Cardiff Capital Region

City Deal Business Plan **2020/21**

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Foreword

The £1.3bn Cardiff Capital Region City Deal (CCRCD) is growing, maturing and beginning to scale outcomes - both in terms of its impact as an investment instrument and more importantly, in building a resilient future for the region. The CCRCD is distinctive in that unlike growth or devolution deals – there are no prescribed projects. Instead, the last few years have been characterised by laying essential foundations in terms of a credible evidence base; developing an industry-led growth plan; establishing an 'evergreen' investment framework and mobilising the wider resources, assets and local and global partners, to create the conditions for sustainable delivery and success.

All this means that as we exit the 'start-up' phase and head into 'scale-up' – we are genuinely open for business – but not in a business-as-usual way. Our work to date has been an investment in maximising the ways in which industry, researchers, government and community partners can deliver. This has been embedded in an approach that feels right and authentic for our region. We are committed to shaping an economy that is genuinely more inclusive and meaningful to all parts of our region and the 1.5m people who live here.

Our targets remain front and centre: GVA growth, high skills jobs, private leverage and economic inclusion and, now we have a framework that makes sense of sectoral priorities and has proper regard to place, we are positioned to ramp up delivery right across the Cardiff Capital Region (CCR).

This pivotal Investment and Intervention Framework, was launched in June 2019, in close collaboration with our Regional Economic Growth Partnership. This signalled a workable framework to guide investment, apply criteria and assess the quality, scope and impact of the schemes we want to support. With an infrastructure, innovation and challenge fund now all in operation, we have created a system-wide approach. With our commitment to strengthening priority sector 'clusters', this year has seen CCR directly involved in and supporting more proposals to UK Research and Innovation (UKRI) than before. Key to this has been a sense of focus, mobilising wider resources and putting 'money in' before 'money out' to build competitiveness and confidence.

Both of which are needed in greater supply than ever before. Post-cessation of EU funds, there is little doubt that CCR will be required to compete for not just UKRI investment; but potentially, successor EU funds. With the prospect of a stronger connection between CCR and the SW of England through the Great Western Gateway, there are opportunities to build scale around the prospects that will best serve the CCR economy and community. There is a real opportunity for this to be reinforced and supported through new statutory joint committees and reporting set to be enabled by WG which will cement accountability and good governance.

The Business Plan for 2020/2021 doesn't thus just come at a time of political change and economic flux – but in the year leading up to our first Gateway Review. We hope that our thoughtful approach to laying the foundations for delivery of the right outcomes – and not just the easy ones – will be recognised. As political leaders of 10 local authority areas, we stand firm as a network and stand together as trusted partners with a commitment to the future of the Cardiff Capital Region.

Andrew Morgan
Chair, CCR City Deal Joint Cabinet Committee and Leader RCTCBC

Market and Policy Context

This business plan marks the fourth Annual Business Plan of the Regional Cabinet, in respect of the activities it will progress through the Wider Investment Fund (WIF) – the last Plan being approved in February 2019. The WIF totals £495m and consists of HMT grant funding in the order of £375m over 20 years and Council contributions of over £120m. The Annual Business Plan must be prepared in the context of the overarching five-year Joint Working Agreement Business Plan, which was approved by Regional Cabinet in February 2018 and all ten Councils in and around March 2018.

As the fourth iteration of the Annual Business Plan, the format and structure is in keeping with the evolution of the City Deal programme and its priorities and critical success factors. This takes into account, the evidence base and better data; the context of the regional Economic and Industrial Growth Plan, the Investment and Intervention Framework, the City Deal office team and resources and the emergent policy agenda.

Our Challenges

The challenges to which City Deal must respond are well documented and understood. In brief they include:

- Low levels of competitiveness and productivity
- Low levels of R&D investment and intensity
- High growth and competitiveness areas cheek by jowl with some of the most deprived and impoverished places in the UK
- Dependency mind-set has limited choices and eroded self-esteem

Our Policy Backdrop

With deadlock over exiting the EU, cessation of EU funds and establishment of a successor fund (Shared Prosperity), the focus on maintaining the Union and now upon us, a General Election – there are multiple complex factors shaping the macro-domestic policy agenda.

At a Wales-level, devolution offers opportunities and presents challenges – all of which have to managed amidst a turbulent backdrop. The EU-exit impasse and continued fiscal and economic uncertainty looks set to be a continuing feature. Added to this, is the new tax-raising power regime introduced in Wales. Whilst this almost certainly brings opportunity, it brings challenges too. Like City Deal, it is predicated on GVA growth at a time when well-being and GVA alternatives are being supported and promoted.

The mood music is further influenced by public service reform via proposed new Statutory Joint Committees, national frameworks and regional delivery; assessments of the quality of economic governance (The Organisation for Economic Co-operation and Development {OECD}) and the more recent emergence of a UK Government-led venture 'The Great Western Gateway'.

Our role is to continue to deliver in the midst of trying to making sense of this ever-complex and dynamic environment.

The growing governance and political maturity of CCR offers something of a buffer to this external change. That is not to say its heads down – heads are up, informing, shaping and engaging – but also staying focussed on core priorities and aims. It could be easy to become distracted. It is harder but necessary to lock-in, finish what has been started and stay true to the commitments made. CCR continues to show ambition and whilst it has to have regard to risk and issues – it will not be paralysed by them.

Ensuring no-one gets left behind – across the ten local bodies that enact and deliver this City Deal and in the ten communities that are represented in this programme – continues to inspire our strong sense of shared purpose

Economic Inclusion by Design – Not Default

We continue to design and iterate aspects of our operating model. This is in response to the significant shifts, changes and disruption seen both locally and in the world around. From huge shifts in domestic and global politics with Brexit, global trade wars and a turbulent global political backdrop – the operating environment is complex and working effectively within it, requires the ability to respond to tough challenges. Overall, the region in 2018/19 has seen some of the highest levels of relative GVA growth in the UK. However parts of the region remain stubbornly low in competitiveness with the UK Competitiveness Index showing Blaenau Gwent and Merthyr remaining at the bottom.

It is for this reason, the approach taken through the Regional Economic and Industrial Plan and the Investment and Intervention framework, is focussed on what we will do – but perhaps most importantly – where we will do it. Sustainable, inclusive and distributed growth is a key aim, ensuring we make sincere attempts to share and spread prosperity.

The introduction of a challenge fund, to drive experimentation, R&D and to ensure better answers are informed by better questions is key to this. Compatible with the 'economic contract' introduced in the Economic Action Plan by WG and the four grand challenges of the UK Industrial Strategy (Clean Growth, Future of Mobility, Ageing Society and AI and Data) – CCR could play a pioneering role in shaping and solving the big industrial and societal challenges of the day.

Building Clusters and Eco-Systems

The 'Priority Sectors' work and the Industrial Growth Plan has informed a focus not just on the key sectors present in the CCR, but on the opportunity to develop the 'eco-system' environment in which companies, firms, the research base and entrepreneurs can connect, inter-act and spur each other on.

Key Principles

Cohesion
Policy collaboration and delivery partnerships ensuring that there is cumulative impact to the range of investments and interventions delivered by the City Deal.

Economic Inclusion
Creating opportunity for all and to distribute the dividends of increased prosperity fairly to encourage and enable participation in the economic life of the region.

Leverage
Maximise the City Deal investments by attracting co-investors with complementary funding and resources.

Scale
Limited number of significant interventions, rather than a disparate range of loosely connected small-scale activities.

Ecosystem Development
Supporting the development of a strong economic and innovation ecosystem to deliver the plan and develop clusters of excellence within our region.

Return on Investment
Demonstrable impact and benefit will be expected from all investments and interventions.

Priority Sectors

Investment and Intervention Framework

Having this clarity of purpose and focus is critical to the way in which the Investment Framework, assesses, evaluates, prioritises and operates. The Investment Panel has been established as an advisory board to provide further assurance and safeguards for Regional Cabinet – the ultimate decision-makers in the process.

The Investment and Intervention Framework was established to close the gap in the Assurance Framework and provide a tool-kit through which to guide operation of the Wider Investment Fund.

In brief, it provides the core mechanism through which CCR will do its business and achieve its targets, preventing speculative and misaligned 'applications' and giving confidence that operations are strategic, independent and evidence-based.

Without such an approach it is impossible to 'size the wider pot' and think beyond the £495m Wider Investment Fund and build a growing portfolio approach.

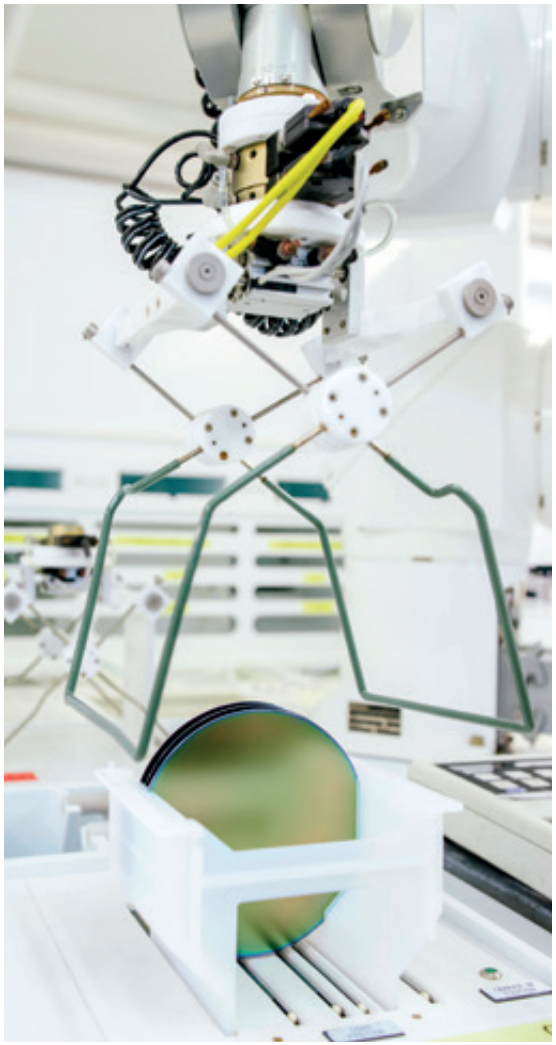
DOWNLOAD THE INVESTMENT FRAMEWORK →

Investment Guidelines

Investment Priority	CCR Targets	ROI	Audience	% Investment (Indicative)	Indicative Range	Investment	Leverage
Innovation Unique IP/Market Leadership	Jobs, growth and investment leverage	Direct	— Private sector led — R&D Organisations — HE — FDI	10-30%	£15-£50m	Repayable Instruments	**Enhance Productivity and Economic Inclusion**
Infrastructure Foundations to enable private sector success and Civic Benefit	Leverage, jobs and indirect growth, address economic disparities	Indirect	— 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	**Reduce Economic Growth Inhibitors**
Challenge Competitive, aligned to CCR Priorities	New market creation, shaping places, IP Commercialisation, Addressing identified regional challenges and priorities	Enhanced	— Innovation intensive businesses — HE/FE — Social Enterprise — Foundational Economy	10-50%	£2-£10m	Repayable and/or risk investment returns	**Address Industrial Challenges and Place Based Disparities**

Self-assessment Against a 10-Point Plan

In 2019/20, a 10-point plan was set out to evolve CCR City Deal. A full self-assessment and report on progress against these aims and objectives, corresponding with the goals and targets set out in the 2019/20 Business Plan is appended. In brief however, key areas of success against the ten priorities can be summarised as follows:



1

A focus on data and evidence (sectors and place) guiding direction & decision-making:

- 3 main reports commissioned, received & published – Priority Sectors (Connected), State of Region (Competitive) and Economic Inclusion (Resilient)
- Data dashboard in development
- Adopted National Evaluation Framework, developed and agreed locality evaluation framework and received first Baseline Report
- 2 KESS PhD studentships in data science and analysis secured
- LEV, EV, Taxi and on-site renewables studies for Metro Plus

2

A regional Industrial Plan. Setting out competitive strengths and strategic interfaces:

- Business-led Regional Economic & Industrial Growth Plan
- Launched locally, nationally & internationally
- Endorsed by Cabinet, CBI, IoD, FSB and Chambers
- Embeds sectors, clusters and place

3

Delivery Pipeline and Investment framework – quality deal-flow:

- Development of Investment and Intervention Framework
- Establishment of three funds – Innovation, infrastructure and challenge
- Evergreen, co-investment and leverage
- Establishment of Investment Panel
- Common Assessment Framework

4

Good governance – building a network & using skills and assets in the right places:

- Regional Skills Partnership hosted by Newport for region
- Second business plan produced by Regional Business Council
- Delegation provision to Regional Transport Authority for Metro Plus
- Performance reporting, business planning and logics model for Gateway Review aligned
- WAO 2019/2020 governance report 'good'
- Investment Panel, Programme Board and Regional Investment board synced

5

Building a new Office of the City Deal:

- Created City Deal office
- New structure proposed agreed and funded
- External secondment opportunities – CS Connected and Innovate UK
- Website updates
- Re-located in Tredomen – branded and clear identity

6

Influence & Leverage:

- UKRI board relationships and representation
- Partnership with Global Welsh
- Input to Wales Office in London – branding and identity
- Wales in London Week and Network
- Great Western Gateway participation
- Ser Cymru and Royal Society brought to Wales
- Knowledge networks with UK regions
- Contributions to networks, groups, conferences, panels and events

7

Develop industrial and local leadership:

- REGP leadership of evidence base, Industrial Plan and Investment Framework
- Business engagement improvement with sectors and clusters and SIPF sectoral bids
- Business events and workshops
- Social media strategy and sentiment improvement

8

Develop the challenge, investment and mission focus:

- Development of a Challenge Fund
- First challenge prize in development
- SBRI/ Govtech
- Submission to WEFO P5 – challenge fund
- Farday, Energy Revolution and support for Bridgend

9

Strategy for Internalisation:

- Contributions to WG International Strategy
- Sponsorship and participation in Wales in London Week
- Participation at MIPIM 2019
- Co-developed and delivered sessions with Dept. for International Trade
- Participation in Vanguard and Manumix
- CS Connected US, British American project & Xiamen and Singapore

10

Building a City Region:

- Governance maturity – SDP, skills and Valleys Regional Park
- High volume of external investment submissions
- Investor relationships building and growing
- Early work commenced on fiscal levers

CSC Foundry

Investment into our new compound semi-conductor foundry in Newport is going well. The facility is now in production with qualifications for new customers underway and the UK Government backed Catapult Centre has moved in and is open for business. Financial drawdown on the CSC Foundry programme now stands at £33m of the total project investment of £37.9m. To date 65 new jobs have been created at IQE with a further 545 existing positions safeguarded at IQE and NWF as a result of the project. A total of 259 indirect jobs have been created off the back of the foundry through local supply chain and household effects, with particular impacts in the construction and higher education sectors and the catapult, along with the creation of a further 8 apprenticeship opportunities.

Advanced electronics will be one of the most important features of global economies going forward in the region and we are pleased to see our regional cluster developing apace, with a further 697 jobs indirectly supported to date within the semiconductor sector in SE Wales since the commencement of the Foundry.

As of Oct 2019 it is estimated that IQE supports direct and indirectly around £22m of Welsh GVA and with much of this supported in the Cardiff City Region. Over the same period the wider semiconductor cluster has estimated to support direct and indirectly around £158m of GVA. The commercial fundamentals of the sector are strong and we are fortunate to have so many good companies in this area with the potential for further job creation and enhanced GVA support for the region.

Metro Plus

Metro Plus has an approved Strategic Outline Case (SOC) and schemes are now moving towards final stages of WeLTAG with delegations for funding approvals to the Regional Transport Authority. The Common Assessment Framework has been approved and the first schemes came forward for early funding approvals in November 2019 (Cardiff, RCT and Monmouthshire). It must be borne in mind however, that given the co-fund is Local Transport Funds – which are annualised and thus, time limited – priority will clearly be given to utilising this up-front to ensure maximisation of available resources.

LEV Strategy, Taxi Strategy and Infrastructure Charging Models

Informing and shaping the above, reports commissioned on LEV Strategy, Taxi Strategy and Infrastructure Charging Models are complete. The Taxi Strategy was approved by the RTA in November. Discussions are taking place with Transport for Wales and the UK Government's Electric Vehicle Infrastructure Investment Fund (managed by Zouk Capital) regarding development of a regional gain-share model. The Energy Savings Trust has further allocated £80k to CCR to support energy systems modelling work which is currently underway to underpin the development of a Clean Growth Challenge.

Graduate Scheme

The one year prototype on the Graduate Scheme is underway with 42 placements being advertised on behalf of local businesses across the region to date. The anticipated take up of graduate employment by April 2020 is 50. Against a revenue outlay of £175k the private sector leverage achieved to date is £1.4m. This equates to £8 private sector leverage for every CCR £1 invested.

Local Full Fibre Network

A Local Full Fibre Network submission to the Department of Digital Culture, Media and Sport (DCMS) to the value of c£7m has been secured on a CCR-wide basis

Cardiff Metro Central Interchange

The c£200m Cardiff Metro Central Interchange project is underway linked to the comprehensive redevelopment of Central Square and the Southside Quay area of the City. In principle Outline Business Case (OBC) approvals were given by Department for Transport in September 2019, enabling City Deal to release further feasibility funds to support full business case development.

CS Connected

A c£45m final business plan submission was made by CCR consortium as a seed-corn fund recipient to UKRI's Strength in Places Fund for the build-out of the CSC Cluster through CS Connected.

Diagnostics and Devices Cluster

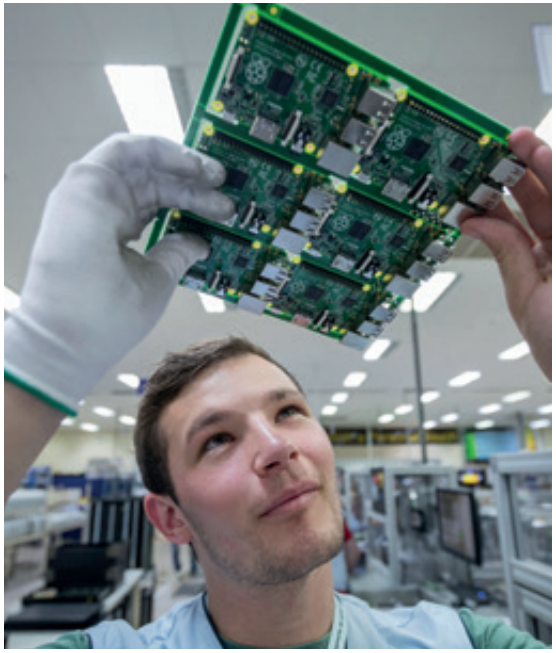
Similarly, Expressions of Interest have been made by CCR industry-led consortium (led by Creo Medical and Cardiff University) for a medical Diagnostics and Devices Cluster (£40m) to Strength in Places fund with further submissions supported by CCR on Creative Cluster (£20m) and Cyber (£30m) – hence covering a number of priority sectors.

Welsh European Funding Office (WEFO) Building Institutional Capacity Bid

A £8m bid to WEFO's Building Institutional Capacity has been submitted by CCR, Cardiff University and Nesta to support innovative future service delivery in public services (InFuSe).

In relation to the Investment Framework Delivery Pipeline, the current status as at December 2019 is as follows:

Informal Engagement	Project Pipeline		**28** known projects covering a range of areas across the investment priorities
	Sift Questionnaire		**15** sift questionnaires received and are at stage 1a or 1b: FTTP Project - 300k premises, Public Services Testbed, Centre for Neurology, FTTP projects x2, Life Sciences Park, Aquaculture services, Tidal energy project, U220 project, Moving Forward project, 5G Testbed, AI and Data Science Centre, CS campus & CS Connected, SME Competitiveness & Co-fund
Formal Engagement	CCR Cabinet Notification		
	Investment Officer & Investment Panel Review		**3** projects currently in this phase: Metro Central, Core Valley Lines fibre project, and Strength in Places - CS Connected
	CCR Cabinet (Proceed/Reject)		
	Due Diligence		**4** projects currently in this phase: Housing Catalyst Fund, Metro Plus (+ EV renewables), CCR Graduate Placement Scheme, and LFFN DCMS scheme
	Investment Panel		
	Regional Economic Growth Partnership		
	CCR Cabinet		
	Legal Completion		**1** project currently in this phase: CSC Foundry



Our focus for 2020 is on realising the potential of the pipeline. We have 4 areas of focus:

1. Progressing funded projects in delivery

CSC Foundry	£37.9m	(£412m inc. £375m of private sector leverage)

2. Progressing projects from Strategic Outline Case approved by Cabinet to Legal Completion

Project	CCR Investment	Total Project Investment/ Value
Housing Catalyst Fund	£15-30m	£30-60m
Metro Plus	£15m	£50m
Graduate Scheme	£175,000	£1.65m
Cardiff Metro Central	£40m	£200m
Core Valley Lines Fibre	£3.5m	£7m
Strength in Places for CS Connected	£3.5m	£45m
	Total £77.2 - 92.2m	**Total £333.65 - 333.65m**

3. Reviewing the 15 Sift Questionnaires and commencing the Investment Framework process as appropriate. However given the criteria imposed by the framework and the requirement to ensure we invest in the right projects, the ones that have the best chance of meeting the city deal requirements, we anticipate that many will not make the cut. (NB the indicative combined range of project values at this stage of the pipeline is c.£550m to £600m).

4. Working with the 28 projects in the top of the pipeline and bringing forward 3-6 for formal consideration.

From the National Evaluation Framework, CCR working with SQW, has agreed and approved a Local Evaluation Framework and from this, the first Baseline Report was received and endorsed by Regional Cabinet in June 2019. The report establishes a contextual economic forecast and, that the CSC project will be the core focus of the deep-dive impact work to inform the 'One Year Report' prepared by SQW in the year leading up to Gateway Review. It further presented evidence and early views around capacity development and partnerships.

Key messages in respect of the CSC project stated:

- The project is well underway, albeit spend to date is lower than projected – but this is starting to change
- The project is bigger than the Foundry and is about the potential for the Cluster
- Job creation is underway and targets are catching up with new roles being created
- Clarification is needed on jobs safeguarded

In terms of capacity building and partnerships, stakeholder feedback key messages included:

- General view that CCR City Deal and the Wider Investment Fund HAS had a positive impact on local economic development capacity
- Design of the Wider Investment Fund is important in driving demand, better evidence and decision making
- Scope exists for further engagement - particularly with businesses. Engagement with civic society is also referenced
- There is a sense the story is positive but it not widely promoted
- It remains *'early days for the Wider Investment Fund: partnership and capacity has grown as a result, but as one consultee pointed out, the Compound Semiconductor project is just the first investment in what will need to develop as a wider transformational programme'.*

The work to inform the one-year out report was due to start in December 2019, which signals the 'cut-off point' for evidence and information. However SQW has brought this forward and work commenced in September 2019.

Whilst the CSC Project is the substantive project in delivery, key messages must now be reinforced around the fit for future framework City Deal has in place in order to scale-up growth and development of the programme. In addition, key points and issues about the process have been fed through to the UK Government's Local Evaluation Steering Group. These include the importance of recognising the need to build strong foundations for delivery, prioritising the right and not – random – projects; the importance of money-in, leverage and money out – as opposed to 'spend' assessments and risk profiling expenditure to place a focus on drawing down co-invested funds – which are often time limited – ahead of City Deal investment. In the CCR context, the significance attached to financial ROI and a revolving fund has also been reinforced given it enables scale, deeper impact and reinvestment.

To inform the 'what to expect' from Gateway 1 approach, visits have also been made to City Deals currently going through the Gateway process – Greater Cambridgeshire Partnership and Glasgow City Deal.

Part 06: Priorities for 2020/21 and Beyond

In October 2019, Regional Cabinet held a planning and development day. The purpose of this was to reflect, take stock and prepare and plan for the next year and the medium-term.

There are a set of emerging clear principles which overarch the objectives, issues and priorities set out below, by Regional Cabinet:

- From start-up to scale-up – we have laid strong foundations and targeted delivery of the Investment Framework pipeline is the clear priority
- We will be Gateway Ready and will tell our story in compelling and evidence-rich ways
- We will influence and engage to leverage further opportunity, investment potential and partnerships
- From City Deal to City Region. We will begin to shift our efforts and commitments beyond a funding programme to building the future of the region

The key issues, challenges and objectives were considered and prioritised:

- The backdrop of emergent regional development structures and the priority that should continue to be afforded to good governance around 'one member, one vote';
- Recognition of the strong foundations built by City Deal, stable and maturing political leadership and making progress with influencing bodies such as Innovate UK in proactively seeking new investment;
- Potential for cohesion and strengthening the regional framework built by City Deal through a new statutory Joint Committee for the Economy (post April 2021), through which to drive wider investment, policy and local priorities;
- Opportunity to co-deliver the Shared Prosperity Fund through such mechanisms with Welsh Government and to broaden the scope, remit and influence of bodies such as the Regional Economic Growth Partnership;
- In the light of Climate Crisis declarations – to prepare a comprehensive plan, vision and mission for energy and clean-growth;
- Ensuring wider CCR partnerships are fit for future purpose in this context and ahead of Gateway 1, reviewing and assessing their impact;
- Reinforcing the 'no-one gets left behind' principle and the importance of City Deal being for all ten areas;
- Importance of ensuring City Deal isn't just doing 'more of the same' – but demonstrating how it is uniquely placed to solve problems the market won't;
- Addressing the current gap around public engagement and doing more to involve and engage communities at a grass roots level;
- The need for a comprehensive communications plan that addresses both internal and external issues with a regular newsletter;
- Planning ahead – taking longer-term view and beginning to establish plans and infrastructure proposals for the future – now. This will be especially important for sustainable transport;
- The need to complete the 'trilogy' of the Industrial Growth Plan, Investment Framework and Investment and Opportunity Prospectus, through establishing the latter. This will help bring together the work on digital, housing, sites and premises and skills. It will also help drive focus on under-utilised assets such as the HoV Road;
- Maintaining and strengthening the focus on inclusive growth and economic inclusion as a core aspect of both narrative and delivery – showing through doing a commitment to sharing and spreading prosperity. Driving productivity in the foundational economy is key to this and development of alternative GVA metrics;
- Developing our approach to priority sectors and clusters – as the basis from which to drive the longer-term strategic approach – and building upon the good work done on CS Connected and Medical Devices and Diagnostics and building the skills work around this;
- Bringing to life the 'challenge fund' with thematic calls and priorities and in particular, reinforcing the focus on SME growth;
- The need for synergies across programmes – in particular public investment funds that operate in the region – Valleys Task Force, Development Bank Wales funds & Tech Valleys are key examples which underline the need for better co-ordination; and,
- Ensuring programme impact is in line with the Investment Framework and has regard to place and local priorities – this will help 'build in' equality and recognise the limit and constraints of agglomeration in our region.

In 2020/21, the WIF will support, directly and indirectly, the following areas of activity:

Connected. Competitive. Resilient.

To grow a competitive, connected and resilient economy and establish CCR as a place where prosperity is shared and wealth and wellbeing are compatible goals

As measured by core City Deal Requirements:

5% GVA Growth · Leverage of £4bn · 25,000 new high skill jobs

Additional Requirements:

Demonstrate inclusion and contribute to inclusive economic growth

Rooftop Objectives and Key Results 2020/21

1 Leveraging the foundational capacity and resources in place to optimise pipeline throughout & delivery

2 Gateway ready - Telling the story

3 Influence and engage to leverage new partnership & investment opportunity

4 Beyond City Deal - Building the future of the region

Ready to Scale
Delivery Pipeline

- Improve quality deal-flow through ensuring investor readiness
- Accelerate pipeline decision making and throughput
- Expedite delivery of approved projects
- Provide expert implementation resource to facilitate effective delivery
- Introduce an implement a test, evaluate & iterate methodology
- Provide Eco-system support for priority clusters

Gateway Ready
Evaluating Progress

- Produce a robust self -evaluation of progress and activity to date
- Progress the creation of an In-house data and intelligence hub
- Conduct a Partnership fitness check
- Conduct a self-assessment of governance practices and procedures
- Review team capability & capacity to ensure fit for purpose

Influence and Engage
Leverage New Potential

- Tell the story - Research and develop fresh new communications content
- Produce an Investment & opportunity Prospectus
- Endeavour to secure more UKRI & external investment into the region
- Introduce targeted business development activity
- Consider an international outlook

Beyond City Deal
Building the Region

- Develop a one region ethos and approach
- Introduce a Statutory Joint Committee for economy
- Develop a suite of fiscal levers
- Co-develop a Climate Vision and Mission statement

NB: A comprehensive plan of detailed activity and tasks is contained within Appendix 1

2020/21 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 2020/21 and beyond. Table 1 outlines the proposed 2020/21 budget and to assist with medium planning, the indicative budgets to financial year 2023/24 are also set-out, along with the proposed funding strategy over this period.

Table 1: Proposed 2020/21 Wider Investment Fund Budget and Indicative Budgets to 2023/24

Indicative Programme Expenditure	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Wider Investment Fund Top Slice	742.5	742.5	742.5	1,485.0
Approved Projects - Revenue*	161.0	0.0	0.0	0.0
Approved Projects - Capital	1,381.6	0.0	0.0	0.0
Future Revenue Projects	2295.5	1,000.0	1,000.0	1,226.1
Future Capital Projects	57,435.0	42,964.0	45,663.0	63,878.0
Revenue to Support Capital Projects	0.0	0.0	0.0	4,323.1
Total Investment	**62,015.6**	**44,706.5**	**47,405.5**	**70,912.2**
Funded by:				
HMT Contribution (Revenue)	(2599.0)	(1,742.5)	(1,742.5)	(7,034.2)
HMT Contribution (Capital)	(0.0)	(22,000.0)	(22,000.0)	(22,000.0)
Total HMT Contribution	**(2599.0)**	**(23,742.5)**	**(23,742.5)**	**(29,034.2)**
Council Contribution	(15,490.9)	(7,963.7)	(7,963.7)	(11,466.0)
CSC Loan Funding Repayment	(1,800.0)	(1,854.0)	(4,553.0)	(4,689.0)
Temp Borrowing 'Cost of Carry'	(42,125.8)	(11,146.3)	(11,146.3)	(25,723.0)
Total Funding	**(62,015.0)**	**(44,706.5)**	**(47,405.5)**	**(70,912.2)**

**NB: assumes approval of extension to the Graduate Scheme.*

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'. This equates to an annual budget of £742,500, the details of which are outlined in Table 2.

Table 2: Proposed 2020/21 WIF Top-Slice Budget

	£
Contribution to Joint Committee Revenue Budget	151,166
Regional Economic Growth Partnership Support	16,000
MIPIM Costs	70,000
Regional Business Council	24,100
Project Pipeline Support	481,234
Total	**742,500**

Regional Cabinet has approved 'In-Principle' commitments in respect of a number of projects to date. These projects are in the process of developing their business cases for in-line with the Investment and Intervention Framework (IIF). The financial commitments associated with this work will be largely met from the budget outlined above.

Regional Cabinet, at its meeting 12th February 2018, delegated authority to the Joint Committee's Section 151 Officer (in consultation) to establish an appropriate mechanism for managing Programme Development & Support resources (both on annual and cumulative basis) within the 3% cap previously agreed.

The purpose of this mechanism is to provide additional resources in-year to supplement the annual £742,500 budget, where required. Current projections indicate that cumulative resources amounting to £1.522 million will be available to support the Programme Development & Support budget at the beginning of 2020/21.

Approved Projects

The 2020/21 Annual Business Plan will also need to meet the Year 3 costs of the approved Compound Semi-Conductor Foundry Site which have been slipped forward from the previous year. These are budgeted at a cost of £1.382 million and consist of project delivery and implementation costs. In addition, the 'Approved Projects' budget line also includes revenue expenditure in respect of the extension of the Graduate Pilot Scheme, which is the subject of a separate report to Regional Cabinet at its meeting of the 19th December 2019.

Table 3: 2020/21 Budget - Approved Projects

	£'000
Graduate Pilot Scheme (Revenue)	161.0
CSC Foundry Site Funding (Capital)	1,381.6
Total	**1542.6**

Future Revenue and Capital Projects – Indicative Allocations

The Annual Business Plan also includes indicative allocations in respect of future revenue and capital projects which may come forward during the year. However, approval against these allocations is subject to meeting the requirements of the IIF.

An indicative budget of £1.856 million has been included in respect of new revenue expenditure, whilst the capital allocation amounts to £57.435 million.

At its meeting of the 15th January 2018, Regional Cabinet made a decision to preserve the HM Treasury revenue funding. This amounts to £40 million over the first four years of the fund to 31st March 2020. Therefore, whilst the indicative sum included within the Annual Business Plan for new revenue projects is just under £2 million, Regional Cabinet have the ability to increase this sum (if required), by approving further HM Treasury grant funding during the year, providing always that funding terms and conditions are met.

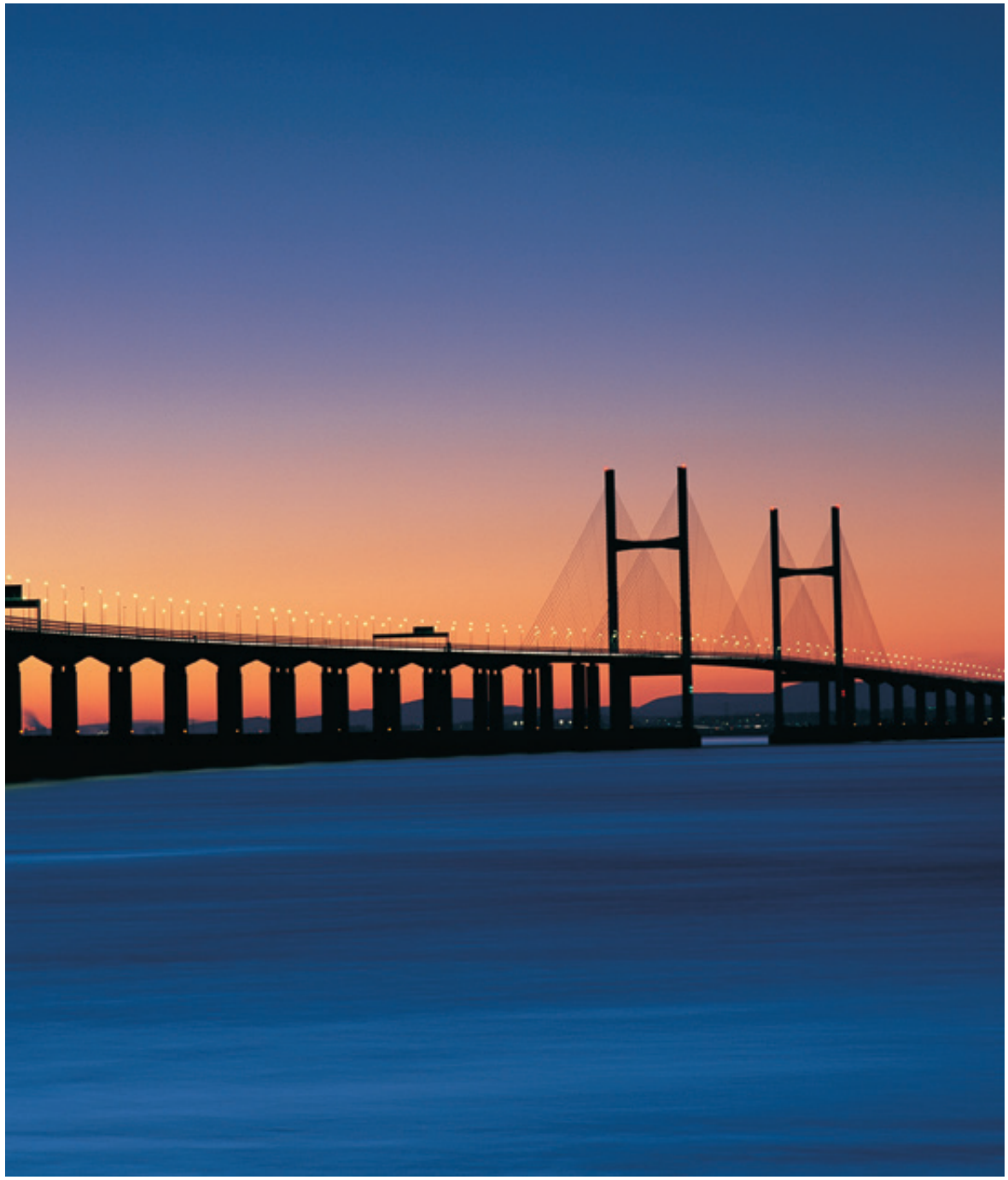
Affordability Envelope and WIF Funding Strategy

The sums allocated represent the amounts available to be spent in 2020/21, 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 2020/21 Annual Business Plan is £62,015 million. It is proposed that this level of expenditure is funded as follows:

- Draw down of HM Treasury Revenue Grant - £2.599 million
- CSC Loan Repayment - £1.800 million
- Draw down of Council Contributions - £15.491 million (as per the funding ratio)
- Temporary Borrowing – 'Cost of Carry' - £42.126 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 progress against delivery plans and budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.



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