

18 May 2020

INVESTMENT PANEL RECOMMENDATIONS LOG & PROJECT UPDATES

REPORT OF CCR CITY DEAL DIRECTOR

AGENDA ITEM 9a

Appendices 1-5 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Reason for this Report

1. To seek approval of the recommendations made by Investment Panel at its meetings, held remotely, on 31 March and 28 April 2020 in respect of SIFT 1A's and specifically, a Strategic Outline Case for a CCR Premises Fund. Investment Panel also made further recommendations at these meetings in relation to the Business Case for COVID-19 Cool Plasma Sterilisation Technology and endorsed the CSC Foundry report. These are set out in separate reports but are referenced here for completeness.

Background – The Investment and Intervention Framework

2. The Investment and Intervention Framework (IIF) was approved by Cabinet in June 2019 as a means of providing a comprehensive assessment toolkit for evaluation and approval of proposals received into the City Deal Wider Investment Fund. The IIF builds upon the sectoral, cluster-driven and place-based priorities set out in the Industrial and Economic Growth Plan (endorsed by Cabinet in February 2019). It further provides a clear means of originating projects and proposals that resonate with core priorities; developing a meaningful pipeline and deal flow; robust assessment criteria; and, accenting key decision-making points that support an agile but strong governance approach.
3. The IIF gives practical effect to the Assurance Framework and ensures Regional Cabinet is supported to enact its strategic decision-making role. The IIF has established an Investment Panel which comprises five members of the Regional Economic Growth Partnership and five members of the Chief Executive's/Programme

Board. The Investment Panel is an advisory panel and considers detailed technical matters and provides a means of impartial advice to Regional Cabinet as core decision-makers in the process. As of 28 April, Investment Panel has met on eight occasions which indicates the pace and momentum now within the system.

Making Progress – Stage 1a Proposals

4. Investment Panel met on 31 March 2020. It should be noted that this meeting was held remotely. Reports to Investment Panel were as follows with the associated recommendations and the exempt Recommendation Log attached at Appendix 1.
 - Report of CCR Director SIFT 1a - AI Technology B2B Platform - Private Proposer. This proposed to develop a technology platform to enable businesses to maximise procurement opportunities. Investment Panel concluded that this was **NOT** a suitable proposition based on risk profile, pre-revenue nature of proposal and VfM assessments.
 - Report of CCR Director SIFT 1a - Investment Readiness - Private Proposer. This proposed to develop an Investment Readiness programme aimed at increasing investment for good proposals in the region. Investment Panel concluded that this was **NOT** a suitable proposal since CCR should test the market offer on a brief that set out its specific terms.
 - Report of CCR Director SIFT 1a - Prison Support Programme – Community Sector Proposal. This proposed a programme for offender employment related rehabilitation. Investment Panel concluded that whilst this was commendable, it could **NOT** demonstrate contribution to core CCR targets and whilst support, advice and signposting would be given, it was not in line with the IIF
 - Report of CCR Director SIFT 1a - Seed support for fin-tech trade body to underpin development of a Cardiff HQ and satellite outlets in Bridgend and Cwmbran. Investment Panel concluded that this **SHOULD** proceed, with some changes and refinements, to the next stage of SOC.
 - Report of CCR Director SIFT 1a - Building Local Wealth Challenge Fund – Public-led consortium. Investment Panel concluded this **SHOULD** proceed to the next stage and a business case to be brought forward.
 - Report of CCR Director SIFT 1a - Renewable Energy project – Private proposer. Investment Panel concluded that given the nature of project, environmental issues and issues yet to be concluded around Planning – this could **NOT** proceed at this time.
 - Report of CCR Director SIFT 1a – Equity Co-investment Fund – Private consortium. Investment Panel concluded from a presentation delivered by proposers that due to absence of co-investment and the need to develop a fund based on CCR’s clear terms and requirements, this should **NOT** proceed and instead, CCR should take lead on developing such a fund and engaging with the market.
 - Discussion reports on SME Co-investment Fund and Evergreen Premises Fund – Investment Panel concluded these were good in principle and aligned well with the strategic intent of the Investment Fund and should progress with specifications for the funds to be drawn up.
5. All of the full SIFT applications can be accessed by members of Regional Cabinet on request to the City Deal Office and on the cessation of lockdown, a secure folder will be made available, containing all of the original applications.

6. Investment Panel met again on 28 April 2020. It should be noted that this meeting was held remotely and that in addition to the below, the CSC Foundry report was considered and also, the COVID-19 Cool Plasma sterilisation technology proposal. Both these are the subject of separate reports. Recommendations are as below and are attached in the exempt Recommendation Log at Appendix 2.
- Report of CCR Director SIFT 1a - Technology Quarter in Cardiff - Private Proposer. This proposal focussed on development of a technology hub in the centre of Cardiff. Investment Panel concluded, given this was a property acquisition strategy, this did **NOT** fit with the principles and requirements of the IIF.
 - Report of CCR Director SIFT 1a - Transport proposal for fibre enablement – Public proposer. This is a good proposal but there is a more suitable route and investment backing for this than as currently developed. Investment Panel concluded this should be subject to further discussion with the proposer.
 - Report of CCR Director SIFT 1a - Digital Farming – Private Proposer. This proposal is for LED vertical farming in the cannabinoids market. Investment Panel concluded that given the impact of COVID-19 and loss of key backing, the project was revised to seek prototype finalisation funding and so was **NOT** currently compatible with objectives but could be re-considered as conditions improve or change.
 - Report of CCR Director SIFT 1a - Pharma AI Data growth proposal. This proposal seeks to build on an established company and product to spin out a new product. Whilst there is more detailed up-front exploration, this proposal has sound principles, the proposers have strong credentials and any investment would be securitised against the parent company. Investment Panel concluded this **SHOULD** proceed to the next stage.

Strategic Outline Case –CCR Premises Fund

7. At the Investment Panel meeting on 28 April, a Strategic Outline Case (SOC) for an Evergreen Premises Fund was presented. CCR has worked with market-leading experts CBRE to support develop a proposal for an evergreen Premises Fund for industrial/commercial property. This has long been an objective of CCR and builds upon work previously commissioned via JLL on a strategic approach to sites and premises in the region. Similarly, this also connects into a very closely aligned piece of work done by SQW in recent times for WG and so is an area of joint working.
8. In the post-COVID environment, there will be an opportunity to develop a distinctive strategy for CCR's approach to strategic premises, outside of 'business as usual' scenarios. The opportunity is to develop a strategic approach to supporting development of new business and industrial premises as a means of creating a more entrepreneurial region. It should be noted that the proposal developed has a specific angle. This is only one part of the picture and it is recognised this supports a commercially-led approach. However, it is necessary to kick this off to be able to create returns, which can be matched through CCR, Shared Prosperity Funds, Welsh Government and other forms of assistance to provide grants into the areas that need subsidy to sustain such an approach.
9. The proposed Fund is to be set up to support the region's Industrial and Economic Plan by driving forward economic development projects across South East Wales. The Fund will target projects that are key to delivery of the region's economic priorities

in support of innovation, business growth and regeneration. It is proposed that the fund is set up initially with a £50M investment from the CCR with Welsh Government strategic and financial support being explored via the Property Development Grant and Financial Transactional Capital.

10. The role of the Fund will be to provide the necessary finance to unlock projects, with the risk managed in accordance with a pre-approved Investment Strategy. The concept is an 'evergreen' model where funds are fully repayable and re-invested into future projects creating a multiplier effect in terms of outputs generated over the life of the Fund. The Fund will be designed to align with CCR objectives by funding projects where the strategic CCR criteria are met. The Fund will target sectors where investment is needed and alignment to the strategic goals for CCR allowing for:
 - Regeneration & Infrastructure: - Creating grade A or equivalent space, reusing Brownfield land, regeneration, and recycling capital
 - Innovation: - The Fund will target projects in support of innovation as well as business growth and regeneration
 - Skills and Employment: - To promote and measure jobs creation from funding
 - COVID-19: - Providing funding to kick start developments, which will attract inward investment which may have slowed due the pandemic as well as enabling economic recovery sooner and possibly accelerated over the recovery period.
11. The Fund will support one of the key objectives of CCR by leveraging private sector investment into the region through matched funding and creating and supporting investable projects.
12. In order to move the SOC forwards to an OBC, project development, early due diligence costs and legal advice will be required and it is therefore suggested that an initial £45,000 is required to be met from the CCR Programme Development Fund.
13. The Strategic Outline Case for the CCR Premises Fund, as endorsed by Investment Panel, is attached as a confidential and exempt document at Appendix 3. At its meeting on 28 April, Investment Panel recommended approval of the SOC to Regional Cabinet subject to this being one part of a wider approach to strategic premises that takes into account the differing viability needs and subsidy requirements across the region and that further interventions are developed on the back of this, to address these comprehensively.

Wider Projects Update

14. In a short space of time, the Investment Framework has come alive and Investment Panel is committing a significant amount of time to proposals coming forward. The attached exempt IIF Tracker at Appendix 4 gives an overall picture of the number and positioning of projects and programmes as at the time of writing. Appendix 5 gives more detailed narrative and a status update on the projects that are currently progressing. In overview terms, there are currently:
 - c17 known proposals that CCR is actively talking to proposers about, in the wider Pipeline – and yet to formally submit
 - 6 proposals are at SIFT 1a
 - 5 proposals are at SIFT 1b
 - 7 are at SOC

- 4 are at OBC
 - 3 projects are at legal completion/delivery
15. This sets out the projects in process – however – regular reports to Cabinet such as this, demonstrate the work and effort that also has to go into the proposals that do not progress. Given the inability to recruit to all posts in the team structure, compounded by the temporary ‘holding pattern’ as we head into the Gateway 1, there are issues around the capacity and resources needed to manage and balance all of this. This is highlighted in the Risk Register item on the agenda.

Reasons for Recommendations

16. Given the phases and sequence set out for approvals in the IIF, this report provides progress on the proposals deemed to be in a sufficient state of readiness to progress and, the SOC on an CCR Premises Fund. It further provides a status update on the wider IIF Pipeline.

Financial Implications

17. Following the Investment Panel meetings of the 31 March 2020 and 28 April 2020, the Investment Panel Recommendation Logs attached at Appendix 1 & 2 seek the approval of £45,000 for early due diligence and legal costs to support the development of an Outline Business Case.
18. If approved, the City Deal financial contribution to specific projects and any on-going support can be met from sums set aside in respect of the Wider Investment Fund ‘Top-Slice’.
19. All approvals will be subject to periodic financial and performance reports throughout the year. Access to funds will need to be through agreed criteria which align to the requirements of the Investment & Intervention Framework itself. This includes the requirement to produce acceptable business cases in line with the funding requirements set out by HMT and Welsh Government as well as best practice. This is key, to ensure that City Deal funding terms and conditions are observed at all times and the risk of costs proving to be abortive at a later stage are minimised.

Legal Implications

20. The report seeks authority for further work to be carried out to develop proposals for the various projects referred to.
21. When developing proposals for individual projects, the provisions of the Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal (‘the JWA’), (in particular the provisions of the Assurance framework), and the terms attaching to the funding provided by HMT to the CCRC must be complied with. To ensure compliance with the JWA, business cases will be developed for each project and the approach taken will be consistent with the HM Treasury Green Book and business case appraisal process, applied in a manner that is proportionate to the project in question.
22. It is important that the due diligence and development of the business cases involve consideration of the legal issues raised by the proposals to ensure that the proposals,

as developed, meet all legal requirements. It should be noted that developing the business cases is likely to require significant legal resource, which will need to be funded by the CCRCD, as part of the costs of developing the full business cases. By way of example only, consideration will need to be given to;

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

Well-being of Future Generations

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

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

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

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

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

RECOMMENDATIONS

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

- a) notes the Recommendation logs from the meetings of Investment Panel on 31 March and 28 April 2020 respectively;
- b) approves the recommendations made by the Investment Panel in respect of SIFT 1As;
- c) approves the SOC for an Evergreen Premises Fund and agrees the next step to develop an OBC at a cost of £45,000 and approves to receive the OBC in June;
- d) notes the status update on the IIF tracker and the projects and proposals provided in the confidential appendices.

Kellie Beirne
Director, Cardiff Capital Region City Deal
18 May 2020

Appendices

Appendices 1-5 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

EXEMPT Appendix 1	Investment Panel Recommendation Log - 31 March 2020
EXEMPT Appendix 2	Investment Panel Recommendation Log - 28 April 2020
EXEMPT Appendix 3	SOC CCR Premises Fund
EXEMPT Appendices 4 & 5	IIF Pipeline Status and Projects Update
Appendix 6	Well-being of Future Generations Assessment

Future Generations Assessment

<p>Name of the Officer completing the evaluation:</p> <p>Kellie Beirne</p> <p>Phone no: 07826 919286 E-mail: kellie.beirne@cardiff.gov.uk</p>	<p>Please give a brief description of the aims of the proposal</p> <p>Setting out the recommendations of the Investment Panel in respect of potential projects in the IIF and a specific recommendation on a Strategic Outline Case for a Strategic Premises Fund.</p>
<p>Proposal: Investment and Intervention Framework Report and SOC on Strategic Premises Fund</p>	<p>Date Future Generations Evaluation form completed: 18 May 2020</p>

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

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The IIF sets out the framework for testing, assessing and appraising proposals in an independent, fair and balanced way, in order to ensure the proposals that develop are those that best contribute to wealth creation and prosperity. The projects in the pipeline now seek to make a major contribution to this.</p>	<p>Maximising potential for added value and meeting City Deal targets is enshrined within the assessment process.</p> <p>In relation to the SOC for Strategic Premises, we are mindful of the opportunity afforded by the Covid-19 crisis, to rethink the balance required across home-office-local working and this will be reflected in the work, as will the need and opportunity to roll-out an approach across the whole of CCR.</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?
<p>A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The IIF is underpinned by the four Industrial Strategy Grand Challenges, included in which is clean growth.</p> <p>In any proposals that are brought back to Cabinet regarding strategic premises development – and subject to approval of a final business case – biodiversity, environmental and sustainability implications will be considered in detail.</p>	<p>This will be pertinent on a business case by business case basis.</p>
<p>A healthier Wales People’s physical and mental wellbeing is maximized and health impacts are understood</p>	<p>Developing the conditions, through new links and networks – and opportunities for future engagement – will make a contribution to prosperity, which in turn will support wellness and wellbeing.</p>	<p>Inclusive growth and sharing prosperity are key principles and some of the conditions proposed to be set by Panel.</p>
<p>A Wales of cohesive communities Communities are attractive, viable, safe and well connected</p>	<p>The IIF seeks to position our region and its competitive strengths – economic and wider and will seek to yield demonstrative legacy benefit for the country as a whole.</p>	<p>ROI assessments and expert advice on how to leverage opportunities and build on local social capital whilst at the same time, scanning the world for experts who can help grow high potential ideas</p>
<p>A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing</p>	<p>The IIF has regard to the wider factors required to support a vibrant and responsible economy</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>Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.</p>	

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p>A more equal Wales People can fulfil their potential no matter what their background or circumstances</p>	<p>City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert as tools for improving people’s lives.</p>	<p>The ‘spread’ and targeting of City Deal benefits in a place-based and place-led way – as reflected by the proposals.</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>Balancing short term need with long term and planning for the future</p>	<p>The IIF is relevant to today, but focused on foresight and what comes, tomorrow.</p>	<p>Continued work on data/ evidence and generating in equal measure, insight and foresight.</p>
 <p>Working together with other partners to deliver objectives</p>	<p>The report sets out the different partners and sectors engaged in this work</p>	<p>City Deal will be delivered by a multiplicity of diverse partners.</p>
 <p>Involving those with an interest and seeking their views</p>	<p>The report sets out the different partners and sectors engaged in this work</p>	

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>Putting resources into preventing problems occurring or getting worse</p>	<p>The framework operationalizes the process for stimulating economic activity in the region creating opportunities to engage people in work and develop the prosperity needed to ensure people are more economically self reliant and self sufficient.</p>	
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This will be undertaken on a case by case basis through the new assessment process.</p>	

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

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

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?
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		
Sexual Orientation	As above		
Welsh Language	As above		

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

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

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

- | |
|---|
| <ul style="list-style-type: none"> • Individual SIFTs and accompanying documents. • SOC and underpinning research and evidence base for the Strategic Premises Fund • CCR Priority Sectors analysis 2019 |
|---|

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

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

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

The impacts of this proposal will be evaluated on:	Quarterly via the IIF reports to Cabinet and via emergence of individual business case developments
---	--