

18 MAY 2020

A FRAMEWORK FOR REGIONAL INVESTMENT IN WALES – SECURING WALES’ FUTURE

REPORT OF CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM 7

Reason for this Report

1. To seek approval of the finalised response from the Cardiff Capital Region to Welsh Government’s public consultation on Regional Investment in Wales, the closing date for which has been extended to 5 June 2020.

Background

2. The public consultation on a Framework for Regional Investment in Wales sets out Welsh Government’s thinking on regional investment outside of the European Union, which has been developed via partners and the Regional Investment Wales Steering Group – attended by CCR.
3. The Framework sets out proposals for investing replacement funding from the UK Government in a national framework that is underpinned by investment targets and managed ‘regionally’. This is stated as being important in building upon the successful legacy of Welsh European funding programmes.
4. Events have been held around Wales as well as on line and social media engagement. The Framework recognises the huge challenges posed in terms of culture, governance and the new approaches that will be required in working outside of the EU, especially as Wales has been a significant net beneficiary of EU funds over 20 years. However, as some of the specific requirements associated with EU funds fall away, the opportunity to work differently and develop new frameworks over time, is underlined.
5. The consultation poses 12 core questions concerning future models; community leadership; transition period; so-called horizontal themes; and, priorities, measures and ‘regionalisation’. CCR’s proposed response to these questions is attached at Appendix 1. As well as responding direct to the questions, CCR’s response also seeks to capture the ways in which COVID-19 will likely impact assumptions and some of the key areas that need to be focussed upon in the ensuing period of forecast significant economic downturn.

6. In addition to this, the Welsh Affairs Select Committee is currently taking submissions/evidence on the UK Shared Prosperity Fund. Whilst this call for evidence closes imminently, CCR has secured an extension 'til 22 May 2019. It is proposed that given the overlap between the two consultation processes, the same response is submitted to the Welsh Affairs Select Committee with a separate covering letter providing relevant context. This will enable consistency of approach and for the key issues to be highlighted and reinforced.

Reasons for Recommendations

7. The Welsh Government has launched an important framework on which it is currently consulting which establishes new ways of overseeing and delivering regional investment in Wales in the future. As an already established 'region' which is charged with delivery of a £1.3bn City Deal – in partnership with both UK and Welsh Governments, these proposals will CCR significantly and it is vital that the region's perspective is clearly articulated and heard.

Financial Implications

8. This report is a response to a consultation on a regional investment framework and has no direct financial implications at this stage.

Legal Implications

9. This is a report seeking Cardiff Capital Region Joint Cabinet's approval of a prepared response to a consultation on a regional investment framework. There are no legal implications at this stage.

Well-Being of Future Generations

10. In developing the Plan and in considering its endorsement regard should be had, amongst other matters, to:
 - a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards;
 - b) public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: a. age; b. gender reassignment; c. sex; d. race – including ethnic or national origin, colour or nationality; e. disability; f. pregnancy and maternity; g. marriage and civil partnership; h. sexual orientation; i. religion or belief – including lack of belief, and;
 - c) the Well-Being of Future Generations (Wales) Act 2015. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published wellbeing objectives. These objectives will show how each public body will work

to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives set by each Council and in so doing achieve the national wellbeing goals. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

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

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

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

RECOMMENDATIONS

12. It is recommended that the Cardiff Capital Region Joint Cabinet:
 - a) notes and approves the proposed final response which is attached to this report at Appendix 1 for submission to Welsh Government on 5 June and to UK Government's Welsh Affairs Select Committee on 22 May 2020.

Kellie Beirne
Director, Cardiff Capital Region
18 May 2020

Appendices

Appendix 1 CCR's proposed response to a Framework for Regional Investment in Wales
Appendix 2 Well-being of Future Generations Assessment

SUMMARY OF CCR RESPONSE TO A FRAMEWORK FOR REGIONAL INVESTMENT WALES CONSULTATION

- The COVID-19 impact on the economy and the continual changes we are seeing - must be reflected in the proposed new framework. Many of the assumptions in the document will need to fundamentally shift and change as a result. We must take this as an opportunity to focus on the right things and not the quick fix, easy things.
- COVID-19 has been described as a great leveller, which may be the case in terms of its indiscriminate pattern of attack. The way in which these impacts and after-effects are felt will however, not be level. This has particular implications for regions like CCR where prosperity is cheek by jowl with disadvantage.
- There needs to be clarity about the purpose of regional investment and what it aims to achieve. It's not just about doing it, or doing more of it – the higher purpose and value needs articulation. This will help distinguish between means and ends.
- WG need not be at the front to be at the forefront. Steering the ship, setting direction and convening is the new job of work, leaving those who are best placed to locally deliver, to get on with the job
- There should be no hierarchy in regional investment or no 'one way' of doing things. The aspiration should be for a network and distributed model
- Regionalism is preferential to 'regionalisation'. The latter speaks of rigid, top-down imposition whilst the former, a spirit or culture of collaboration and shared purpose
- Urgent clarity is needed about the constant references to 'empowering the regions'. There is little substantive reference to existing regional structures or investment programmes like City or Growth Deals. The core reference point is to WG-led Regional Economic Frameworks, which not only overlooks the role of Regional Cabinet Committees and economic partnerships, but creates the impression that 'devolution to regions', will see WG re-direct power to itself, through the creation of new regional mechanisms.
- If this means that the current complement of c200 WEFO staff is redeployed to the new WG created regions, this will afford a critical mass that would dwarf CCR's capacity-set when thought should be given to how it is enhanced. This is a key risk since it could dilute CCR's voice and presence and see continuation of 'business as usual' – just driven through new regions. The change, ethos of collaboration and will to fundamentally move the dial, call for an approach that goes beyond this
- The prospect of two sets of frameworks, partnerships, plans and measures for regional investment has the potential for duplication and frustration
- CCR has learned many lessons in developing its City Deal, Industrial Growth Plan, tapestry of partnerships and advisors and its approach to Assurance through its Investment and Intervention Framework. We must find ways of feeding this in and take care to not throw the baby out with the bathwater
- Care must be taken in ensuring projects and investments taken forward are capable of moving the needle. Really great delivery of a mediocre project or average delivery of a proposal that didn't respond to the right challenge in the first place – will not do
- Many of the questions posed lack context and purpose and appear random. For example, the question about introduction of repayable finance. This cannot be considered without knowing the nature of a proposal, what is hoped to be achieved and what the risk-reward profile looks like. Debt finance is simply one tool that could be considered alongside a wider package of measures as part of a portfolio approach.
- The transition period should be used more effectively and to iron out inherent tensions across 'baked in' GVA-led programmes vis a vis a focus on wellbeing and sustainability. There is an opportunity to strive for a more distinctive approach. Developing a collective sense of culture and modelling behaviours, skill-sets and new capabilities in this period will also be vital

- There are still too many projects borne and funded that seek four year funding and in four years' time will require a further four years' funding. Exit is harder than entry.
- Attention needs to be given to EU replacement funds in the wider context of City and Growth Deals, UK Govt investment, external leveraged funds and other investment opportunities – so we all understand contribution and fit. This will stop the jam being spread too thinly within individual programmes.
- There needs to be an urgent focus on ramping up the proportion of public investment programmes injected into Science and Innovation and Research and Development with a focus on problem-solving and building resilience and internationalisation through innovation-readiness
- We have to get better at evaluating higher level policy goals – rather than just the impact of one-off 'projects'.
- We must take the opportunity to create a positive and resourceful post-COVID legacy. . We could chart a new course for Wales; develop more distinctive ways of working and a different type and scale of interaction between public-private-community sectors. Be ambitious and, focussed on delivery that is measurable in ROI terms. Leverage the brilliance of businesses which have engaged in innovation and rapid adaptation as well as inherently inventive public services.
- It is not the time for more statements that are hard to disagree with, but fail to turn the dial in their application. We can't reinvent the rules by tweaking away at the margins and with new names and signs over the same door. Neither can the height of our ambition be to win the same race as others. We must set our own grand challenges; develop new fiscal levers and incentives and be prepared to compete on the things that matter and show wealth creation and distribution can co-exist with wellbeing.

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Q1) What are your views on a model where:

- **Strategic pan-Wales initiatives are co-ordinated at national level;**
- **Designated regional bodies, design and deliver their own programmes of investment aligned with national-level policy?**

The role of WG as we see it and the prospect of ‘once for Wales’ initiatives or solutions must continue to change and adapt. WG should not be at the centre of everything – leading policy, managing delivery and evaluating outcomes. This is not the function of a modern, agile and interventionist government. WG must practice more networked and facilitative leadership and develop its convening role. This would mean ceding control – but ultimately increasing influence. This needs a new kind of trust, respect and subsidiarity which is better described as ‘regionalism’ – a spirit of partnership and flexibility, than ‘regionalisation’ – which sounds more authoritarian, rigid and top-down. We have to shift from a focus on doing the same old things a little better to doing fundamentally better things. This will mean developing a greater appetite for innovation, adaptation and experimentation and recognising that whilst not everything will work and there will be failure – failure by omission or ‘standing still’ is the more significant risk.

This requires of WG, courage and adaptive leadership. Equally it requires proactive local leadership and more focussed institutional capability building. Designated regional bodies such as the CCR Cabinet (joint committee structure) has developed a City Deal programme in conjunction with UK and Welsh Government partners. Attached to this are mandatory partnerships – a Regional Transport Authority and a private sector-led Economic Growth Partnership, as well as additional important groups such as a Business Council and CCR’s own Special Purpose Vehicle – CSC Foundry Ltd. This partnership is about thinking local, but acting regional. There is real clarity about the purpose of regional investment which is informed and led locally by business experts in conjunction with local politicians who provide a strong sense of democratic legitimacy. There is clear function before form – a strategic rationale for a £1.3bn City Deal – articulated through a 5 year business plan; a Regional Economic and Industrial Growth Plan and a robust Assurance Framework operationalised through a clear and open Investment and Intervention Framework.

City Deal is further underpinned by an understanding of what needs to be done and the difference between means and ends. Although focussed by delivery against jobs, growth and leverage targets – political leaders do not want to hit targets that miss the point and have underlined the importance of economic inclusion, ensuring no part of the region is left behind. This is vital when highly competitive and fast growing parts of the region, sit cheek by jowl with some of the least competitive places in the whole of the UK. Innovation therefore has a wide application across business/ technology, the public sector and civil society. In addition, economic ambition will not be enough and has to be matched with opportunities to build progressive social policies. Local wealth building sits at the heart of this. CCR political leaders have a strong desire to see beyond conventional agglomeration economics - which suggest that building up growth hotspots will see the benefits trickle down to the hinterland – and be proactive in creating and dispersing wealth right across the region.

The Regional Cabinet governance is built upon a single powerful principle of one member: one vote. This feeling of equity, shared purpose and collective endeavour is compelling. Unlike Growth Deals with prescribed projects typically delivered by single ‘lead’ agents – presiding over an open Wider Investment Fund - creates a powerful and unifying bond. In CCR, the City Deal may have galvanised this network, but City Deal, whilst still seen as important, is recognised as an investment programme. It is the CCR which is now fundamental and the co-ordinating and coalescing force. ‘Beyond City Deal’ – new programmes, and activities are developing – a SDP, governance co-ordination of the VRP and the Regional Skills Board with more to come. This is a sign of growing maturity and the evolution of a functioning region.

Q2) Do you support our proposals for some investments to be led by the community in which activity takes place?

As stated above, respecting the principles of subsidiarity and devolution to the local level is an important principle, meaning delivery is ever closer to citizens, communities and those who are best able to shape and inform it. This local focus is at the heart of CCR and delivery of its City Deal as its central co-ordinating mechanism.

Within CCR however, the principle is that those who are best placed to lead should do so. This has led to a hybrid delivery model wherein, expertise is shared and resources are pooled through the City Deal Office – complementing and working alongside local delivery. This brings to bear a wider range of expertise and resources from the Economic Growth Partnership, Skills Board, Transport Authority, Business Council, Universities and many other local partners with the requisite know-how. What matters is the outcome and so our approach has been less about ‘who’ delivers and more about the quality and sustainability of ‘what’ gets done.

For example, the Economic Growth Partnership has provided the lead role on the economic strategy and investment framework – both of which were adopted in full by CCR Cabinet. The value of this was in the independence and the evidence base and business insights brought to bear. The Investment framework principles allow Regional Cabinet to steer the ship and make decisions leaving more detailed advice, delivery and due diligence on proposals to the CCR Investment Panel – whose membership is derived from public and private partners. This leaves no room for so-called ‘vanity’ projects and breeds high levels of trust and reciprocity.

As regards community leadership – again, whilst supported in principle – there needs to be an understanding of context and competition. Community leadership of a proposal to UKRI challenge fund wherein competition from other regions, universities and industrial leaders features – is unlikely to work. However, a community response to a local challenge call around solving specific local problems with community insight and ingenuity, is likely to be highly successful. Before the question can be answered, context needs to be determined and proper frameworks for evaluation and assessment need to be in place and understood. CCR has a clear Investment and Intervention Framework which sets out how business will be done; expectations in terms of outcomes, ROI and sharing of risk-reward. This investment framework is adaptable – beyond the here and now, it applies foresight so that decisions can be future-proofed as far as is practicable. Furthermore, the investment framework is built on data and insight and not just what is assumed to be important. This means that investment gets directed at the right things – not the easy things.

The important thing here is not just about delivery either. Really great delivery of a mediocre project or average delivery of a proposal that didn’t respond to the right challenge in the first place - is not good enough. There is a strong convening role to be played in framing the right challenges and being open to experimentation in solving them. Public sector has a key role to play in setting out the key industrial and societal challenges of the day – and this goes beyond typical notions of ‘enabling’ or de-risking’ and will require focus and investment.

The issue is how we re-learn how to break out of silos and reinvent the quadruple helix of government, university, business and community.

Q3) Do you agree we should increase our use of repayable finance where this is viable, and where it is not, that models that maximise repayment are used?

Again, this question cannot be posed in isolation or without contextualising what investment, for what purpose, on what basis and with what expectations. Without an overarching investment framework that provides the scope, parameters and backdrop for this – it is impossible to answer. Invoking a debt instrument with a company possessing unique Intellectual Property, market leadership and a strong EBITDA and full security – as per CCR’s investment in CSC Foundry Ltd - is very different to acting on a policy ambition to support start-ups with much higher risk profiles, or a University-led skills and entrepreneurship programme which requires seed funding and catalytic support.

ROI also has many forms. Certain activities, especially those that might be deemed appropriate to be delivered via Shared Prosperity Fund will need to support policy positions, that early doors, won’t be capable of delivering £ROI, but may help deliver social ROI or help create denser labour markets that create benefits and IRRs in other policy areas.

CCR City Deal is built on an evergreen principle – but through a mixed portfolio approach. The aim for a revolving fund principle in the round, was borne out of the dependency culture rooted in our economic history. This reliance on funding programmes and grants has eroded our choices and chipped away at our self-esteem. Innovate UK has reported that only around 3% of its funds come into Wales and those that do are typically smaller grants rather than larger scale and more ambitious leveraged or repayable investment. With no more City Deals and new regional investment likely to have a competitive or challenge-led element, Wales must learn how to compete and win resources. This means the end of programme jumping and beyond finding points of entry – developing means of long-term self-sufficiency.

CCR City Deal has three targets – jobs, GVA growth, leverage and economic inclusion. The Investment Framework provides a hierarchy of key questions regarding the ability of a proposal to deliver against these. If a proposal can indeed demonstrate deliverability, the question around ROI is applied. If ROI cannot be achieved that doesn’t mean the end of the proposal. ROI is not a fixed target – however it has been introduced by CCR as a means of building resilience, self-sufficiency and the potential to scale outcomes. Through an innovation fund, infrastructure fund and a challenge fund – it is forecast that there is sufficient scope in the programme overall to recycle funds. The approach is pragmatic and flexible.

As per the opening to this response, COVID-19 has changed everything. Repayable finance is increasingly difficult with public bodies now being encouraged to support business survival through more secure mechanisms such as convertible equity, IP shares and exploring more banking-based models of diligence. Supporting companies to mitigate the worse effects of the economic fallout does not mean reverting back to more transactional funding – often long-term access to patient finance is the key issue and flooding the market with liquidity doesn’t always mean the best proposals get backed. Repayable finance should thus, only be seen as one possible measure alongside many others such as those mentioned above, infrastructure recovery charges and other fiscal levers and incentives.

Q4) What are your views on our plans for transition period?

The transition period should not be focussed entirely on project continuity and phasing out of the old whilst ringing in the new. There is an opportunity to use this period to work through tensions of a ‘baked in’ GVA metrics-model which not only permeates City Deal, but tax raising powers and other economic programmes and is often found to be in conflict with the promotion of wellbeing and sustainability. With the UK government maintaining a commitment to levelling-up; HMT actively discussing the limitations of traditional growth metrics; and now, the

potential to galvanise a debate about the kind of economy we want to build in Wales post-COVID, there is an opportunity to show leadership on this.

In addition, this time would be well spent considering how we develop a collective sense of culture, modelling the kinds of behaviours and mind-sets required and new ways of working. This could assess the new capabilities required and develop foundational programmes which grow the skill-set of the 21st Century post-COVID public servant. We need to get beyond announcements and statements of projects and focus on the skills and perseverance it takes to deliver and see things through. There are still many projects borne that are seeking four-year funding, that in four years' time, will seek a further four years' funding. This has to stop.

The focus on R&I in this time period is also critical. In science we now must trust but R&D spending in Wales as a % of national spend is low. What is poorer yet is the proportion of budgets that actually prioritise the skills and knowhow to develop R&D and become innovation-ready. We are not short of massive challenges, be it a public health crisis, climate emergency, future mobility or ageing. Having the requisite skills base to solve problems and innovate our way through moral, social and economic dilemmas will be key to any transition. Continued membership of H20/20 and of value-creating programmes such as Vanguard and Manumix will be key as well as maintaining friendships with Basques and national innovation agencies such as Vinnova and Tekes – and indeed in incentivising creation of our own.

We might also wish to think beyond funding or investment programmes to other tools in our armoury such as other fiscal levers like TIF, enhanced R&D tax credits and support for the research base as viability diminishes post-COVID.

Q5) How can we integrate horizontal themes of equality, sustainable development, gender mainstreaming and Welsh language?

It is likely that no amount of soft encouragement will see these themes mainstreamed and so consideration should be given to building explicit programmes that address under-representation such as Women in STEM. Organisations such as Chwarae Teg should also be enlisted to work with funding applicants to raise awareness and develop positive strategies that help promote the issues and create programmes and incentives that bring about better balance. This however should not become a tick-box exercise which would be counter-productive and will need a sophisticated approach that makes a sustained impact on the issues rather than a paper based exercise that demonstrates simply process-based activity.

Q6) How can we best increase the use of the Welsh language through our proposals for regional investment and ensure it is treated no less favourably than the English language?

The key breakthrough in this space has to be technology. With the disruptive forces of digital, AI and data – technology has to be the means through which the Welsh language is brought to a wider audience, bolstering linguistic diversity and ensuring programmes and end use applications reflect bi-lingual Wales. One means of achieving this might be to divert an element of future programme funds into a series of challenge funds that help to test out and develop options to solve this enduring problem, at scale.

Q7) What are your views on the proposed delivery model for the strengthening of partnerships, co-operation and trade across borders within in the UK and with international partners?

Firstly, a great number of existing partnerships are built upon connections in R&D/Science, Research and Innovation and so continuing membership of H20/20 research programmes will be critical. Not just in terms of linkages across international research institutions but in relation

to inter-governmental and industry connections and maintaining Wales' high rate of international research citations and positions on the Research Excellence Framework.

The draft International Strategy provides a good basis for this and the selection of fewer economic priorities for collaboration is a strong sign of focussed intent. This will enable links to be made with our anchor/ significant companies, with HQs based outside of the UK and whose high-value R&D capacity currently sits overseas. Penetrating these networks and demonstrating that Wales offers not only an investable business destination, but a highly liveable and unique environment, will be key to future inward investment success.

There is also scope for co-investment across Wales Government and UK Government across programmes such as SIFP and aspects of the Industrial Strategy Challenge Fund. Wales also has the highest level of adoption of SBRI solutions across the whole of the UK and this could be easily built upon with the Centre for SBRI Excellence in North Wales.

Ensuring there is a strong investment readiness programme; new links into the Foreign and Commonwealth Office, greater interaction with Dept. for International Trade driven by a focus on our priority industrial sectors and strength of the research base – will also be key. Understanding our role in inter-region/ cross-UK developments such as the Western Gateway, coordinating a Wales-wide offer for MIPIM and support for a Welsh diaspora through Global Welsh must also play a part.

Q8) What do you think of the proposed strategic objectives across the four investment priority areas? Are there other objectives that should be considered?

The proposed strategic objectives with the exception of the more focussed one on transition to a zero-carbon economy – are vague and imprecise. They are broad sentiments – which would be hard to disagree with, for who doesn't want more prosperity, equality and a stronger innovation system? However, they lack clarity about why it is so important that we tackle them and how it can be best done through a new system of regional investment.

The evidence base informing the objectives is unclear. Where is the data on the particular issues Wales faces? What are the priority economic and industrial sectors? What is the approach to place beyond a broad focus on 'regions' and the perspectives on the purpose of economic growth and what we are seeking to achieve for Wales as a country? Rather than broad statements on eradicating poverty and inequality – where is our equivalent of Wales' Grand Challenges and how developing much more 'mission-driven' perspectives as has been done in other parts of the world, can drive a focus on the things that really matter? The words used are fine – but how will they inspire change and make a difference? Will these objectives help move away from conventional thinking that sees departments and silos as being significant in themselves – as opposed to be contributors to bigger problems and challenges?

The section is littered with commitments to 'empower the regions' – however from the diagram at the front of the document which shows WG Regional Economic Frameworks and structures – this appears to mean empowerment of WG-led regions. This is not the same thing, especially when in CCR, there are already strong regional economic and investment plans and frameworks, visible and distinctive regional political leadership and proactive business leadership. This is a fundamental point as devolution of power to regions is about more than WG-led structures. At the very least, it risks duplication and replication and having two sets of plans, frameworks and partnerships – in what are already small spaces.

It is not that other investment objectives should be covered – there are already many in the section and it appears there are multiple priorities. In addition to decarbonisation, equality, inclusion, foundational economy, high skill jobs, skills development, company growth and expansion, entrepreneurship and fair work - and many more issues are all priorities. However,

rather than see these things as singular objectives, these all forms inter-connected elements of a wider economic eco-system and some areas are much more task and subject specific – whilst some are sentiments and others are more aspirational statements. This needs some organisation and sequence to show how the different economies that exist in Wales, for example, the foundational economy, the tradeable and knowledge economies, all interact and are mutually reinforcing. Some priorities could run counter to one another with commitments to competitive productive growth and wellbeing and sustainability. It is not that these two concepts are mutually exclusive – but there needs to be narrative, explanation and policy goals about how wealth and wellbeing can be compatible aims.

The concern with this chapter is that it suggests the jam will be spread thinly. It would be better to focus not only on what follow-on EU funds will be used for, but what they won't. This could then link across to the focus and purpose of City and Growth Deals, the fit and contribution of UK Government Funds, the potential for external private leveraged funds, the role and purpose of inward investment and FDI and so on. This helps to paint one big rich picture of all the investment tools and levers at our disposal – ensuring they are complementary and are optimising potential for Wales.

In terms of the foundational economy specifically, there is potential to link the everyday economy to how we grow productive capacity through linkages with challenges around ageing and care, mobility and transport and the disruptive forces of AI and data particular in sectors such as food and retail. This would see a focus on foundational renewal and the potential to consider how these sectors could adapt and adjust as manual labour and 'everyday' work is displaced and replaced by the radical forces at work.

Q9) What indicators do you think could be used to measure progress towards achieving the proposed strategic objectives?

Real care needs to be taken in setting targets – as started above – targets can drive perverse behaviours and as we have seen with aspects of previous programmes, the focus on process measures and box ticking drives whole industries and becomes a job of work in itself.

This has to be an opportunity to think about development of outcome driven measures and metrics that matter most and are pertinent to our context, goals and what it is we are trying to achieve through this thing called Regional Economic Investment. Measures of productivity and competitiveness will continue to be important in this context but must be balanced with compatible measures around wellbeing, sustainability, happiness, quality of life and give colour and interpretation to standard metrics that are typically one dimensional – for example, gross household income comparisons across UK do not often take into account high housing costs in UK cities like London – which when pitched alongside relative affordability in CCR, tell a very different story regarding disposable income. There are real specialisms in this regard in Cardiff University's School of Economic Geography and the Economic Intelligence Unit established by DBW.

Q10) What are your views on fairness, transparency and consistent rules

It goes without saying that these should be core principles of any approach involving public funds. The absence of EU rules on deployment of funds should not read as an opportunity to create an ever-more bureaucratic framework where the process and procedures are held in greater esteem than the project interventions and the outcomes. The process should not be judged on ability to write technically proficient business plans and to keep them well monitored and maintained – but to actively project manage, further and optimise objectives, leverage further investment and opportunity and use funds as a platform on which to build and as a means of securing further potential – rather than seeing them as the end in themselves.

Whatever the funding mechanisms are, debt instruments, equity, grant or seed monies – the important thing is that criteria is applied consistently. Just because a grant is given doesn't mean there is no accountability – or that features such as core business viability, strategic importance, business health, supply chain impact, sectoral importance, future economy focussed and so – shouldn't apply. These should be consistent factors applied to all funding sources in order that social and economic impact is maximised in ways which demonstrate a business like discipline.

Risk thresholds will also need to be considered and the risk-reward-responsibility ratios – with tolerance for failure built in.

In addition, consideration of proportionate business case development should feature as many challenge driven and innovation investment approaches do not sit well with the more infrastructure focussed Five Case Model.

Q11) Should the capacity to deliver monitoring and evaluation proposals be prioritised?

Q12) Do you agree with the proposal outlined for development of monitoring at the local and regional level?

Learning and evaluation comes through delivering, adapting and iterating in continuous ways. Re-setting the pace, rules of engagement and purpose of regional investment in Wales is complex and cross-cutting and there will be no easy answers. We will need patience, capacity to re-learn and to in-build challenge. The things that worked in times of certainty and compliance will not work in the new normal. We need to be nimble and fleet of foot and understand that employing teams of people whose job it is to 'audit' and check; runs counter to developing a culture of continuous self-assessment and self-awareness.

It is also unclear as to where proposed Corporate Joint Committees sit in this space and with particular regard to local/ regional accountability vis a vis WG's Regional Economic Frameworks. Again the answer to the question as to where monitoring best sits, depends on whether 'the region' is seen as the new structures developed and led by WG and headed up by Chief Regional Officers – or whether it is pre-existing political structures such as the CCR Joint Cabinet Committee, which supported by business leaders, is already overseeing a tripartite City Deal? Clearly, we want to continue to support our existing structures and ways of working since they have been co-developed by stakeholders and experts in considered and applied ways and to date, have withstood scrutiny applied through the Gateway process.

The evaluation role is not about 'project reporting'. It is about strategy, connecting the horizontals and building out a story. We need to incentivise performance across institutions appropriately and review current measures that drive counter-productive outcomes. This will need closer integration and an approach to long-term planning and investment to scale impact. Schemes that may draw from one funding source but form part of a wider programme of measures cannot be considered in isolation. We have to get better at evaluating higher level policy goals – rather than just the impact of one-off 'projects'.

All this needs a re-examination of roles. This comes back to the point about WG ceding direct control of programmes and delivery in exchange for influence, thought leadership and direction setting. Getting this bit right is crucial. We need to strengthen capacity and reinforce the expertise of local authorities to deliver and promote learning across different layers of government. This would power up the vision for one co-ordinated investment framework shaped by business and other key stakeholders. We have to be results focussed and promote learning through doing and be prepared to say and share it when we get it wrong.

Future Generations Assessment

Name of the Officer completing the evaluation: Kellie Beirne Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk	Please give a brief description of the aims of the proposal Consultation response
Proposal: Regional Investment Wales – consultation response	Date Future Generations Evaluation form completed: 18 May 2020

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	There is no proposal – this is a consultation response to a document seeking to inform the future of regional economic investment.	CCR has suggested proposals and actions that seek to feed into the consultation in a positive way.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	The thrust of the consultation and response is how we best support economic resilience	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	As above	The response makes reference to ways and ideas for bottoming out tensions across economic growth programmes and sustainability/ wellbeing measures and argues for new metrics
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	As above	The response argues the need for a balanced approach to investment across sectors and place
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	As above	
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	N/A	
A more equal Wales People can fulfil their potential no matter what their background or circumstances		

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

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The response leans more to building a fit for future region post Brexit and in the light of new challenges and opportunities</p>	<p>This will be under constant review.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The report sets out the different partners and sectors engaged in this work and how the private sector need more of a say</p>	<p>Awaiting outcome of work on CJsCs</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The report sets out the different partners and sectors engaged in this work – and has engaged widely with REGP, business partners, HEI and others</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The focus of the consultation is on adapting our approaches to be responsive, preventative and long-term, resilient</p>	
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>The report considers the balance needed across the plural economies in the CCR in particular</p>	

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

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	This is not a proposal but a response to consultation	None arising at this time.	None arising at this time
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		

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

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 wellbeing.		

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

- Economic evidence data and insight
- Government and ONS data
- CCR experience
- IIF insights
- Business Council and REGP insights

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

As above, the main implications will be in the delivery of this work.

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

The impacts of this proposal will be evaluated on:

Quarterly via the IIF reports to Cabinet and quarterly performance monitoring.