations with the project proposer to look at alternative mechanisms to make the project deliverable. An update report will be brought to the next Regional Cabinet meeting, along with options for further consideration.

Reasons for Recommendations

11. Given the phases and sequence set out for approvals in the IIF, this report provides progress on the proposals deemed to be in a sufficient state of readiness to progress including the SOC outlined in paragraphs 9 to 15 above. It further provides a status update on the wider IIF Pipeline.

Financial Implications

12. Following the Investment Panel meetings of 7 July and 8 September 2020, this report seeks the approval of £35,000 for the OBC/FBC for the Outdoor Adventure Tourism project and £100,000 for the development of the CCR Clusters Fund proposal.
13. If approved, the City Deal financial contribution to specific projects and any on-going support can be met from sums set aside in respect of the CCR 'In-Principle Project' budget allocation.
14. 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

15. The report seeks authority for further work to be carried out to develop proposals for the various projects referred to.
16. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRCD must be complied with. To ensure compliance with the JWA, business cases will be developed for each project and the approach taken will be consistent with the HM Treasury Green Book and business case appraisal process, applied in a manner that is proportionate to the project in question.
17. It is important that the due diligence and development of the business cases involve consideration of the legal issues raised by the proposals to ensure that the proposals, as developed, meet all legal requirements. It should be noted that developing the business cases is likely to require significant legal resource, which will need to be funded by the CCRCD, as part of the costs of developing the full business cases. By way of example only, consideration will need to be given to;

- a) the legal powers available to the Councils and the Regional Cabinet to provide the various forms of investment under consideration;
- b) the governance arrangements that should be put in place to administer the Funds (how and by whom decisions will be taken to award grants, loans, provide guarantees etc. at varying financial thresholds);
- c) the terms and conditions that should attached to the various proposed funding arrangements; and
- d) consideration of any planning law issues, state aid and procurement law implications.

Well-being of Future Generations

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

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

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

- look to the long term;

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

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

RECOMMENDATIONS

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

- a) notes the Recommendation Logs from the meetings of Investment Panel on 7 July and 8 September 2020 respectively;
- b) approves the recommendations made by the Investment Panel in respect of SIFT 1As;
- c) approves the £100,000 project development budget for the CCR Clusters Fund and approves to receive the SOC at its next meeting;
- d) approves the SOC for the Outdoor Adventure Tourism project and agrees the next step to develop a OBC/FBC at a cost of £35,000 and approves to receive the business case at its next meeting;
- e) notes the status update on the IIF tracker and the projects and proposals provided in the confidential appendices and that an update report in respect of the Life Sciences Innovation Park project will be brought to the next meeting.

Kellie Beirne
Director, Cardiff Capital Region City Deal
14 September 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 – 7 July 2020
EXEMPT Appendix 2 Investment Panel Recommendation Log – 8 September 2020
EXEMPT Appendix 3 SOC Outdoor Adventure Tourism
EXEMPT Appendix 4 IIF Pipeline Status
EXEMPT Appendix 5 IIF Projects Update
 Appendix 6 Well-being of Future Generations Assessment

Future Generations Assessment Evaluation

(includes Equalities and Sustainability Impact Assessments)

<p>Name of the Officer completing the evaluation:</p> <p>Kellie Beirne</p> <p>Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>Setting out the recommendations of the Investment Panel in respect of potential projects in the IIF and specific recommendations on:</p> <ul style="list-style-type: none"> i. Strategic Outline Case for an outdoor adventure tourism business
<p>Proposal: Investment and Intervention Framework Report</p>	<p>Date Future Generations Evaluation form completed: 4th September 2020</p>

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>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.</p>	<p>Maximising potential for added value and meeting City Deal targets is enshrined within the assessment process.</p> <p>In relation to the specific recommendations, we are mindful of the opportunity afforded by the COVID-19 crisis, to rethink the balance across our economy of business opportunities and the impact of home-office-local working and this will be reflected in the work, as will the need and opportunity to roll-out an approach across the whole of CCR.</p>
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The 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 – and subject to approval of a final</p>	<p>This will be pertinent on a business case by business case basis.</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?
	business case – biodiversity, environmental and sustainability implications will be considered in detail.	
A healthier Wales People’s physical and mental wellbeing is maximized and health impacts are understood	Developing the conditions, through new links and networks – and opportunities for future engagement – will make a contribution to prosperity, which in turn will support wellness and wellbeing.	Inclusive growth and sharing prosperity are key principles and some of the conditions proposed to be set by Panel.
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.	ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The IIF has regard to the wider factors required to support a vibrant and responsible economy	
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people’s lives.	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>	<p>The IIF is relevant to today, but focused on foresight and what comes, tomorrow.</p>	<p>Continued work on data/ evidence and generating in equal measure, insight and foresight.</p>
 <p>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</p>	<p>City Deal will be delivered by a multiplicity of diverse partners.</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</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The framework operationalizes the process for stimulating economic activity in the region creating opportunities to engage people in work and develop the prosperity needed to ensure people are more economically self-reliant and self-sufficient.</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This will be undertaken on a case by case basis through the new assessment process.</p>	

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

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

	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?

- Individual SIFTs and accompanying documents
- SOC and underpinning research and evidence base for the investment in the outdoor adventure tourism business
- 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
--	---