

7 DECEMBER 2020

**JOINT WORKING AGREEMENT – STRATEGIC BUSINESS PLAN
2021-2026 AND ANNUAL BUSINESS PLAN 2021-2022**

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 6

Reason for this Report

1. To set out the proposed Strategic Business Plan for the next 5 year Gateway period, in adherence with the provisions of the Joint Working Agreement for the Cardiff Capital Region City Deal. Additionally, to present the first year instalment of the 5 Year Strategic Business Plan, which is set out as a comprehensive appendix to the Plan and constitutes the JWA Annual Business Plan 2021-22.

Background

2. The JWA contains a requirement for both the JWA Annual Business Plan and JWA 5-Year Strategic Business Plan to be developed, considered and approved by Regional Cabinet 90 business days before financial year end. . The purpose of the JWA 5-year Strategic Business Plan is to:
 - present an understanding of what is required to achieve long-term aims;
 - distil this into a 5-year timeframe;
 - provide high-level detail on the activities likely to benefit from Wider investment Fund (WIF) monies;
 - provide high-level detail on prospective WIF expenditure over the period; and
 - contribute to the ongoing development of the Industrial and economic growth Plan which, has recently been adapted for COVID-19 and will play a key role in future regional economic framework.
3. Although the report provides compliance in accordance with JWA timing provisions for approval of both business plans, it does so ahead of any decision of UK and Wales Governments regarding CCR achieving successful passage through Gateway 1, (the process for which will be undertaken ahead of March 2021), enabling work to continue into the Gateway 2 period.
4. Further to this, it should be noted that whilst both the JWA 5 year Strategic Business Plan (2021-26) and Annual Business Plan (2021-22) provide for the

shifts and evolution required by Welsh Government Regulations for the establishment of Corporate Joint Committees (CJCs); there are no proposed material changes to the current JWA as a result of the new plans. This is because any adjustments and adaptations needed to the JWA as a result of the forward programme of work on the CJC agenda, will take priority and will likely happen in the next 6-10 months. Any revision to the JWA will thus, be reported comprehensively to Cabinet at the relevant time. There is no requirement therefore for this plan to be approved by the individual ten Councils at this time.

The JWA 5-year Strategic Business Plan 2021-26

5. Regional Cabinet held its annual planning session on 16 October 2020. The session was held remotely. The session considered progress over the last JWA Strategic Business Plan period (Gateway 1); the wider economic and policy context and emerging forward priorities for the next five year period. Input was provided on the confluence of policy issues encompassing CJCs, Regional Investment Wales, OECD work and the wider levelling-up agenda.
6. The proposed JWA 5-year Strategic Business Plan (attached at Appendix 1) therefore is something of a hybrid and transitory document. It discharges all of the duties and provisions relating to City Deal and the delivery of the Wider Investment Fund Programme – but also articulates the transition from a standalone City Deal focus – to a wider and more expansive City Region focus. This not only reflects the future policy development landscape, but the ambitions and objectives the Cabinet hold for the region. In so doing, it seeks to enable CCR to be prepared for:
 - the economic issues and challenges associated with Brexit;
 - new international trade, partnership and research agreements;
 - new direction on R&D given the principles set in the UK Government R&D Roadmap and ‘place-based ‘levelling-up’ commitments;
 - developing thinking around infrastructure investment and addressing the issue of sustainable funding for transport schemes;
 - a focus on becoming more mission-driven as a route to driving new knowledge, leveraging the public sector balance sheet and procuring innovation;
 - becoming a ‘pioneer’ City Region in relation to regional economic governance, shaping and informing a CJC for the CCR; the potential for institutional capacity development through a regional development entity; and, playing a central role in regional public investment; and,
 - a 20 year City Region outlook which will integrate all of the above and develop the outlook for strategic regional development in the CCR.
7. The Strategic Business Plan effects comprehensively on progress made to date and builds a bridge between today and 2026 when the second gateway period will conclude. It sets out 5 main priorities to guide progress in the next 5 years and as CCRC begins the process of becoming a full functioning City Region:
 - Build Back Better – playing our part in economic recovery and building resilience;

- Becoming a City Region – strengthening regional economic governance;
 - Scaling-up and delivering the City Deal ‘peak’ Wider Investment Fund pipeline and programme;
 - Making the case for Levelling-up CCR;
 - Developing the plan for industrial-scale clusters and innovation-led growth.
8. The Wider Investment Fund Strategy for the five year period is comprehensively set out and details of this are set out below in the Financial Implications section. Frameworks for governance, partnerships, decision-making and monitoring and evaluation are further presented in line with current operating arrangements.
9. The JWA 5-year Strategic Business Plan is set out at Appendix 1.

JWA Annual Business Plan 2021-22

10. The narrative for the next period is comprehensively established in the Strategic Business Plan. Therefore an appendix to the Plan is the first year’s business planning chapter – the Annual Business Plan for 2021-22 which is attached to this report at Appendix 2.
11. In accordance with the ‘Five for Five’ priority set, objectives for the forthcoming year include:
- Build back better – delivery of identified elements of the COVID-19 priority-set; working towards a Future Skills Hub; developing an ESG and ethical investment strategy; and, establish the economic intelligence unit;
 - Becoming a City Region - enact all arrangements for transition to CJC and develop corresponding economic frameworks and plans;
 - Scale-up – peak delivery of WIF Programme – deliver current approved projects and the next tranche of the investment pipeline for 21/22;
 - Level-up CCR – publish the Levelling-up prospectus and capture investment case for data and digital optimisation;
 - Industrial scale Clusters – deliver first phase of the CS Front of House Programme and business case development and delivery on SIFP programmes for cyber, creative and Wave 3 and year 1 of the Local Wealth Building Challenge Fund.
12. The WIF Budget Strategy for 21/22 is set out comprehensively in the Annual Business Plan and further information can be found below in the Financial Implications section. It should be noted that approval of both the JWA 5-year Strategic Business Plan and Annual Business Plan by Regional Cabinet is subject to CCR City Deal fulfilling the requirements of Gateway 1.
13. Resources to deliver this ambitious agenda – particularly one that straddles City Deal and City Region, require further consideration. To date, the City Deal Office has delivered on a small staffing complement and managed with short-term secondments and temporary resources. This posed risks in relation to continuity, particularly ahead of Gateway Review. Whilst this was addressed in part by the confirmation of 7 posts that are now permanently established for City Deal, there

is a need to make some refinements to the existing structure and seek up to three additional permanent posts to fill gaps and provide permanence around Transport and Energy, Governance and Clusters.

14. The Energy Strategy and RTA reports are also to be considered by Regional Cabinet at their 7th December 2020 meeting and which demonstrate the increasing requirements around these strategic matters. In addition, with more projects being approved, governance, reporting arrangements and partnership arrangements are being established and enhanced. Currently, there is no dedicated resource for this and must be urgently addresses. Finally, given the endorsement given to the approach to Clusters in the SQW Final Evaluation Report and the three Strength in Places proposals currently in the system – it is imperative resourcing arrangements are addressed.
15. Whilst it is envisaged that the proposed staffing changes will require some growth, the increase can be met within the overall City Deal financing envelope, by bringing forward resources currently allocated to the backend of the 20 year City Deal term. Given the Joint Committee Revenue Budget, which is set to go to Cabinet early in the New Year, provides the opportunity to set out this proposal in full, the staffing and resourcing requirements for 21/22 will be fully set out within this report.
16. Finally, it should be noted that this report fulfils the current requirement for the JWA 5-year Strategic Business Plan and Annual Business Plan to be approved 90 business days prior to year-end. This equates to a date that is substantially in advance of the typical period where public sector bodies set their annual revenue budgets. Therefore, it is proposed that to avoid this fragmentation in future years, the requirement to produce the Annual Business Plan within 90 business days of financial year-end is permanently amended to 30 business days prior to financial year end. This is not considered to be a 'material change', but rather a practical amendment that will allow annual business planning and budget preparation to be aligned.

Reasons for Recommendations

17. The reasons for recommendations relate to:
 - the current need for Cabinet to approve both the JWA 5-year Strategic Business Plan and Annual Business Plan 90 working days prior to year-end;
 - the need to set out the strategy and approach for addressing the CJC agenda and regional working and arrangements as part of CCR's forward work programme and core strategic ambitions Cabinet to note the timeframe for Gateway review and the requirement to submit the Final Evaluation Report along with Complementary Reports; and,
 - the need to establish WIF budget priorities for the Gateway 2 period and the forthcoming year.

Financial Implications

18. This report seeks approval of the Joint Working Agreement 5 year Business Plan (CCR Strategic Business Plan) as well as an annual business plan, subject to fulfilling the requirements of the Gateway Review process. The five year business plan set out in Appendix 1 sets out the Wider Investment Fund and Investment Strategy, including background to the sources of funding for City Deal from local authority partners as well as Welsh Government and HMT Grant totalling £495 million. The annual business plan at Appendix 2 sets detailed targets for 2021/22.
19. The second 5 year JWA Business Plan reflects a move into delivery and 'scale up' as well as an aim for the WIF to be 'evergreen' with the priority around self-sufficiency and using the WIF as a catalyst for further investment and opportunity. Accordingly, expenditure assumptions have been brought forward to meet the aspirations of Regional Cabinet and the Business Plan set out above. This indicates a requirement to bring forward Council Contributions and cost of carry.
20. The Business Plan documents outline the current position in respect of project approvals to-date, in-principle commitments and sums available for future revenue and capital projects as these are brought forward for consideration and approval. For these reasons, the JWA Business Plan is an evolving document, which will be updated at least annually to reflect updates in respect of new approvals and also to report on the actual performance of approved projects.
21. Therefore, the JWA Business Plan can only provide an indication of the financial implications arising from the Wider Investment Fund at this time. The actual approvals outlined above have been supplemented by an indicative programme of investment along with a range of other financial and technical assumptions, details of which are set out further below. Based on the business plan objectives set out, it is essential that capacity, skills and staff resources are in place in order to effectively deliver the objectives set out and also to monitor and report their performance effectively. This will need to be considered as part of the annual budget setting process for 2021/22.
22. In line with the Assurance Framework, all investment proposals will need to be subject to business case development and approval, providing detailed information on matters such as; expenditure profile (and whether it is revenue and/or capital in nature), and the proposed funding streams, proposed delivery mechanisms and how risks will be allocated and managed. It is important that the provisions of the IIF are followed, as this is a key requirement of the City Deal Funding Terms & Conditions. This sets out that business cases will 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'. It needs to be recognised that expenditure may be undertaken on due diligence in respect of development of proposals and business cases, which do not result in a recommendation to progress. Such costs will need to be managed within existing resources.

Affordability Envelope

23. The Joint Working Agreement (JWA) defines the Affordability Envelope as:

“the overall costs and investment by each Council pursuant to their proportion of the Councils' Contribution under this Agreement over the evaluation period, which shall not exceed in aggregate £210,800,000 (two hundred and ten million eight hundred thousand pounds) and shall include, without limitation, all interest, inflation and UK Government cost to carry and shall be updated and will be reflected within the terms of the JWA Business Plan (as part of its approval by the Councils) to include, amongst other matters, the annual spend profile for each Council”

24. The approved affordability envelope was based on indicative modelling that was undertaken in January 2017 and informed the reports approved by each of the City Deal partnering Councils in January/February 2017 and has been set at £210.8 million. The JWA acknowledges that the affordability implications arising from the ‘whole-life cost’ of the Wider Investment Fund will change over time, as investment decisions are made. Agreeing any increase to the affordability envelope is a matter reserved to each Council

Updated Affordability Envelope

25. The affordability model has been updated to reflect the changes made since the Joint Working Agreement was approved by Councils in January/February 2017. The updated modelling suggests that the ‘whole-life cost’ of the Wider Investment Fund to the constituent Councils remains within the approved envelope of £210.8m, including any headroom with the agreed initial implications for each partnering authority is show in the table below:

Affordability Envelope / Partner Contributions

Local Authority Partner	%	£m
Blaenau Gwent	4.6%	9.7
Bridgend	9.4%	19.9
Caerphilly	12.0%	25.2
Cardiff	23.7%	50.0
Merthyr Tydfil	3.9%	8.3
Monmouthshire	6.1%	12.9
Newport	9.8%	20.7
Rhondda Cynon Taff	15.8%	33.3
Torfaen	6.1%	12.9
Vale of Glamorgan	8.5%	17.9
Total	100%	210.8

Technical Assumptions

26. As outlined earlier, the updated affordability envelope is based on an indicative programme of investment along with a range of other financial and technical assumptions which include:

- **Indicative investment profile spend:** based on actual approvals to-date plus the typical spend profile of City Deals, results in the following cumulative profile; Years 1-5 = £49 million, Years 1-10 = £400 million and Years 1-20 = £495m. Inflation is excluded i.e. all figures are stated in nominal terms and therefore inflation will need to be met from within the overall £495m sum;
- **Repayment period:** CCRCD Local Authority Partnership capital contributions totalling £120 million are assumed to be borrowed by individual authorities and repaid over 25 years. How each local authority pays for its share of £120 million in accordance with the JWA is subject to its own policy for funding capital expenditure commitments including its approach to making provision for Prudent Minimum Revenue Provision (MRP) reflecting the economic life of assets created where relevant;
- **Interest Rate:** an average rate of 2.8% has been assumed, lower than the 3% previously assumed as a result of recent reductions in the level of interest rates. This provides some headroom and mitigation for risks in the financial model and also allows for any increases in rates over the life of the model;
- **Funding Drawdown priority:** all revenue expenditure is funded exclusively from HMT revenue grant. Capital expenditure is now assumed to be first met from HMT capital grant 'in-hand', then from drawdown of the £120 million committed by the Local Authorities, with the balance being funded by Local Authority borrowing in advance of receipt of future capital grant (Cost of Carry). Opportunities to defer the timing of any call on Local Authority funds in the short term by utilising any temporary cash balances held by CCRCD will be considered where deemed achievable.

27. A number of mitigations will continue to be considered in order to mitigate any risk to the Affordability Envelope. Such actions include submitting a request to bring forward HMT grant from future years, ensuring security for investments deemed to be evergreen where feasible to do so and continued review of assumptions such as the interest rate assumed for modelling purposes.

WIF External Audit / Monitoring and Reporting

28. Regional Cabinet will receive regular revenue and capital monitoring reports throughout the year advising on matters such as: Approved Budget, Actual Position To-Date, Commitments and Projected Out-turn. These reports will be supplemented by the appropriate Project Performance Reports, advising on all aspects of the Wider Investment Fund.

HMT Contribution – Funding Terms & Conditions

29. HMT grant 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.

Assurance Framework

30. As projects are presented for approval, it is important that the requirements of the Wider Investment Fund Assurance Framework are complied with as this is a key requirement of HM Treasury funding terms and conditions, as set out by Welsh Government.

Gateway Reviews

31. An outcome based Gateway Review of CCRCD led by HM Treasury will be undertaken in 2020/21. Funding for 2021/22 and beyond is conditional on CCRCD successfully passing this Gateway Review, whilst any unspent funding up to this point may be subject to repayment if the Gateway Review is not passed.
32. It has been confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2020-21), will also be permitted providing that the Gateway Review is passed

Legal Implications

33. Cabinet should note that the decision to approve and adopt any updated 5 year JWA Business Plan is delegated to the CCR (paragraph 7.2.2. of the JWA) save to the extent that any such update amounts to a 'material change' to the prevailing JWA Business Plan and, in which case, the decision to approve and adopt such updated JWA Business Plan shall be a "Matter Reserved To The Councils".
34. Any amendments to or an adoption of new Annual Business Plans must be approved by the Joint Committee in order to become effective (paragraph 7.3.3).
35. In considering its endorsement of this 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 CCRC) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives and in so doing achieve the national well-being goals.

36. The well-being duty also requires the CCRC to act in accordance with a 'sustainable development principle'. This principle requires CCRC 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.

37. 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

38. Regional Cabinet is asked to:

- a) note and approve the proposed 5-year JWA Strategic Business Plan for the period 2021-26 (attached at Appendix 1); and subject to CCR fulfilling the requirements of the Gateway Review process in February/March 2021;

- b) note and approve the proposed Annual Business Plan for 2021-22, (attached at Appendix 2) and subject to CCR fulfilling the requirements of the Gateway Review process in February/ March 2021;
- c) approve to permanently amend the date requiring Business Plans to be produced and approved from 90 business days prior to the end of the financial year to 30 business days prior to the end of the financial year;
- d) note receipt of the Joint Committee Annual Revenue Budget for 21/22 in January/February 2021 including the City Deal Office Team resourcing requirements for the same period; and
- e) approve to submit both the JWA 5-year Strategic Business Plan and Annual Business Plan documents as required to UK and Welsh Governments.

Kellie Beirne
Director, Cardiff Capital Region City Deal
7 December 2020

Appendices

- Appendix 1 JWA 5-Year Strategic Business Plan 2021-26
- Appendix 2 JWA Annual Business Plan 2021-22
- Appendix 3 Well-being of Future Generations Assessment

DRAFT CCR STRATEGIC BUSINESS PLAN 2021-2026



Foreword by Cllr Anthony Hunt, Chair of CCR Regional Cabinet

It's not the strongest that survives – it's those best able to adapt, as the famous Darwinian statement goes. If the last four years and the relentless pace of change brought about by Brexit, geo-political uncertainty, climate change and COVID-19, has taught us anything, it is that constant evolution is our best tool in meeting the economic and societal challenges now upon us.

Such challenges – as tough as they are – provide an opportunity to reinforce why the CCR continues to be important and re-articulate our goals. We want to help create prosperity in the region – but in ways which are inclusive and wellbeing-led. Whilst governed by targets of job creation, leverage and GVA uplift, we know that hitting targets in isolation can miss the point. Therefore, our motivations for macro-economic growth are community-level ones too as we see the potential to narrow the divides that have riven our region and create genuinely shared prosperity.

Any opportunity to look forward is also an opportunity to reflect on achievements. From growing our data-insight credentials to working with partners to co-develop an Industrial Growth Plan and Investment Framework; shifting from start-up to scale-up; and, developing our City Deal as a catalyst for a City Region-approach – we are dictating the pace and intensity of activity. Through a distributed leadership network, we are convening around grand challenges and shaping the changes we want to see. This maturity in partnership and strong sense of consensual leadership, means CCR Cabinet remains aligned, allied and attuned to the significant potential we have started to realise but have yet to properly fulfil.

As a long-term endeavour, City Deal continues to provide a framework to realise our ambitions – but we are evolving further still. The potential for new forms of regional economic governance through CJsCs and the opportunity to build our own institutional capacity for economic regeneration – all enables CCR to emerge as a ***pioneer region***. As a multi-partner City Deal, our aim is to ensure CCR is positioned to take advantage of all the funds available to it – R&D, Shared Prosperity, UK Industrial Strategy to name but a few - and this must extend to new future European and global partnerships too. In the spirit of levelling-up, we must play our part in supporting Welsh and UK Governments and effecting regional governance structures that will be key to sustainable economic recovery.

So the forward strategy is a significant one. We will continue to support industrial-scale clusters that are supported by good infrastructure. We will grow R&D intensity; focus on ROI, co-investment and optimising fiscal levers; and, will become increasingly mission-driven. Moreover, we will combine this with evolving the very structures needed to strengthen long-term regional governance, engagement and investment. The strategic business plan for 2021-2026 starts us on this next segment of the journey that will see CCR emerge as a major, permanent and long-term construct that continues to enjoy the confidence of 10 local authorities, Wales and UK Governments and acts as the key attractor for economic SE Wales.

Purpose of 5-year Strategic Business Plan

The CCR City Deal Heads of Terms signed in March 2017 requires the production of a five-year Strategic Business Plan that adheres to the principles and provisions set out in the Joint Working Agreement (JWA). This is important in:

- presenting our understanding of what is required to achieve long-term aims;
- distilling this into a 5-year timeframe;
- Providing high-level detail on the activities likely to benefit from Wider Investment Fund (WIF) monies;
- providing high-level detail on prospective WIF expenditure over the period; and
- contributing to the ongoing development of the Industrial and Economic Growth Plan which has recently been adapted for COVID-19 and will play a key role in future regional economic frameworks.

Beyond the compliance focus and, in view of the prevailing UK-economic recession wrought by COVID-19 and the dynamic public policy backdrop, it is important that the Strategic Business Plan as a 'transition document' also takes the opportunity to further:

- set out the economic issues and challenges associated with Brexit;
- ready itself for new international trade, partnership and research agreements;
- set a clear direction on R&D given the principles set in the UK Government R&D Roadmap and 'place-based 'levelling-up' commitments;
- develop thinking around infrastructure investment and addressing the issue of sustainable funding for transport schemes;
- focus on becoming more mission-driven as a route to driving new knowledge, leveraging the public sector balance sheet and procuring innovation;
- set the roadmap for becoming a 'pioneer' City Region in relation to regional economic governance, shaping and informing a CJC for the CCR; the potential for institutional capacity development through a regional development entity; and, playing a central role in regional public investment; and,
- set the context for a 20 year City Region Plan which will integrate all of the above and develop the outlook for strategic regional development in the CCR.

In view of the timing of this Strategic Business Plan, CCR has a unique opportunity to contribute to shaping a new economy that works for all parts of the CCR and to develop the economic ambitions and progressive social policies for a positive legacy.

Looking Back – the last four years ...

Building Solid Foundations

In the four years since the inception of City Deal, solid foundations have been built as well as the kind of partnerships, network and collateral that will shape and inform the next stage of the journey. In summary, these include:

- development of a rich seam of data and insight such as the Analysis of Priority Sectors, 'State of the Region' and publications such as Connected,

Competitive and Resilient. These are the backbone of quality assessments, provide a rich evidence base and inform decision-making;

- production of an integrated and fact-based Regional Economic Growth Plan – co-developed with business, HE, FE and community sector stakeholders and adapted for COVID-19. This has built leadership capacity and shared purpose;
- creation of a robust Investment and Intervention Framework as a tool for assessing investment submissions to the WIF and focussed on the principles of ROI and optimisation of leverage and co-investment;
- a delivery pipeline of circa £140M of schemes in delivery (as at October 2020 and inclusive of Metro Central which is at FBC but is ‘spending’ and the CSC project as approved by UKRI) with c£210M in match and c£1.5bn leverage and a further £150M in the immediate pipeline;
- a clear approach to public-led interventions which serve the whole region combined with more targeted private-led projects and cluster-focus;
- creation and implementation of a solid and effective governance framework, at the centre of which sits Regional Cabinet – bonded and mature with WIF decision-making acting as a key incentive to distributed leadership;
- positioning our voice, reach and influence to make an impact on the big policy issues of the day and developing our thought leadership role through opinion forming and a wide-ranging communications and prospecting strategy;
- restructuring the ‘team’ – building new capacity, capability, networks and collateral for the next segment of growth and scale-up;
- developing a complementary balance of local business and political leadership;
- transforming capability with Investment Panel, supported by a raft of strategic partnerships such as the Regional Economic Growth Partnership, Business Council, Regional Transport Authority, CSC Foundry Limited, Regional Skills Partnership and Programme Board;
- shifting towards mission-driven thinking and challenge-led problem-solving;
- expansion of international reach – MIPIM, contribution to Wales in the World, Wales in London and initiatives such as the Western Gateway; and,
- articulation of current operating model constraints and the opportunity to transition to a City Region-driven approach

National Evaluation Panel Final Report and Gateway 1

At the time of writing, a draft final report has been issued by National Evaluation Panel leads SQW. This sets out that overall, CCR City Deal is delivering on its aims and in respect of the CS Foundry – this investment is having a catalytic effect and must now look forward to delivery of the successful Strength in Places Fund supported cluster model – CS Connected.

Capacity building and partnership development are also highlighted as strong. Leverage potential has been shored up and the programme has high levels of engagement and is taking stakeholders on the journey.

Importantly, the approach CCR has pioneered in respect of industrial-scale clusters and ‘priority sectors’ is reflected. CCR has highlighted five priority clusters it will

develop and support as a means of driving up long-term R&D intensity, contributing to the UK Government target of 2.4% of national spend on R&D by 2027 and thus, 'crowding in' additional private and HEI R&D funding as a result. This is seen as a 'productivity-led' approach – as opposed to quick wins or time limited interventions which do not always have the features to support long-term resilient growth.

Productivity growth has been modest in the first four years of City Deal, but it is recognised that the approach adopted is a long-term one and whilst growth has been predominantly employment-driven, with patience and perseverance this long-term structural effect could be seen.

In all, the foundations are well established and the potential clearly exists to now pivot from a City Deal-led – to a comprehensive and holistic City Region. The Gateway Review process, commencing with submission of the National Evaluation Panel Final Report and CCR's own Complementary Reports, will begin in November 2020 with 'challenge sessions' scheduled with MHCLG's City and Local Growth Unit Team in February 2021.

Looking Forward – the context impacting the next five years

To understand our forward objectives, it is critical to consider the policy drivers, influences and factors that are likely to feature and that we can reasonably foresee as having bearing on CCR activities and priorities.

Economic Context

At the time of writing, Wales and indeed the UK is in the grip of a second wave of COVID-19 with national lockdown measures in effect in Wales. It is difficult to achieve a timely cut of data at regional level, but based on assessments of historic relationships between regional and national growth rates, one study (McIntyre 2020), shows Welsh GDP fell by 2.5% in the first quarter of 2020 with a worsening impact forecast in the second quarter – the period in which the UK as a whole officially fell into recession. Given the efforts underway to mitigate the second wave of COVID-19, there will be no autumn budget only a one-year CSR. The Office of Budget Responsibility however does provide projections for 2020, which, illustrate potential for Welsh GDP to fall by 13% in 2020 and not return to pre-pandemic levels until 2022.

ONS indicators paint a 'real-time' picture of impact. From late March, large parts of the Welsh economy were effectively mothballed – with over 1/5 of Welsh businesses closed for business in the first few weeks of April. It is likely that some 228,000 employees in Wales were employed in sectors shut down by lockdown measures – amounting to 16% of the working population. Workers under the age of 25 appear to be disproportionately impacted – given work in shutdown sectors – usually hospitality, tourism, recreation and leisure. Female employees are especially impacted with 18% of female workers in shutdown/key worker sectors compared to 14% of male workers. Working patterns are also changing significantly with around 45% of workers now 'always' working from home.

Whilst it is hard to predict with any certainty the longer-term impact of the full economic effects of the crisis – the already evident asymmetric impact of COVID-19 is likely to

exacerbate existing inequalities. In addition, the pattern of home and local working; impacts on high streets and foundational sectors are already visible. The job of work for CCR must reach beyond avoiding the ‘scarring’ effects on the economy to how it helps the economy to adapt to the structural and sectoral changes brought about by the pandemic and the potential for a positive legacy. This will also be affected by Brexit as well as policies related to the UK Government’s ‘levelling up’ agenda.

Build Back Better

For economic recovery from COVID-19 to be durable and resilient, a return to ‘business as usual’ and environmentally destructive investment patterns and activities must be avoided. Unchecked, climate change is set to cause far more deleterious damage to society and economies than those caused by COVID-19. This means doing more than getting economies and livelihoods back on their feet. Recovery policies also need to trigger investment and behavioural changes that will reduce the likelihood of future shocks, increasing society’s resilience to them when they do occur. Central to this approach is wellbeing, place and inclusivity. Building upon the experimental approach to the local wealth building challenge-fund as a response to COVID-impact on local foundational economies will be key to this; as we will be optimising investment in innovation-led growth and R&D intensity, all alongside alignment with long-term emission reductions goals, factoring in resilience to climate impacts, accessibility-mobility systems and increasing secularity in supply chains.

Public Policy Context

The public policy space around regional economic governance is dynamic. The UK is hurtling towards January 2021 – whereupon we exit the European Union. As yet, there is no deal for a successor trade agreement with the EU. For Wales in particular, this is a critical point given our ‘net beneficiary’ status. The UK Government’s pledge to establishing a successor fund (Shared Prosperity Fund) is set to go live in April 2021. Conterminously in Wales, OECD has reviewed Regional Economic Governance and made a series of recommendations regarding future regional frameworks. These include establishing national-regional governance arrangements; an Office for Regional Development within WG and regional development agencies. Aligned with consultation on Regional Investment Wales and oversight of future external funding arrangements, the final piece of this particular puzzle, is also under development. Corporate Joint Committees (CJCs) are proposed to be on the Welsh legislature in 2021 based on promoting public service collaboration on City and Growth Deal geographies. It is clear however, that proposed CJCs will not be functional in readiness for the Shared Prosperity Fund and so transitional arrangements are being developed. CCR works across Wales and Whitehall policy objectives for the economy and can utilise its partnerships and structures – as well as experience of working in a multi-layer governance environment - to enact effective regional public investment.

With the workings of the UK Government now focussed on the Internal Markets Bill and the Devolution White Paper – it is critical that City Deal positions as an enabler to both governments and ensures the region and indeed Wales as a whole – is not denied access to all of the funds available to it.

R&D and the 'missing £4bn'

The Science, Research and Innovation triumvirate is significant to CCR – given the reliance of Universities on EU funds for R&D investments. The recently published UK Government R&D Roadmap and commitment for £22bn of investment by 2025/6 to enable achievement of the 2.4% of national spend R&D target and, the recent ARPA consultation, must be a clarion call about the potential beyond Shared Prosperity Fund. A recent review by Nesta highlights that Wales loses out to the tune of £600-400M annually on public investment for R&D. R&D must work better for CCR, through: demonstrating all R&D strengths and unlocking potential of all places; developing our clusters programme and Strength in Places Fund proposals; connecting the SME base to the research base; using our collective strength and positions on UKRI boards to lobby for a place based approach.

Five for Five – 5 priorities for the next 5 years

There are five key priority areas that will be the hallmarks of the next stage of CCR evolution. Whilst these wider priorities see CCR evolve beyond City Deal – the priority areas are still strongly aligned to and in keeping with core City Deal objectives. Moreover, they will complement and optimise delivery of the programme and create a robust platform to develop compatible initiatives that can scale the impact and outcomes of City Deal. One of the most powerful demonstrations of the impact of City Deal will be its role in catalysing a wider, more holistic and far-reaching City Region agenda – a clear goal for the next 5 years.

The five priority areas set out below are intentionally high-level and over-lapping. This is a positive sign because it starts to indicate the strength of the eco-system that is starting to form and which must be leveraged and maximised over the next period.

1) *Build Back Better – playing our part in economic restructuring & building resilience*

Economic analysis hints at some of the potentially devastating impacts that lie ahead. The ravaging effects of downturn and likely shifts in the labour market, will be profound. Doing the same old things better will not be anywhere near enough in both mitigating impact and harnessing the potential to build back better. Some of the behaviour changes thrust upon society in lockdown, can be built upon: home and local working, buying local, lowering vehicle use, localisation of supply chains and business diversification. An opportunity exists to support economic restructuring and to place a greater emphasis on building a new structures that will better serve growth and sustainability needs. CCR will support this through:

- **Delivering on the COVID-19 10 Point Priority-Set.** This includes, setting up specific funds to support changing business needs – cluster, premises, challenge fund for local wealth building/foundational economy and supporting the needs of Medium Sized Companies.

- **Future Skills Hub.** This will include building on the Graduate scheme to address ‘brain drain’ and aligning with executive education programme and targeted backing for industries of the future through shared apprenticeship schemes and ‘thematic’ variations on the software academy model. This work will be critical in support for re-skilling and for those whose jobs are deemed ‘unviable’ under the new Coronavirus wage support scheme.
- **Strategic Premises.** A new fund will help with those economies that have traded effectively and grown through COVID-19 – med-tech, fin-tech and cyber – and for which huge potential exists to localise and re-localise supply chains, anchoring significant companies and their expansion plans, in the region. In addition given the growth of the remote working economy, there is an opportunity for local co-working spaces that can simultaneously encourage LA partners to have a presence in town centres, revitalising high streets and stimulating local entrepreneurship.
- **ESG and Ethical Investment.** Given the uneven impact of the COVID-19 effect on the economy and disproportionate impact on different groups, gender and age ranges – CCR will develop a policy position attached to the Investment Framework for ESG and Ethics.
- **Place-based.** Continuing to ensure a balance in the programme across those public sector-led initiatives that support all places – transport, digital, challenge funds, housing fund – and those that are more private-sector driven and targeted will be critical to ensuring City Deal works for all of the region.
- **Climate crisis and decarbonisation.** CCR will adopt its first Energy Plan – co-developed with the Welsh Government Energy Service. As well as projects, challenge funds and demonstrators for new technologies such as EV and hydrogen, behavioural change will be key. This will focus on ensuring wider project alignment with emissions-reduction goals, resilience to climate impact and increasing circularity of supply chains. Accessibility-based mobility systems and decentralised electricity systems will also feature as goals.

2) ***Becoming a City Region – strengthening regional economic governance***

There is an opportunity to position a strengthened regional economic governance system with CCR City Deal at the heart. As a construct of three layers of government – UK, Wales and Local Governments – CCR has unique experience of regional public investment which can be leveraged for wider good. This is important in ensuring that the CCR is able to access all of the funds, investment and opportunities available to it and this will be achieved through:

- **Shaping and owning CCR CJC.** Given the maturity and stability of the current CCR Cabinet Committee, coupled with its ambitions to become a

testbed region, a clear opportunity exists to shape, inform and propose a tailored solution in CCR. This will build upon current practice, partnerships, governance frameworks and investment strategies and demonstrate a strengthened model of regional economic governance and public investment. CJsCs are expected to begin operation in September 2021. Developing, engaging and executing such a shift will be a significant early priority for CCR to deliver upon, ensuring City Deal remains a core delivery priority and central to achievement of wider aims.

- **Become a Testbed Region through creating new institutional capacity.** Aligned to the above, the OECD Report to Welsh Government on Regional Economic Governance, makes a number of recommendations that are complementary to the enactment of CJsCs. These include WG establishing an Office for Regional Development and supporting new regional structures such as LA-led and owned market-facing agencies such as Regional Development Entities. We will build on the case already made for such a structure to evolve our practices and build new institutional capacity where it can make most difference locally and regionally.
- **Play our part in delivering Regional Investment for Wales.** We recognise the timing gap between enactment of CJsCs and Brexit and, in particular, activation of new arrangements for the Shared Prosperity Fund. We will therefore work with UK and Welsh Government to play our part in both transitional and permanent arrangements – leveraging partnerships, aligning funds, investments and higher level policy goals, as well as experience of working in a multi-tier governance environment.
- **Cementing commitment through Regional Economic Framework.** CCR is one region and to align the interests of ambitions of multiple stakeholders it is important we contribute to wider frameworks that provide a sense of shared purpose and collective endeavour so that all partners understand their contribution and fit.
- **Developing policy and economic insight partnership.** CCR must invest in cementing current arrangements for provision of data insights, economic intelligence and impact assessments. These are all key to quality evaluation and evidence-based decision-making. The big issues of the day such as clean growth, post-pandemic recovery, levelling-up and inter-regional constructs such as Western Gateway – all require strong and compelling perspectives.
- **Engaging in international partnerships.** At the time of writing, continued UK membership of Horizon Europe is known. Should an association agreement not be possible, there is new scope to establish international research partnerships, that will drive new forms of Inward and Foreign Direct Investment and support research collaboration, CCR must play a key role in shaping this for the region and ensuring research excellence converts to economic outcomes.

3) **Scale-up - delivering the WIF 'peak' programme through building capacity, support and credentials**

Delivery of Wider Investment Fund programmes and priorities is the core function of City Deal. Given the first few years have largely been spent 'starting-up' – much of which has been investment in regional development – the pipeline has quickly developed and with 8 projects now at contractual completion and in delivery, there is a task to 'scale up'. This relates to both quality management and implementation of live projects and continuing to bring new projects through the Investment Framework. To do this most effectively, we will:

- **Successfully deliver portfolio of approved projects.** At the time of writing, CCR has the following projects with approved FBCs and 'in delivery'. These are: CSC Foundry, Metro Plus, OBC-FBC work on Metro Central, Homes for all the Region, the Local Wealth Building Challenge Fund, the Graduate Scheme and Plasma Technology project. The core focus has to be on quality delivery, which requires ongoing monitoring, evaluation and reporting through frameworks established such as Logic Models, Highlight Reports and quarterly reports to Regional Cabinet. Establishing effective new governance structures will go hand in hand with this. Analysis of benefits realisation will form a key part of this work and enable CCR to gauge and demonstrate the contribution to core targets and higher level policy goals.
- **Develop and deliver immediate pipeline.** At the time of writing, CCR has the following projects at OBC and moving into FBC stages: Pharma Data Technology, Outdoor Adventure Project, Strategic Premises Fund, Life Sciences Park Project, the SME Finance Fund (Housing), the SIPF Front of House Project and the Innovation Investment Fund. In addition to this, there are a number of other projects at early stages of Strategic Outline Case – examples of which include a Full Fibre to the Premise Project and battery technology development Project AMP, as well as cluster development projects for Fintech, Creative Industries and Cyber Wales – the latter for which are in the Strength in Places Fund final business plan preparation at this time. All of these projects and wider programmes of activity are likely to be deliberated on and where approved by Regional Cabinet – in delivery over the five year period.
- **Stimulate pipeline and develop deal flow.** Given the open and competitive nature of the Wider Investment Fund and the emphasis on an 'evergreen'/ recyclable approach via balanced portfolios of projects, there will be a need to plan for ongoing utilisation and optimisation of the fund. Stimulating new proposals and continuing the split of public-led interventions that serve the whole region, alongside more targeted private-led projects which align with markets and demand, will continue to be important to both City Deal and City Region development.
- **Develop leverage opportunities.** One of the key City Deal targets is to generate £4bn of private leverage. To date, approved projects have the

potential of achieving up to £1.5bn of leverage. Projects now coming to the fore such as Strength in Places, bring new public and private leverage through sources such as the UKRI Strength in Places Fund. CCR will continue to leverage both public funds (through increasing the application rate to UK Government/ further HEI collaboration) and will build the partnerships and R&D intensity to continue generating successively high levels of private leverage.

- **Undertake the self-evaluation of the Investment and Intervention Framework.** The IIF has been operation for just over a year. The IIF sets out the assessment process for the WIF and gives practical effect to the CCR Assurance Framework. It sets out the way CCR does its business – but not in a ‘business as usual’ way. The Framework has spawned the Investment Panel – a subset of both the Regional Economic Growth Partnership and Programme Board. Investment Panel is an advisory board and makes recommendations to Regional Cabinet. It will be important the along with internal and external audit, scrutiny and continued self-assessment – the review findings, lessons learnt and adaptations to investment strategy – are applied in real-time.
- **Partnerships and Governance.** The continued evolution of partnership structures will be key as CCR makes the transition to new forms of regional economic governance and builds new types of institutional capacity. The current governance structure is dense and consolidations and simplifications must be made to improve overall programme effectiveness as the journey to CJsCs begin. Succession and continuity planning will also be key to this.

4) ***Make the CCR Case for Levelling-up – developing a place-based investment prospectus***

‘Levelling-up’ is a major policy commitment of UK Government. Given the regional disparities in the UK around productivity, high concentration on the golden triangle, differentials in R&D output and the prospect of COVID-19 exacerbating existing inequalities – a major opportunity exists to set out what ‘levelling-up’ means for CCR. With the prospect of place-based funding settlements to tackle innovation inequalities, the unevenness of infrastructure investment and a place lens applied to research investment, it is more critical than ever, than CCR has a coherent, clear and comprehensive approach to defining its set of asks and offers to level up prosperity in the CCR. We will do this through:

- **Developing and publication of a Levelling-up Prospectus.** Reference is widely made to the ‘ongoing spending review’ – which reflects the volatility of the current economic and fiscal landscapes. Notwithstanding this, it is known that ‘shovel ready’ projects that will support post-COVID recovery are sought. In addition, a further £22bn has been committed to enable achievement of the 2.4% R&D target. As such, CCR will be ready to demonstrate a comprehensive set of ‘asks’ and ‘offers’ through an

Investment Prospectus for place that will set out, in an evidence based way, the prospects of CCR to contribute to both Wales and UK Plc.

- **Defining infrastructure policy position and investment requirements.** Via the Regional Transport Authority, we will set out a clear policy position and investment requirements in respect of transport, will enable governments to clearly understand the infrastructure projects best placed to support economic growth, local wealth creation and productivity uplifts. This position will focus on rail, bus and active travel in particular and will further highlight the significant opportunity around decarbonisation of transport systems and prospects for accessibility-led future mobility.
- **Becoming more mission-driven and challenge-led.** Challenge-based investment not only increases public investment in R&D, but evidence shows ‘crowds in’ private and HEI investment that, though more traditional means of funding, wouldn’t be achieved. Building on the success of the challenge fund for Local Wealth Building and the high success rate of SBRI in Wales, we will continue to launch and deliver challenge funds that offer new solutions to the big challenges of the day – climate, mobility, ageing and data and AI.
- **Leveraging the data and digital credentials of the region.** Large tracts of UKG data are stored in the CCR through non-departmental entities such as ONS, IPO, Companies House and DWP. Curation and optimisation of this data, particularly related to solving economic and societal problems and becoming more resilient in the face of ‘shocks’, is a key area of opportunity. We will highlight and develop this opportunity through engagement in the Data National Accelerator work and through thematic development of ‘software academy’ related skills initiatives.

5) ***Developing Economic Clusters and innovation-led growth***

CCR levels of public R&D investment are below 1% with Cardiff nearing 1.1%. The UKG has set a target for 2.4% of national spend to be invested in R&D by 2027. A Nesta report has highlighted that Wales loses out to the tune of between £400-600M per annum on R&D investment. CCR possesses innovation strengths – but evidence shows these successively fail to convert to ‘innovation outcomes’. This is because we do not have the structural conditions and systems in place to support eco-systemic growth. This is crucial because innovation-led growth provides the best prospects for high-order jobs and strong productivity. Additionally, with the COVID-19 focus highlighting the necessity of creativity and innovation - the time is right to set out a strategy and approach to contribute to the R&D Roadmap for the UK. We will do this through:

- **Establishing the CCR Clusters Framework.** This will set out the evidence base, identified priority clusters and map the stage each cluster or prospective cluster is at, on the maturity continuum and Technology Readiness Levels. The framework will guide innovation investment, highlight R&D capability and gaps and bring the range of FE, HE, business and public sector partners together – around the right conditions. This will

also help grow our pipeline of SIPF proposals and connect with our place based funding resources for research and development into cluster growth.

- **Create the CCR Innovation Investment Fund.** The fund, which is currently in business case development, will be of the order of £100M (inclusive of co-investment) and will support the clusters framework as well as other innovative proposals aligned to grand challenges. This will support innovation intensity and public investment, will have the effect of leveraging in private and research investment – heightening the region’s credentials in this crucial regard.
- **Making CCR the ‘go to’ place for challenge-led development.** Better answers need better questions. Better questions rely upon fresh thinking, perspectives and a willingness to explore the ‘unknown unknowns’. Related to section 4 above and the focus on driving forward challenges and missions, CCR will build the unique knowledge, capability and credentials in the region, for technical operation of challenge funds through bringing together academic experts, business partners and challenge advisors.
- **Engage closely in the Western Gateway partnership.** The Western Gateway geography spans both the South West of England, taking in the whole of the CCR and reaching Swansea. The area is home to share sectoral strengths, shared connections across infrastructure and transport and importantly, encompasses a number of ports, which sit aloft the second highest tidal range in the world. We will engage as partners in this development, promoting our shared geography and its unique strengths to the world and collaborating on projects of shared economic interest and importance.
- **Engage in new international trade relationships and research arrangements.** Post-Brexit, developing relationships around new trade relationships and new forms of international and inter-regional co-operation will be of vital importance. New ‘trade bridges’ through Cardiff Airport, new trade relations and potentially, new international research partnerships, will be formed. Through developing a regional approach to Foreign Direct Investment and Inward Investment, building on the back of the ‘Invest in CCR’ brand already developed for stages such as MIPIM, will ensure we are first amongst the new wave of partnerships to be formed.
- **Support foundational economy renewal.** The foundational economy and tradeable economy are not opposing dimensions. They interface and connect and the ‘ripple effects’ if harnessed comprehensively, create significant supplier impacts and networks. The foundational economy is also evolving. Retail, high streets, care and hospitality are rapidly adapting, through COVID-19, to adopt knowledge economy technologies and practices and thus, the scope to apply a R&D lens is great. We will continue to support a challenge-led approach to local wealth building and support necessary experimental collaboration in this space.

Governance and the Investment Framework

Good Governance

The CCR City Deal Governance Framework, as established in the JWA centres on:

- Joint Cabinet Committee/Regional Cabinet – democratically elected members/leaders of 10 partner local authorities. Regional Cabinet are the chief decision makers and the body charged with making decisions in relation to WIF activity. Regional Cabinet is supported in this process by:
 - Regional Economic Growth Partnership & Programme Board – which are both charged with assisting in the assessment of WIF proposals;
 - > *Investment Panel subset of REGP and PB providing advice to Cabinet for and on behalf of the two groups;*
 - Regional Transport Authority – formal Regional Cabinet sub-committee charged with transport strategy and advice to Regional Cabinet on transport matters;
 - CSC Foundry Board – formal Regional Cabinet sub-committee established as a CLS Special Purpose Vehicle to own and manage CSC Foundry Ltd and report to Cabinet on the annual business plan and accounts for the company;
 - Regional Skills Partnership – although not established formally as a partnership within the JWA, the RSP is a significant regional body and currently works under the jurisdiction of Newport City Council, on behalf of the region.

The governance and partnership framework operates as an integrated whole. The introduction of Investment Panel, whilst not a feature of the JWA demonstrates the evolution of governance. It was established as part of the IIF and brings together 5 members of REGP, with 5 members of PB, to advice and make recommendations to Cabinet on investment decisions through the WIF. The Investment Panel is an advisory panel and offers a high level of expertise, focus, diligence and rigour. Cabinet does not have to have regard to its findings and advice and is always presented with the full information and diligence on which to draw conclusions and make decisions in an unfettered capacity.

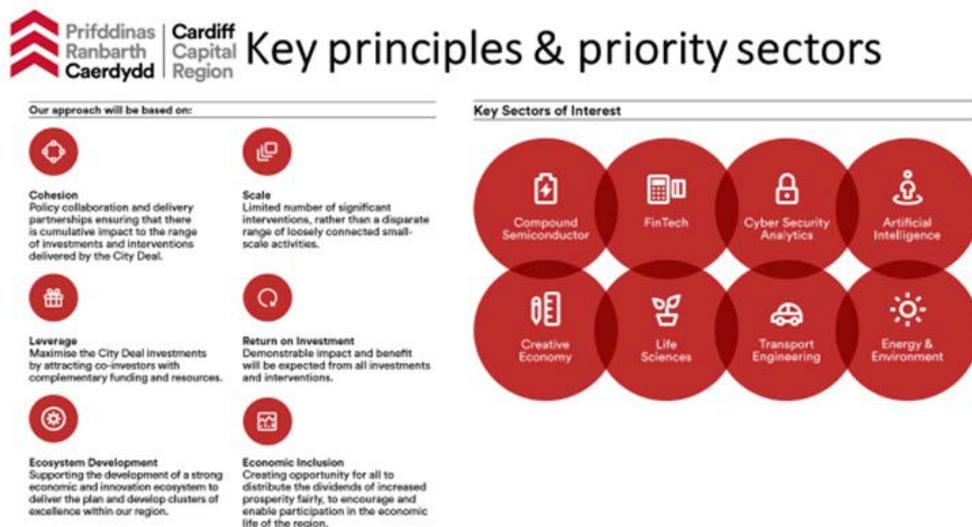
This maturing of the governance frameworks and development of a distributed model of leadership emphasises the confidence of Regional Cabinet to be strategic, steer the ship and promote networked collaboration – empowering the experts to provide advice and insights on matters of detail that will be important to informed and inclusive decision-making.

The Investment and Intervention Framework (IIF)

The Investment and Intervention Framework is now in place and has been operational for just over 12 months. This give practical effect to the Assurance Framework and sets out a comprehensive assessment process for WIF considerations, assessments

and evaluations. It draws on the priorities identified in the Industrial and Economic Growth Plan (Fig 1) and sets out the approach, stages, sequences and criteria applied – all aligned with the HMT 5-Stage Business Case model. In relation to key principles, the Investment Framework aims for the WIF to be ‘evergreen’ through a balanced and proportionate portfolio approach – meaning that where possible and appropriate funds are recycled through repayable finance or equity structures. This emphasises the importance of investment leverage and consistently seeking high levels of co-investment. This is in line with the priority around self-sufficiency and using the WIF as a catalyst for further investment and opportunity – living off the interest and not simply spending down the capital.

Fig 1 – Extract from Economic and Industrial Growth Plan



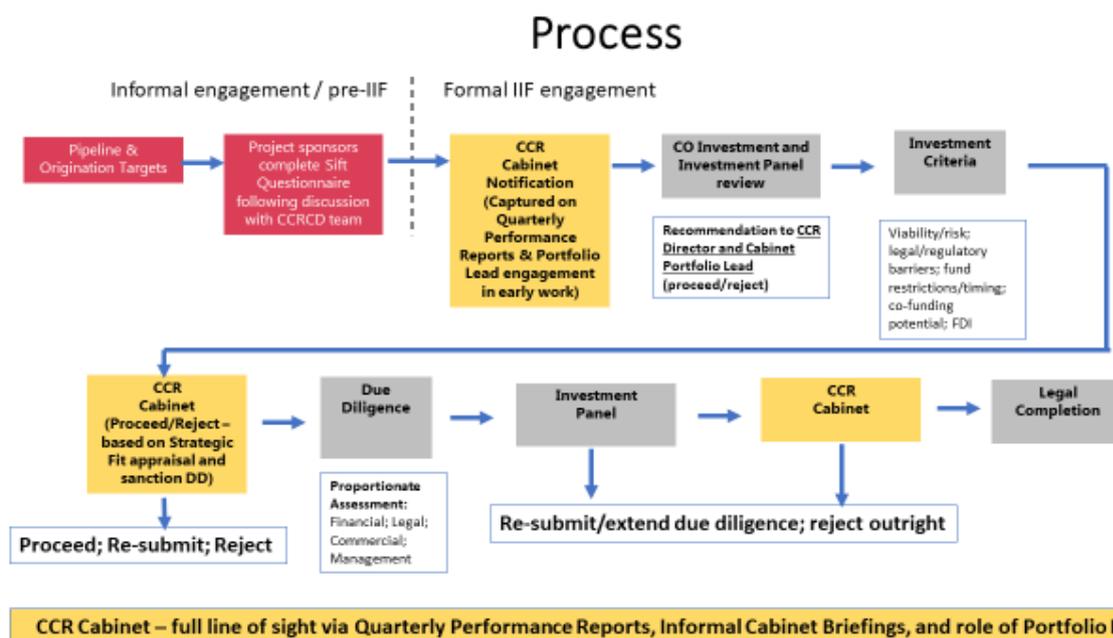
The IIF also gives effect to three funding priorities (Fig 2): Infrastructure, Investment and Challenge. Each category has its own requirements and criteria and allows for more tailored assessments to be made and based upon the type and scope of the proposed investment.

Fig 2 – Extract from Investment and Intervention Framework

Investment Priority	CCR Targets	ROI	Audience	% Investment (Indicative)	Indicative Range	Investment	Leverage
Innovation Unique IP/Market Leadership	Jobs, growth and investment leverage	Direct	<ul style="list-style-type: none"> Private sector led R&D Organisations HE FDI 	10-30%	£15-£50m	Repayable Instruments	Enhance Productivity and Economic Inclusion Reduce Economic Growth Inhibitors Address Industrial Challenges and Place Based Disparities
Infrastructure Foundations to enable private sector success and Civic Benefit	Leverage, jobs and indirect growth, address economic disparities	Indirect	<ul style="list-style-type: none"> Public Sector led Public-private schemes FE & HE (skills) 	10-50%	£10-£50m	Repayable through fiscal levers, income streams, gain share, other socio-economic benefits	
Challenge Competitive, aligned to CCR Priorities	New market creation, shaping places, IP Commercialisation, Addressing identified regional challenges and priorities	Enhanced	<ul style="list-style-type: none"> Innovation intensive businesses HE/FE Social Enterprise Foundational Economy 	10-50%	£2-£10m	Repayable and/or risk investment returns	

Applicants to the WIF – both public and private in order that there is absolute parity of access - must adhere to the criteria and requirements and complete a SIFT questionnaire which enables them to access the assessment process. The SIFT process evolves with the application’s development and maturation and on the basis of ongoing diligence, progresses through iterative stages of the five-case model, with clear stage-posts around advice, recommendations and decision-making (Fig 3).

Fig 3 – Flow-diagram for IIF



Evaluation and Monitoring

The portfolio and programme-level approach to project selection, assessment and delivery described above is important, because it shows how CCR initiatives and proposals are connected into delivery of higher-level policy goals. This is distinct to an approach which favours lots of one-off projects – and will be key to the kind of fundamental progress that needs to be made.

In addition, now that the CCR is posed to move rapidly from ‘start-up’ to ‘scale-up’ – ensuring the appropriate systems for monitoring, evaluation and risk profiling are in place, will be critical. Whilst some of these will be applied externally, a focus on i) effective internal systems and controls and ii) a programme of ongoing self-evaluation, will be effective tools in holding the programme to proper account. To do this we have established a number of frameworks and mechanisms and these will continue to be developed, monitored for compliance and rigorously challenged through the following:

Mechanism	Frequency	Lens
Project Highlight Reports	Monthly monitoring	Reported as part of Quarterly Performance Reports to Cabinet

Mechanism	Frequency	Lens
Logic Models for all 'approved projects'	Quarterly monitoring and review – as required by National Evaluation Panel	Reported as part of Quarterly Performance Reports to Cabinet – also submitted to UKG and WG
Contracts/ MoUs – in place with fund recipients and monitored as part of the above	Sequenced as part of the above	Sequenced as part of the above
Thematic boards and sub-committees that have specific roles – i.e. CSC Foundry Board and RTA	Quarterly meetings	Reported as part of quarterly performance
CCR Office-led mechanisms via the new Programmes and Assurance team	Quarterly meetings and challenge sessions	Reported as part of quarterly performance
Internal Audit	Annual audit	Proposals for improvement reported as part of quarterly performance
External Audit	Annual thematic audit as well as audit of accounts procedures	Reported separately to Cabinet
Gateway review	Ongoing review with five yearly intervals conducted by the National Evaluation Panel	All reports reported separately to Cabinet. Gateway review separate process and commences in February 2021.
Risk Policy and Register	Ongoing review in line with performance reporting	Reported as part of quarterly performance
CCR Scrutiny Committee	Quarterly interspersed with special meetings	Annual report to be presented to Cabinet
Local Partnerships	On a project-by-project basis	Project lens – internal assurance

Metrics and measures

CCRCDC is governed by three main targets – or *programme minima*. These are:

- 5% GVA growth
- 25,000 high-order jobs
- £4BN leverage

In recognition of the clear need for CCRCDC to work for the whole of the region, on production of the Investment Framework, a fourth local objective was added:

- Demonstration of economic inclusion

Given the opportunity to begin demonstrating 'pioneer region' credentials and pivoting the City Deal into a wider mechanism for the City Region, the partnership established with academic partners around economic intelligence and insights will enable develop of wider indicators and measures that encompass:

- Deep dives into the UK Competitive Index and assimilation of data at regional scale
- Wellbeing metrics

- A data dashboard for the CCR

WIF Budget and Investment Strategy

Introduction – ‘The City Deal’

The City Deal outlines the joint commitments made by the ten local authorities of the Cardiff Capital Region, the UK Government and the Welsh Government to unlock £1.2bn of investment to increase the performance of the city-region economy.

As its core proposition the City Deal provides funding to support investment in projects to stimulate economic growth: £734m is allocated to Metro, which is being delivered by Welsh Government, with the balance (£495m) being made available as the City Deal ‘Wider Investment Fund’.

Wider Investment Fund (WIF) – Funding Streams

HMT Contribution: UK Government grant of £375m paid over 20 years period and consists of £50m revenue grant (years 1-5) and £325m capital grant from years 6-20. Expenditure incurred in advance of receiving UK Government grant will require ‘temporary borrowing’ by the ten local authority partners and is referred to as the ‘Cost of Carry’.

Council Contribution: CCRC Local Authority Partnership capital contribution of £120m. This will be drawn down as projects are approved and the Wider Investment Fund’s (WIF’s) overall funding requirements begin to crystallise. Council Contributions represent 24.2% of the WIF’s overall funding stream.

WIF Indicative Expenditure Profile

Actual / Indicative Investment Expenditure		Ann. £m	Cum. £m
Year 1	2016/17	0.0	0.0
Year 2	2017/18	24.8	24.8
Year 3	2018/19	12.6	37.5
Year 4	2019/20	0.7	38.2
Year 5	2020/21	10.5	48.7
Sub-Total Years 1-5		48.7	48.7
Year 6	2021/22	53.2	101.9
Year 7	2022/23	98.4	200.3
Year 8	2023/24	128.3	328.6
Year 9	2024/25	82.0	410.6
Year 10	2025/26	38.0	448.7
Sub-Total Years 6-10		400.0	448.7
Years 11-20	23/24 - 26/27	46.3	495.0

Actual / Indicative Investment Expenditure		Ann. £m	Cum. £m
Total	16/17 - 35/36	495.0	495.0

WIF Indicative Programme and Updated Affordability Envelope

This is the second JWA Business Plan to be prepared and reflects a move from the first few years from 'start up' into delivery and 'scale up' as well as an aim for the WIF to be 'evergreen' with the priority around self-sufficiency and using the WIF as a catalyst for further investment and opportunity.

A revised programme of investment has been modelled based on actual approvals to date, supplemented by projected spend profiles in relation to capital and revenue projects in the Investment & Intervention Framework Pipeline along with a range of other financial and technical assumptions, such as interest rates etc. Expenditure assumptions have been brought forward to meet the aspirations of Regional Cabinet and the Business Plan set out above. This indicates a requirement to bring forward Council Contributions and cost of carry. However, updated modelling indicates that the 'whole life cost' of the Wider Investment Fund to the CCRC Local Authorities remains within the 'Affordability Envelope' previously agreed as part of the Joint Working Agreement at £210.8 million.

The Joint Working Agreement defines this whole life cost as the partnership's 'Updated Affordability Envelope'.

Wider Investment Fund	£m
HMT Contribution (Grant)	375.0
Council Contribution (LA Capital)	120.0
Assumed Repayment Term	25 years
Assumed Interest Rate	2.8%
HMT Grant 'Cost of Carry' *	42.0
LA £120m 'Cost of Capital' **	163.7
Current Indicative Headroom	5.1
Affordability Envelope	210.8

* Cost of Carry refers to the interest costs associated with up-front borrowing of the HMT Contribution (Grant) ahead of receipt over 25 years

** Cost of Capital refers to Principal and Interest cost associated with borrowing the Council Contribution by the local authorities over 25 years

Council Contributions

The Joint Working Agreement outlines that Council Contributions will be based on 'population' fixed at point in time. The agreed model is based on the 2015 ONS population data as the baseline for sharing costs throughout the 'whole life' of the Wider Investment Fund.

Agreed Council Contributions % Rates

Local Authority Partner	Council Contribution
Blaenau Gwent	4.6%
Bridgend	9.4%
Caerphilly	12.0%
Cardiff	23.7%
Merthyr Tydfil	3.9%
Monmouthshire	6.1%
Newport	9.8%
Rhondda Cynon Taff	15.8%
Torfaen	6.1%
Vale of Glamorgan	8.5%
Total	100%

Cardiff Capital Region City Deal Wider Investment Fund – Indicative Investment Programme

	Sub Total Yrs 1-5 £m	Yr 6 2021/22 £m	Yr 7 2022/23 £m	Yr 8 2023/24 £m	Yr 9 2024/25 £m	Yr 10 2025/26 £m	Sub Total Yrs 6-10 £m	Yrs 11-20 26/27 - 35/36 £m	Total Yrs 1-20 £m
Programme Expenditure									
Revenue	7.95	4.82	4.67	4.60	4.13	4.33	22.57	19.48	50.00
Capital	40.72	48.43	93.70	123.74	77.85	33.70	377.41	26.87	445.00
Total Investment	48.67	53.25	98.37	128.34	81.98	38.04	399.98	46.35	495.00
Funded by									
HMT Revenue Contribution	(7.95)	(4.82)	(4.67)	(4.60)	(4.13)	(4.33)	(22.57)	(19.48)	(50.00)
HMT Capital Contribution	0.00	(22.00)	(22.00)	(22.00)	(22.00)	(22.00)	(110.00)	(215.00)	(325.00)
Total HMT Contribution	(7.95)	(26.82)	(26.67)	(26.60)	(26.13)	(26.33)	(132.57)	(234.48)	(375.00)
Council Contribution	(40.72)	(26.43)	(52.85)	0.00	0.00	0.00	(79.28)	0.00	(120.00)
Partner Authority Cost of Carry	0.00	0.00	(18.85)	(101.74)	(55.85)	(11.70)	(188.13)	188.13	(0.00)
Total Funding	(48.67)	(53.25)	(98.37)	(128.34)	(81.98)	(38.04)	(399.98)	(46.35)	(495.00)
Total Revenue Implications									
	Sub Total Yrs 1-5 £m	Yr 6 2021/22 £m	Yr 7 2022/23 £m	Yr 8 2023/24 £m	Yr 9 2024/25 £m	Yr 10 2025/26 £m	Sub Total Yrs 6-10 £m	Yrs 11-32 26/27- 47/48 £m	Total Yrs 1-20 £m
	7.03	3.01	5.38	9.85	11.89	12.70	42.82	155.84	205.69

Keeping the Model Live

Expenditure profiles and performance against the plan will be considered as part of the Annual Business Planning process, with a view to tracking performance and impact on the Affordability Envelope.

Regional Cabinet will continue to receive regular revenue and capital monitoring reports throughout each year advising on matters such as: Approved Budget, Actual Position To-Date, Commitments and Projected Out-turn. These reports will be supplemented by the appropriate Project Performance Reports, advising on all aspects of the Wider Investment Fund.

A number of mitigations will continue to be considered in order to mitigate any risk to the Affordability Envelope. Such actions include requesting the bringing forward of HMT grant from future years, ensuring security for investments deemed to be evergreen where feasible to do so and review of assumptions such as the interest rate assumed for modelling purposes.

HMT Contribution - Funding Terms & Conditions

The funding is paid to the Accountable Body on behalf of the ten CCRCD local authorities and 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.

An outcome based Gateway Review of CCRCD led by HM Treasury is being undertaken in 2020/21. Funding for 2021/22 and beyond is conditional on CCRCD successfully passing this Gateway Review.

It has been confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of this year (2020-21), will also be permitted providing that the Gateway Review is passed.

CARDIFF CAPITAL REGION CITY DEAL ANNUAL BUSINESS PLAN 2021-22

Introduction

The narrative set out in the newly produced and published JWA 5-year Strategic Business Plan which covers the period 2021-26, suggests that 2021/22 will be a significant year. A year for which CCR has high hopes of coming through the first Gateway Review and making an immediate impact against the strategic priorities, which will set the scene for transition from a City Deal to a City Region.

The context for the shifts, changes and progress that will be made in the next five year period, is already set out comprehensively in the five year Strategic Business Plan. For this reason, this document should be read in conjunction with it. The objectives and goals for 2021/22 are thus, derived from the five year Strategic Business Plan and connect into the 'Five for Five' thematic priority areas established for the next phase of the journey.

The objectives in this Annual Business Plan are set out at a high-level. It should be noted that these will be further converted into more detailed team plans, allowing all major stakeholders, officers and project leads, to understand their 'fit' and the individual contributions required of them.

The annual quarterly reporting required to Regional Cabinet and onward, to Welsh and UK Governments, will be informed through the regular monitoring and evaluation of the Annual Business Plan.

Five for Five – Objectives and Goals for 2021/2026

High-level Objective #1

Build Back Better – playing our part in economic restructuring & building resilience

Economic analysis demonstrates some of the potentially devastating impacts that lie ahead. The ravaging effects of downturn and likely shifts in the labour market will be profound. Doing the same old things better will not be anywhere near enough in both mitigating impact and harnessing the potential to build back better. Some of the behaviour changes thrust upon society in lockdown can be built upon: home and local working, buying local, lowering vehicle use, localisation of supply chains and business diversification. An opportunity exists to support economic restructuring and to place a greater emphasis on building a new structures that will better serve growth and sustainability needs. In 2021/22 CCR will support this through:

- 1) COVID-19 Priority-set. Delivering a number of inter-connected Funds, through FCA-accredited Fund Managers, which can make an immediate impact against structural and systemic factors that will support Build Back Better. These are:**

Project	Responsible	Accountable	Consulted	Informed
CCR SME Finance Fund (Housing)	CCR Office Team in conjunction with Fund Manager	Cabinet Member/ Portfolio Lead for Housing CCR Director	Investment Panel REGP Programme Board Regional Skills Partnership Regional Business Council	Stakeholder community RSLs, CHC and HBF
CCR Strategic Premises Fund	CCR Office Team in conjunction with Fund Manager	Cabinet Member/ Portfolio Leads for Infrastructure and Planning CCR Director	Investment Panel REGP Programme Board Regional Skills Partnership Regional Business Council	Stakeholder community (Property)
CCR Innovation Investment Fund	CCR Office Team in conjunction with Fund Manager	Cabinet Member/ Portfolio Lead for Innovation CCR Director	Investment Panel REGP Programme Board Regional Skills Partnership Regional Business Council Further HEI consultation Further Cluster consultation	Innovation stakeholder community Cluster groups

2) Work towards building the concept of a 'Future Skills Hub' with delivery on key foundational building blocks:

Project	Responsible	Accountable	Consulted	Informed
Implement Gradcore review findings alongside continued delivery of CCR Graduate Scheme	CCR Office Team – Skills Co-coordinator & RSP	Cabinet Member/ Portfolio Lead for Skills CCR Director	Regional Skills Partnership Investment Panel REGP Programme Board	FE and HE community Industry Business Schools Citizens
Develop business case for Shared Apprenticeship scheme for Future Industries	CCR Office Team Skills Co-ordinator RSP CS Connected via SIPF	Cabinet Member/ Portfolio Lead for Skills CCR Director	Investment Panel Regional Skills Partnership Investment Panel REGP Programme Board	FE and HE community Industry Business Schools Citizens

3) Develop CCR Ethical Investment position and articulate ESG objectives:

Project	Responsible	Accountable	Consulted	Informed
Develop CCR Ethical	CCR Office Team	Regional Cabinet	All relevant partnerships &	Investor community

Project	Responsible	Accountable	Consulted	Informed
Investment Policy – in particular in relation to Med-tech and cluster plans for Devices and Diagnostics		CCR Director	cluster reps for Med-tech	

4) Mobilise the ‘CCR Energy’ brand and first stage delivery of the CCR Energy Strategy

Project	Responsible	Accountable	Consulted	Informed
Adopt CCR energy strategy – co-developed with WGES	CCR Office Team	Cabinet Member/ Portfolio Lead Energy CCR Director	Regional Skills Partnership Investment Panel REGP Programme Board Energy group convened for project	Market Energy providers Cluster leads Community-level as appropriate
Develop and Deliver ULEV Strategy and commission	CCR Office Team in conjunction with RTA	Cabinet Member/ Portfolio Lead Energy CCR Director	RTA REGP RBC Programme Board Energy group	Market Energy providers Public transport community
Develop business case for CCR Challenge Fund on Future Mobility	CCR Office Team in conjunction with RTA	Cabinet Member/ Portfolio Lead Energy CCR Director	Investment Panel RTA REGP RBC Programme Board Energy group SBRI CoE	Market Energy providers Public transport community

5) Develop the policy and data insights work around economic intelligence

Project	Responsible	Accountable	Consulted	Informed
Establish the CCR Economic Insights Exchange	CCR Office Team in conjunction with Cardiff University/ KES scheme	Cabinet Member/ Portfolio Lead Business and Internationalisation CCR Director	REGP Programme Board RBC	DBW WG ONS and HE partners

High-level objective #2

Becoming a City Region – strengthening regional economic governance

There is an opportunity to position a strengthened regional economic governance system with CCR City Deal at the heart. As a construct of three layers of government – UK, Wales and Local Governments – CCR has unique experience of regional public investment which can be leveraged for wider good. This is important in ensuring that

the CCR is able to access all of the funds, investment and opportunities available to it and this will be achieved in 2021/22 through:

6) Developing the framework, mechanisms and process for the CCR Corporate Joint Committee and operationalising the first phase of its development for September 2021 and in readiness for new allocations of place-based investment

Project	Responsible	Accountable	Consulted	Informed
Establishing the CCR CJC and associated structures and frameworks that build regional institutional capacity	City Deal Office in conjunction with WG	Regional Cabinet	All CCR partnership and governance framework	All relevant partners, communities, business networks, HE/FE and community sector stakeholders
Develop and Publish Regional Economic Framework	City Deal Office and WG	Regional Cabinet/ WG	REGP Programme Board RBC RSP CSC Foundry RTA	All relevant partners, communities, business networks, HE/FE and community sector stakeholders International links Western Gateway

High-level objective #3

Scale-up - delivering the WIF 'peak' programme through building capacity, support and credentials

Delivery of Wider Investment Fund programmes and priorities is the core function of City Deal. Given the first few years have largely been spent 'starting-up' – much of which has been investment in regional development – the pipeline has quickly developed and with 8 projects now at contractual completion and in delivery, there is a task to 'scale up'. This relates to both quality management and implementation of live projects and continuing to bring new projects through the Investment Framework. To do this most effectively in 2021/22, we will:

7) Successfully deliver portfolio of approved projects and develop and deliver immediate pipeline

Project	Responsible	Accountable	Consulted	Informed
Deliver the eight approved FBC projects currently live and effect appropriate ongoing review, monitoring and evaluation – noting the	City Deal Office with advisors	Regional Cabinet City Deal Director	Investment Panel REGP Programme Board RBC CSC Foundry RTA RSP	Partners, communities, business networks, HE/FE and community sector stakeholders International links Western Gateway

Project	Responsible	Accountable	Consulted	Informed
additional capacity enhancements required				
Deliver the immediate pipeline of 7 projects (at OBC) through to FBC/ Legal completion – noting additional capacity enhancements required	City Deal Office with advisors	Regional Cabinet with City Deal Director	Investment Panel REGP Programme Board RBC CSC Foundry RTA RSP	Partners, communities, business networks, HE/FE and community sector stakeholders International links Western Gateway

8) Implement first phase of findings of IIF Review

Project	Responsible	Accountable	Consulted	Informed
Implement findings of CCR Investment framework Review – incorporating external findings	City Deal Office with advisors	Regional Cabinet with City Deal Director	Investment Panel REGP Programme Board RBC CSC Foundry RTA RSP	Internal audience with any changes to IIF to be communicated to external audience

9) Re-set governance and partnerships in light of evolution to CJC structure and to accommodate succession and business continuity planning

Project	Responsible	Accountable	Consulted	Informed
Evolve governance and put succession planning arrangements in place for partnerships	City Deal Office	Regional Cabinet	Investment Panel REGP Programme Board RBC CSC Foundry RTA RSP	Partners, communities, business networks, HE/FE and community sector stakeholders International links Western Gateway

High-level objective #4

Make the CCR Case for Levelling-up – developing a place-based investment prospectus

‘Levelling-up’ is a major policy commitment of UK Government. Given the regional disparities in the UK around productivity, high concentration on the golden triangle, differentials in R&D output and the prospect of COVID-19 exacerbating existing inequalities – a major opportunity exists to set out what ‘levelling-up’ means for CCR. With the prospect of place-based funding settlements to tackle innovation inequalities,

the unevenness of infrastructure investment and a place lens applied to research investment, it is more critical than ever, than CCR has a coherent, clear and comprehensive approach to defining its set of asks and offers to level up prosperity in the CCR. We will do this in 2021/22 through:

10) Articulating ‘asks and offers’ to inform the UK Government’s ‘levelling-up’ policy

Project	Responsible	Accountable	Consulted	Informed
Publish and Communicate the CCR ‘Levelling-up’ Investment Prospectus	CCR Office	Cabinet Chair	REGP Programme Board RBC CSC Foundry RTA RSP WG and UKG UKRI	Whitehall/WG focus with international dimension Western Gateway Partnership

11) Setting out a case for leveraging CCR’s data and digital credentials for a follow-up submission to UKRI

Project	Responsible	Accountable	Consulted	Informed
Contribute to programme development and business case for Data National Accelerator	CCR Office with stakeholders such as Universities, NSA, ONS, IPO and business groups	Cabinet Members/ Portfolio leads for digital and Innovation	REGP Programme Board RBC CSC Foundry RTA RSP WG and UKG UKRI	Whitehall/WG focus with international dimension Western Gateway Partnership and tie-in with Innovation Accelerator concept
Scope full proposal for FTTP project that serves whole of CCR with enhanced levels of connectivity to homes and premises	CCR Office in conjunction with private operator and WG	Cabinet Member/ Portfolio lead for digital/ infrastructure	Investment Panel REGP Programme Board RBC RTA RSP	Business, third sector and community level engagement

High-level objective #5

Developing Economic Clusters and innovation-led growth.

CCR levels of public R&D investment are below 1% with Cardiff nearing 1.1%. The UKG has set a target for 2.4% of national spend to be invested in R&D by 2027. A Nesta report has highlighted that Wales loses out to the tune of between £400-600M per annum on R&D investment. CCR possesses innovation strengths – but evidence shows these successively fail to convert to ‘innovation outcomes’. This is because we

do not have the structural conditions and systems in place to support eco-systemic growth. This is crucial because innovation-led growth provides the best prospects for high-order jobs and strong productivity. Additionally, with the COVID-19 focus highlighting the necessity of creativity and innovation - the time is right to set out a strategy and approach to contribute to the R&D Roadmap for the UK. We will do this in 2021/22 through:

12) Taking the work around strategic industrial-scale clusters to the next level

Project	Responsible	Accountable	Consulted	Informed
Development and approval of the CCR Clusters Framework	City Deal Office Team	Cabinet Members/ Portfolio Leads for Innovation and Business	REGP RBC Programme Board RSP Cluster groups HEI WG	Wider business/HEI community UKRI WG
Collaboration with Western Gateway on areas of shared sectoral strength such as SIPF full business plan submission on Cyber	City Deal Office Team and Western Gateway development team	Cabinet Members/ Portfolio Leads for Innovation and Business	REGP RBC Programme Board RSP Cluster groups HEI WG	Wider business/HEI community UKRI WG
Develop, submit and if successful, deliver SIPF Wave 2 proposals on Cyber and Creative	City Deal Office Team and Cluster Groups	Cabinet Members/ Portfolio Leads for Innovation and Business	Investment Panel REGP Programme Board RSP Cluster Groups	UKRI WG
Commence first phase of delivery of SIPF Wave 1 project on CS Connected and 'Front of House'	City Deal Office Team and CS Connected	Cabinet Members/ Portfolio Leads for Innovation and Business	Investment Panel REGP Programme Board RSP Cluster Groups	UKRI WG

13) Support establishment of new trade, partnership and research arrangements and collaborations post EU Exit

Project	Responsible	Accountable	Consulted	Informed
Play an active role in contributing new association/successor to Horizon Europe and establishing	City Deal Office and HEI partners and Global Welsh	Cabinet Members/ Portfolio Leads for Innovation, Business and Research/	REGP Programme Board RSP Cluster Groups	Wider partnership network and international base

Project	Responsible	Accountable	Consulted	Informed
new partnership networks globally via mechanisms such as Global Welsh		International Strategy		

14) Commence delivery of the CCR Challenge Fund for Local Wealth Building

Project	Responsible	Accountable	Consulted	Informed
Execute first year delivery of the Challenge Fund mobilising governance and contributing to work on foundational economy renewal	City Deal Office with commissioned partners	Cabinet Member / Portfolio Lead Foundational Economy and supported by town centres lead	REGP Programme Board RSP Cluster Groups Local partnerships TRI Board	WG Citizens Business base Community-scale engagement

WIF Strategy for 2021/22**2021/22 Annual Business Plan – Budgets and Funding Strategy**

Regional Cabinet have made a number of decisions to date, which have resulted in commitments against the Wider Investment Fund (WIF) in 2021/22 and beyond. Table 1 outlines the proposed 2021/22 budget and to assist with medium planning, the indicative budgets to financial year 2025/26 are also set out, along with the proposed funding strategy over this period.

Table 1: Proposed 2021/22 Wider Investment Fund Budget and Indicative Budgets to 2025/26

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Indicative Programme Expenditure					
Wider Investment Fund Top Slice	1,450	1,450.0	1,450.0	1,450.0	1,450.0
Approved Projects - Revenue	2,889	330.8	260.6	(210.1)	0.0
Future Revenue Projects	480	2,894.1	2,894.1	2,894.1	2,894.1
Sub Total Revenue	4,819	4,675	4,605	4,134	4,344
Approved Projects - Capital	4,678	13,297.0	14,161.0	7,020.0	(5,125.0)
Future Capital Projects	43,750	80,402.8	109,576.4	70,826.4	38,826.4
Sub Total Capital	48,428	93,700	123,737	77,846	33,701
Total Investment	53,247	98,375	128,342	81,980	38,046
Funded by					
HMT Contribution (Revenue)	(4,819)	(4,674.9)	(4,604.7)	(4,134.0)	(4,344.1)
HMT Contribution (Capital)	(22,000)	(22,000.0)	(22,000.0)	(22,000.0)	(22,000.0)
Total HMT Contribution	(26,819)	(26,674.9)	(26,604.7)	(26,134.0)	(26,344.1)
Council Contribution	(26,428)	(52,854.0)	0.0	0.0	0.0
Temp Borrowing 'Cost of Carry'	0	(18,845.8)	(101,737.4)	(55,846.4)	(11,701.4)
Total Funding	(53,247)	(98,374.7)	(128,342.1)	(81,980.4)	(38,045.5)

Note: Approved Expenditure is shown net of any returns on investments made.

Table 2: Proposed 2021/22 Wider Investment Fund Revenue Budget

	£
Top-Slice Expenditure	1,450,000
CSC Foundry Funding Return	(600,000)
Housing Viability Fund	647,100
Graduate Scheme	341,900
Challenge Fund	500,000
Future Revenue Schemes	2,480,000
Total	4,819,000

Table 3: Proposed 2021/22 Wider Investment Fund Capital Budget

	£
CSC Foundry	1,381,600
CSC Foundry Funding Return	(2,004,000)
Housing Viability Fund	5,000,000
Housing Viability Fund (WG Grant)	(5,000,000)
Metro Plus	3,000,000
Challenge Fund	1,000,000
Future Capital Schemes	45,050,000
Total	48,427,600

WIF Top-Slice Budget

Regional Cabinet have resolved that up to 3% of the Wider Investment Fund (over a 20 year period) is set aside to meet the costs associated with Programme Development & Support and is referred to as the WIF 'Top-Slice'.

Approved Projects

The 2021/22 Annual Business Plan will also need to meet the revenue and capital costs of approved projects as well as indicative allocations in respect of future projects which may come forward during the year, subject to meeting the requirements of the Investment & Intervention Framework.

Affordability Envelope and WIF Funding Strategy

The sums allocated represent the amounts available to be spent in 2021/22, with future year budget allocations being updated accordingly to reflect each new approval's overall spend profile. This will ensure that the fund remains affordable and within its approved envelope at all times, as decisions to approve projects are made through the year.

The total expenditure for the 2021/22 Annual Business Plan is £53.247 Million. It is proposed that this level of expenditure is funded as follows:

- Draw down of HM Treasury Revenue Grant: £4.819 Million
- Draw down of HM Treasury Capital Grant: £22.000 Million
- Draw down of Council Contributions: £26.428 Million

Finally, it should be noted that the actual funding applied will be dependent on the nature and timing of project expenditure and may differ from the proposed sums outlined above. Regional Cabinet will be provided with regular project performance reports, supplemented by quarterly budget monitoring statements, where matters such as progress against delivery plans and budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.

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: To set out the strategic agenda for CCRCD and CCR over the next five years, with the installment for 2021/22 being specifically focused upon within this report.</p>
<p>Proposal: JWA Strategic 5 year Business Plan and Annual Business Plan</p>	<p>Date Future Generations Evaluation form completed: 7 December 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 report and appendices set out a progressive approach for driving prosperity within the region over the next five years and on five key measures – balancing the need to provide for wealth and well-being</p>	<p>Build Back Better section focuses on need to bring closer together ESG and ethical considerations into the wealth: well-being mix.</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>Climate resilience, sustainability and economic resilience are key themes of the plan.</p>	<p>The section on BBB sets the context of business as usual against the opportunity for clean growth and driving green industries of the future. In addition to this, reference is made to the energy strategy which is also reported to cabinet 7/12/21. Further, the focus on future challenge funds and mission driven thinking is developed with reference to the first Local Wealth Building</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?
		Challenge Fund and future potential funds for renewable energy demonstration.
<p>A healthier Wales People's physical and mental well-being is maximized and health impacts are understood</p>	<p>Inclusion is a core theme of the forward plan and balancing a focus on levelling up the region with other regions in the UK to ensure CCR accesses all of the opportunities available to it – thus supporting not just sectors and industries but communities and people.</p>	<p>ESG and equality and diversity focus to ensure emphasis on societal and community needs.</p>
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	<p>The sister document to the 5 year business plan to which there are references throughout, focuses on 'levelling-up' and securing the investment needed for major changes and funding transport e.g. rail, digital, energy and housing</p>	<p>The levelling-up prospectus is being produced to complement and further draw out these themes.</p>
<p>A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental well-being</p>	<p>The document looks outward and focuses on the FDI and international opportunities, which will be particularly important post-EU exit.</p>	<p>Further work has been done with bodies such as Universities Wales and SIACW to consider impact of UK working outside of Horizon Europe.</p>
<p>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</p>	<p>The document represents the strategic approach to developing the economy of the region – foundational and tradeable and projects a distinctively Welsh approach to doing so.</p>	
<p>A more equal Wales People can fulfil their potential no matter what their background or circumstances</p>	<p>The approach focuses on economic inclusion, levelling-up and a mission-driven approach capable of not just tackling economic problems – but societal ones too.</p>	

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The Plan is both a five year one, and an annual one balancing the need to look ahead whilst setting out what the first 12 months of activity looks like.</p>	<p>This will be continually built upon and reinforced through the development and publication of concurrent Annual Business Plans which reflect back to the more medium-term ambition.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>All partnerships and groups are reflected in the plan setting out contributions required and fit.</p>	<p>Reinforcing shared purpose through distillation into annual business plans.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The plan is backed by a wider comms plan.</p>	<p>More thought needs to be given to how this work engages communities and citizens. The challenge fund will go some way to addressing this and opportunities will be developed</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The mission-driven/ challenge-led approach embedded will be a key means of experimenting in the prevention space</p>	
 <p>Integration</p> <p>Considering impact on all well-being goals together and on other bodies</p>	<p>The plan seeks to balance BBB with a focus on governance changes, clusters-development and 'levelling-up' all whilst delivering the existing City Deal programme. In this way, priorities that technically sit outside City Deal are integrated and connected in order to allow for smart objective setting and the achievement of higher level policy goals.</p>	<p>This can be further reinforced in the CJC setting and when Cabinet and partners have access to greater freedoms and flexibilities.</p>

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

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Not relevant in this context since the plan, approach and ways of working apply to all prospective interests and stakeholders		
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above	As above	
Race	As above	As above	
Religion or Belief	As above	As above	
Sex	As above	As above	
Sexual Orientation	As above	As above	
Welsh Language	As above	As above	

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

	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 and makes a direct contribution to well-being.		

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

- Policy and data insights
- COVID-19 priority-set
- Levelling up UK frameworks – R&D Roadmap
- Industrial and Economic Growth Plan
- Challenge fund for LWB
- Government documents

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
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