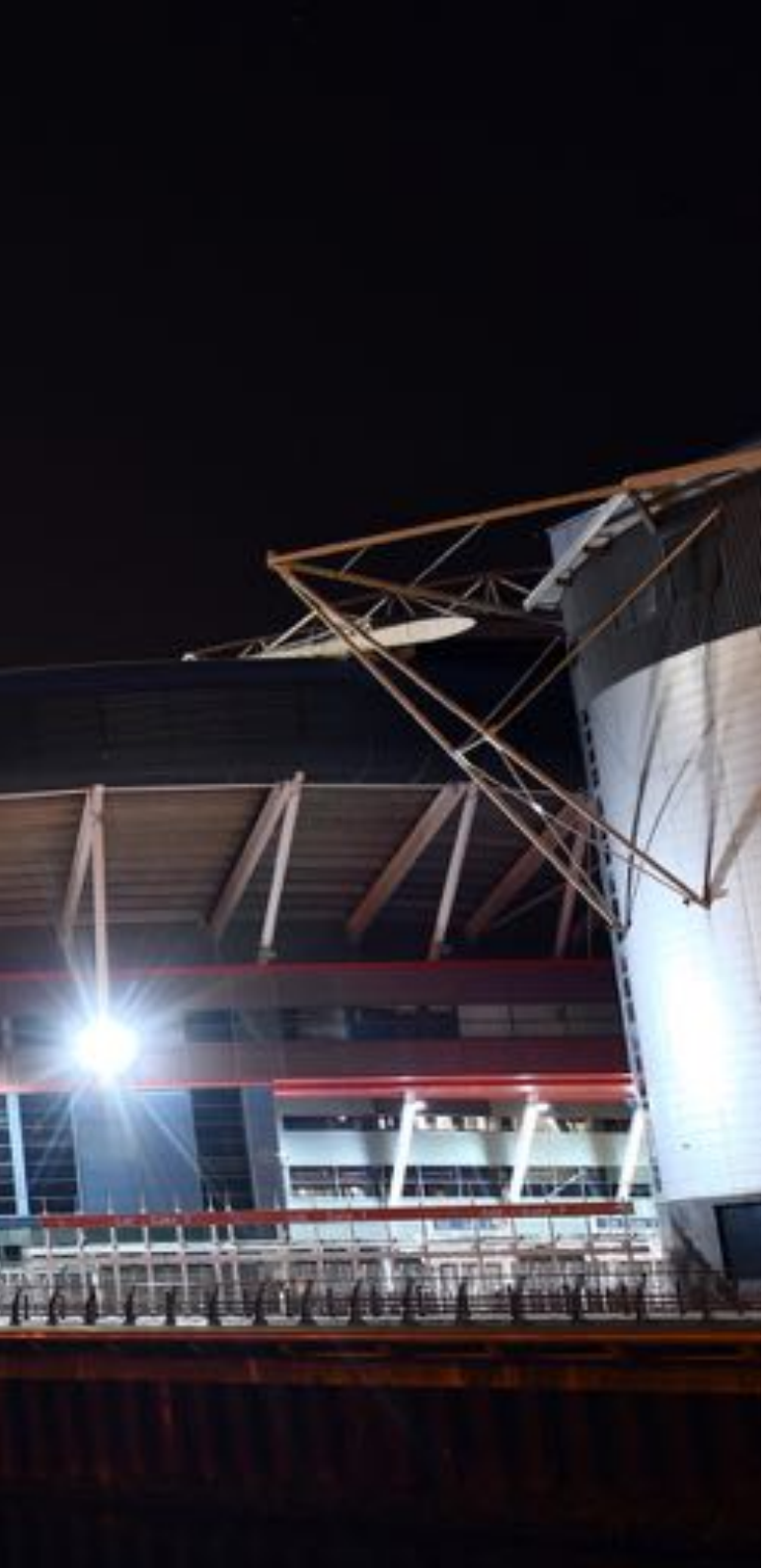
Cardiff Capital Region

CCR City Deal
Strategic Business Plan
Wider Investment Fund

Our Vision:

A Prosperous Capital City-Region for Wales.



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Principality Stadium, Cardiff

Chair's Foreword

The Cardiff Capital Region City Deal is a unique programme of collaborative working which will enable economic change, improved digital and physical connectivity, improved skills and educational opportunities, and regeneration across the region.

It is an investment in its people, and aims to bring fairness and opportunities for all, no matter where they live in the region.

It builds on the region's proud heritage, the beauty of our natural landscape, and the vibrancy of our rich cultural and social life.

It will enrich lives in other ways too, reforming our public services, provide new affordable homes, improve family life, and create a workforce which can adapt to the changing needs of the 21st Century.

To do this, the City Deal partners will work together, with a shared vision of a prosperous Capital City-Region for Wales, forging a clear global identity and strong reputation as a City-Region for trade, innovation, and quality of life.

By attracting new investment and growing more successful businesses, by improving our connectivity, by developing our skills and education, we will restore the capital region to its historical role as the "engine room" of the Welsh economy.

Councillor Andrew Morgan
Chair, Cardiff Capital Region City Deal

Monmouthshire and the Eastern border of the Region

01.
Executive Summary

In compliance with the Joint Working Agreement this 5 year City Deal Strategic Business Plan:

— sets out our current understanding of what is required to achieve our long-term objectives;
— details required actions and outcomes, only some of which will benefit from Wider Investment funding;
— includes details of how the Wider Investment Fund will be used, over the next 5 years, to act as a catalyst to drive these actions forward;
— forms the basis of a more detailed regional strategic economic growth plan and strategy.

We cannot achieve our regional objectives by means of the City Deal funding alone.

However, used wisely to support, encourage and enable regionally significant schemes it will act as a catalyst to:

— drive economic momentum by leverage of wider investments;
— accelerate the process of change;
— attract interest and generate enthusiasm; and
— take advantage of the entrepreneurial talents that abound in our region.

The City Deal is a long-term programme and no one can, with confidence, predict what changes will occur over the next 20 years.

When considering the current pace of innovation in areas such as artificial intelligence, drones, driverless vehicles, 3-D printing, robotics, and automation, the future infrastructure and skills needs of the region is changing radically.

We must therefore ensure our policies, plans and programmes are flexible and sufficiently dynamic to not only cope with change but to act as a catalyst to drive positive change in the region.

The Regional Cabinet, working with partners, who will advise on changes in technology, investments and future markets, will regularly review both the regional economic growth plan and strategy and the use of the Wider Investment Fund to ensure that they continue to accurately reflect and encourage the economic needs and aspirations of the region.

British Airways Maintenance Cardiff, St Athan

Sony UK Technology Centre, Bridgend

The Next 5 Years

Investment

We have made our first investment, in the Compound Semi-conductor Project, which will generate over £380m of private sector investment and deliver 500 highly skilled jobs, and potentially cultivate an innovation cluster creating a further 2,000 Jobs.

Emerging Opportunities

The Regional Cabinet are proactively pursuing further investment opportunities to assist in meeting our key targets. Those currently identified for development in the next 5 years are:

— **Skills for the Future**
A regional programme of interventions to provide school engagement, support for businesses and a skills investment fund to deliver over 10,000 additional apprenticeships, graduate internships and upskilled employees. See Section 5 for details.

— **Innovation Portfolio**
A regional Innovation Portfolio with the aim of developing industry 'clusters', new space for innovative start-ups, and incentives to attracting high-tech firms to the region. The first project of this portfolio is currently being implemented, the Compound Semi-conductor Project, and further development work is being undertaken to optimise this investment and explore other opportunities.
See Section 6 for details.

Metro Plus

Enhancing the potential benefits of the Metro to the region by introducing a programme of complementary transport investments. The initial focus is the development of a Central Transport Interchange 'Metro Central' with a key element being the modernisation of Cardiff Central Station.
See Section 7 for details.

Digital Portfolio

A portfolio of digital intervention which seeks to create a digital vision, brand and identity for the region as a 'smart' city region able to attract private sector partnership. It would also ensure that digital opportunities are built into other regional schemes and projects.
See Section 7 for details.

Housing Investment Fund

A proposal to establish a fund to support housing growth across the region with a focus on former industrial sites in the Valleys areas and across all tenures to support both economic and social objectives.
See Section 8 for details.

Strategic Sites

A proposed programme to introduce a balanced portfolio of sites with varied characteristics to be a catalyst to attract new and retain existing businesses.

The focus will be to support the regions existing prime market, of Cardiff and the M4 corridor, and expand it to include a mix of opportunity in the Heads of the Valleys corridor, the coastal belt, towns and rural areas.

These 'emerging' opportunities are in varying stages of development and will be rigidly assessed in accordance with the Assurance Framework to establish if they are able to deliver the outputs and outcomes necessary to make them eligible for City Deal funding support.

It is anticipated that further proposals will 'emerge' over the next 5 years and no matter how they are promoted they will comply with the following investment criteria:

All investments will be required to:

- Support our Strategic Objectives
- Comply with the Assurance Framework
- Secure regional economic benefits
- Contribute to the high level aims of 25,000 new jobs and £4bn of private sector investment
- Demonstrate Value for Money

IQE, Cardiff

02.
The Strategic Context

[1] Growth & Competitiveness Commission Report Review and Recommendations Page 22.
[2] Cardiff Capital Region "Powering the Welsh Economy"

Our Vision	**"A Prosperous Capital City-Region for Wales"** - a decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales[1]
Our Regional Strategic Objectives	1. **Prosperity and Opportunity** - Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy 2. **Inclusion and Equality** - A vibrant and sustainable economy which contributes to the well-being and quality of life of the people and communities in the region now and in the future 3. **Identity, Culture, Community and Sustainability** - Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life
Strategic Themes	**Skills & Employment** Developing a Skilled Workforce and Tackling Unemployment **Connecting the Region** Improving Connectivity Globally, Regionally and Locally **Innovation** Creating an Innovation District and Increasing Entrepreneurial Activity and Innovation **Regeneration & Infrastructure** Providing the right physical place and environment to support growth
Measuring Success	Job Creation, Private Sector Leverage, Employment and Skill levels, Productivity levels, GVA

Top: Redhouse Cymru, Merthyr Tydfil
Bottom: Springboard Innovation Centre, Cwmbran

To achieve our vision, we must be:[2]

Ambitious
Capitalise on our unique identity and our ability to power the Welsh economy. We are a proud Capital City Region in the United Kingdom which gives us a platform to think big.

Collaborative
To make the most of the opportunities our combined size gives us, we must all work together - public sector, private sector, education establishments and our communities – for the benefit of all.

Well-connected
Realising the potential of our excellent people through world class communications and transport – regionally, nationally and internationally.

To achieve our vision, we must offer:

A confidence and lifestyle
Building on the Cardiff Capital Region's reputation as a great place to live, work and play. We are proud of our quality of life, our culture, and the natural beauty we have on our doorstep.

Sustained success
A Cardiff Capital Region that is successful economically, socially and environmentally and which benefits all our communities.

An international and national stage
Which attracts people and investment from global markets, as well as from other parts of the UK.

"A decision making centre, a global gateway for capital, trade, and visitors, a knowledge hub and a major population centre and business cluster for Wales."

Our Regional Strategic Objectives:

1. Prosperity and Opportunity

Building the capacity of individuals, households, public sector and businesses to meet challenges and grasp opportunity creating a more productive economy

The quality of the economic environment of the region will play a crucial role in creating jobs by improving business performance, enhancing opportunity and encouraging innovation. We will nurture the economic environment by:

— providing the right infrastructure including connectivity by means of good transport links and high-speed broadband;
— encouraging a culture of innovation and entrepreneurship by providing the right skills, opportunities and support to engender a confidence to be creative;
— assisting the city region's labour market to be equipped with the skills that businesses need;
— improving public sector efficiency and effectiveness by new ways of working;
— supporting all businesses to become more productive, from small retail to large advanced manufacturers;
— enhancing the business climate for emerging sectors, enterprises and innovation that can spawn new sources of jobs and incomes into the longer-term future, including creating business clusters where firms can network, share skills and spur each other to higher levels of performance;
— encourage and promote research and development and entrepreneurial enterprise.

2. Inclusion and Equality

A vibrant and sustainable economy which contributes to the well-being and quality of life of people and communities now and in the future

A vibrant and inclusive economy supports a mix of economic activities and promotes economic security and resilience.
We will promote:

— assisting our urban centres to be vibrant;
— access to employment and economic opportunities;
— participation in the labour market for all members of society;
— access to a range of housing, including affordable;
— access to education and training, to develop skills;
— access to social and recreational opportunities.

3. Identity, Culture, Community and Sustainability

Forging a clear identity and strong reputation as a City-Region for trade, innovation, and quality of life.

For our region to gain attention and respect and effectively compete and attract businesses, tourists, investors, students, entrepreneurs, international sporting and cultural events it requires a clear, credible, appealing and distinctive identity. To promote this identity and reputation we will:

— assist our urban centres to be vibrant and vital with unique identities which all of the regions residents can use and be proud of;
— respect, protect and support our rural and natural environment and use it to promote economic and social outcomes;
— develop and promote our world-class cultural and recreational opportunities utilising the regions natural beauty and historic areas;
— provide a quality environment across the whole region including existing and new development that attracts businesses and talented people;
— demonstrate our commitment to a sustainable future and acknowledge our global responsibility; and
— work with political and commercial partners, at a national, regional and local level to coordinate the promotion of the region.

Penderyn Whisky Distillery, Aberdare

03.
Our Approach

Our Vision and Regional Strategic Objectives set out our aspirations and with our high-level aims, to create 25,000 new jobs and leverage £4bn private sector investment, establish the economic outcomes we are seeking to achieve when considering use of the Wider Investment Fund.

Our Regional Strategic Objectives also reflect the need to focus on improving the quality of life of people and communities now and in the future and ensure our approach and actions are responsible and meet our current needs without compromising the quality of life of future generations.

To focus our approach, support our Assessment Framework and ensure better decision-making, as stated in the Wider Investment Fund Assurance Framework, we will follow the five ways of working and sustainability principles, detailed in the Well-being of Future Generations (Wales) Act 2015, and reflect and support the well-being goals.

We have identified four Strategic Themes where we feel we can make the biggest difference and a real improvement to the well-being of people in the region and in so doing support our regional objectives, well-being goals and the twin goals, in the Welsh Government's 'Prosperity for All: economic action plan', of growing the economy and reducing inequality[3].

City Deal Strategic Themes

- **Skills & Employment**
- **Innovation**
- **Connecting the Region**
- **Regeneration and Infrastructure**

Identifying these themes provides a structure and method of developing proposals and schemes. However, the themes are indivisible, and all proposals will be expected to be cross-cutting and contribute, to differing degrees, to our objectives and the well-being goals.

[3] Written statement by Ken Skates, Cabinet Secretary for Economy and Transport on 11th December 2017

St David's, Cardiff

Partnership and Engagement

The City Region will only succeed with all stakeholders working together developing a consensus and shared vision of the way forward.

We are working closely with the Welsh Government and National Government, who are both signatories to the City Deal. We have also been instrumental in establishing stakeholder groups including the Cardiff Capital Region:

— **Skills and Employment Board** – representing a wide range of stakeholders, including businesses, higher and further education, local authorities and Welsh Government;
— **Regional Business Council** – providing a strong business voice;
— **Economic Growth Partnership** – bringing together partners to consider and advise on a sustainable economic growth strategy and investment decisions.

We are actively working with the Valleys Taskforce to ensure our aims, objectives and interventions not only align but also complement each other, taking advantage of their engagement processes, to maximise benefits to the region as a whole.

We are developing an effective working relationship with the Office of the Future Generations Commissioner for Wales to ensure that opportunities to support the well-being goals are highlighted.

The City Region Economic Growth Strategy will go through a comprehensive engagement process and the promoters of all proposed interventions and schemes will be required to demonstrate effective engagement.

Ford Manufacturing, Bridgend

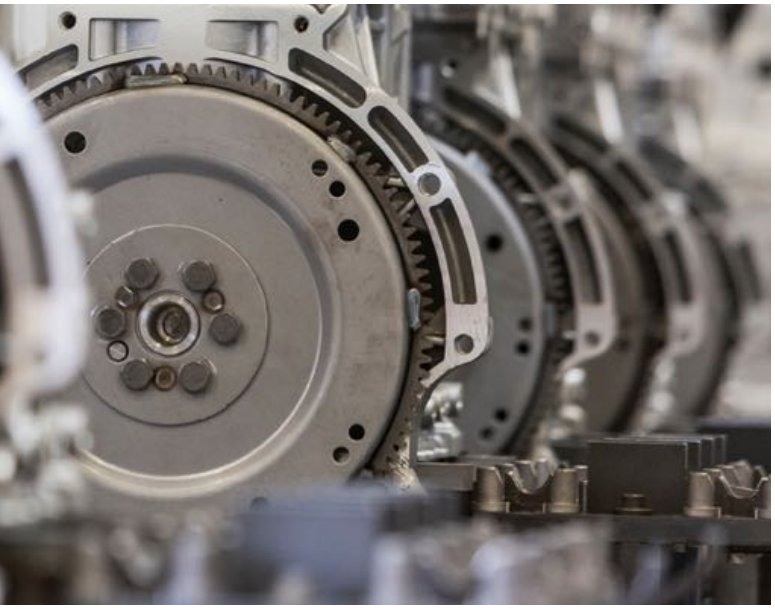
Regional Impact, Scheme Appraisal and Monitoring

The City Deal Wider Investment Fund is intended to deliver sustainable economic development and growth across the region. This will be pursued by optimising the outcomes we can achieve within the constraints of the resources we have available. Prioritisation is therefore essential, and all proposed interventions must therefore clearly demonstrate a regional and collaborative approach and impact to ensure the effective use of resources.

All proposed schemes will be required to follow the same appraisal process as detailed in the Assurance Framework. Schemes will be assessed on their potential to contribute to our high-level aims and strategic objectives; demonstrate value for money, use of the five ways of working and how they contribute to the well-being goals. To be detailed in our Candidate Scheme Assessment Guidance.

We will regularly review our overall delivery programme and, where necessary, revise the Outcomes and Outputs detailed in the Assessment Guidance to ensure a balanced programme of interventions which will meet all our strategic objectives.

The full allocation of HMT funding to the region is subject to successful completion of five-year gateway reviews, which will assess our ability to deliver regional economic growth and our strategic objectives. The first five-year gateway review final report is due in December 2020 with performance measured against delivery. Further reviews will be carried out at years 10, 15 and 20 and will be more focussed on outcomes.



“The City Region will only succeed with all stakeholders working together developing a consensus and shared vision of the way forward.”

04.
Spatial Priorities

[4] Growth & Competitiveness Commission Report and Recommendations Page 38.
[5] Growth & Competitiveness Commission Report and Recommendations Page 39 Core Findings and Page 43 Recommendation 8 – Strategic Spatial Development.
[6] Having seen the work we are undertaking and assessed the benefits the Welsh Government have commissioned the Carnegie UK Trust to undertake a similar exercise for the whole of Wales.

The Growth & Competitiveness Commission (Commission) considered spatial development in the region and concluded[4]:

"the Cardiff Capital Region is not homogeneous; it consists of diverse places each with distinctive histories, strengths, challenges and opportunities."

The Commission recommended[5]:

"With differences in economic performance and outcomes across the city-region there is a clear need to ensure that the region is organised spatially in a way that maximises the benefits for residents.

The Cardiff Capital Region should develop a spatial perspective to complement its economic strategy... This spatial development perspective should act as a future growth map for the Capital Region and define the key roles and potential of:

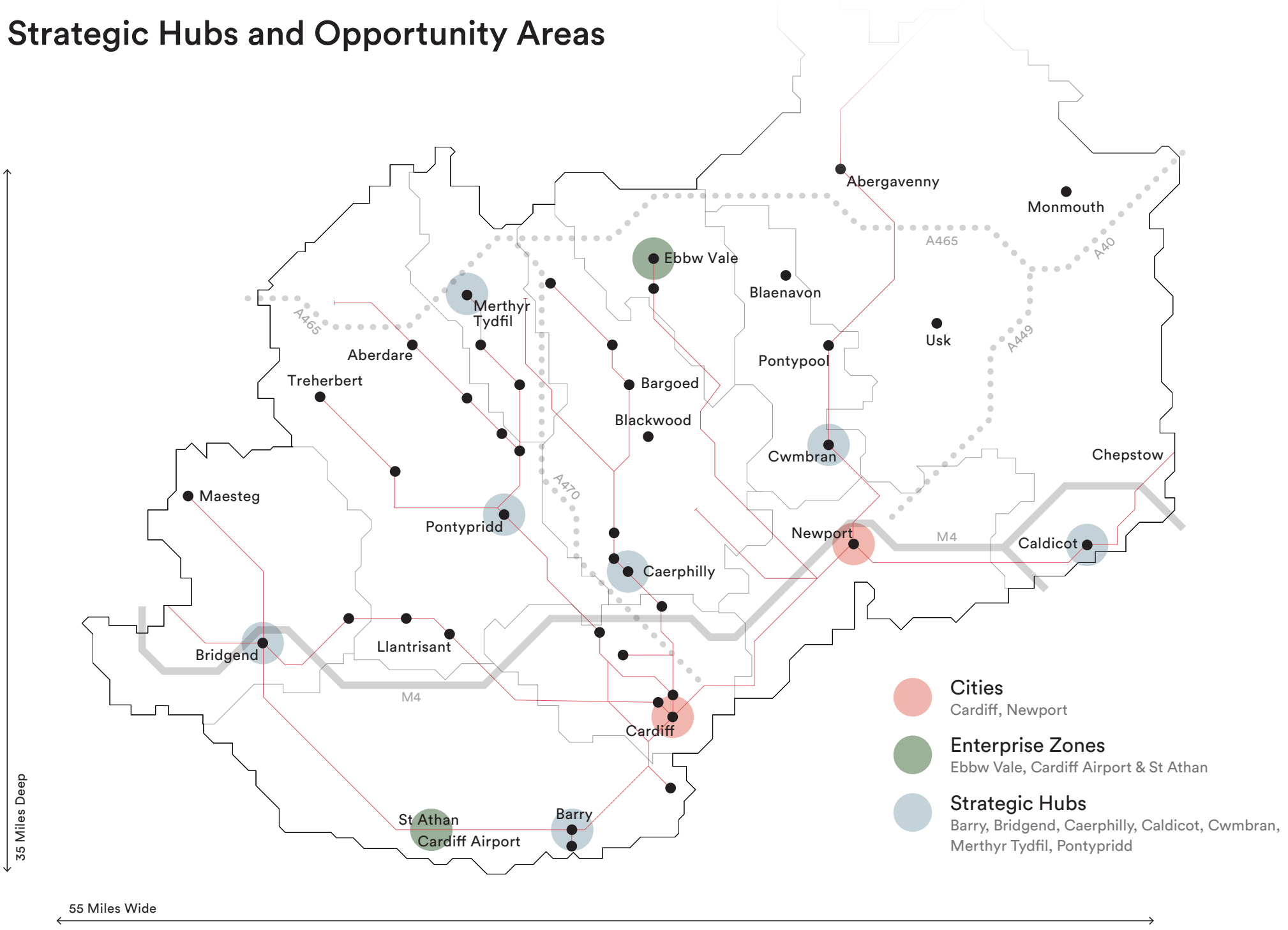
- *Cardiff and Newport as established hubs of business, commerce and institutions, each playing to their particular strengths;*
- *Cardiff Airport and the associated Enterprise Zones;*
- *The re-emerging towns such as Bridgend, Barry, Caerphilly and Pontypridd that are in transition to accommodating high value-added activity, renewed resident populations and university expansions; and*
- *The Valleys and rural towns which are becoming increasing important centres for local services, amenities and the foundational economy, and are developing their roles in tourism and leisure."*

We are working with the Local Government Data Unit (Wales) on a data platform to understand the role of our two cities and the individual towns within the region. This work will enable us to make more informed decisions on how we can tailor support for specific settlements and areas to allow them to better understand and achieve their potential and maximise the prosperity and well-being of the people who live in them[6].

Preliminary findings from this work have highlighted that in addition to the two cities, a number of towns, referred to as re-emerging by the Commission, are playing a significant role in the region's economy. These findings have been combined with the work on Strategic Hubs undertaken by the Valleys Task Force, inclusion of the regions Enterprise Zones, and the regeneration assessments undertaken by individual local authorities, in considering the Welsh Government's Targeted Regeneration Investment Fund.

This initial spatial perspective, which will be reviewed and refined as part of the development of the Regional Growth Strategy, is detailed on the plan to the right.

Strategic Hubs and Opportunity Areas



05. Developing a Skilled Workforce and Tackling Unemployment

The Regional Cabinet are working in partnership with the Cardiff Capital Region Skills and Employment Board to develop the social and economic potential of the Cardiff Capital Region, supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports inward investment.

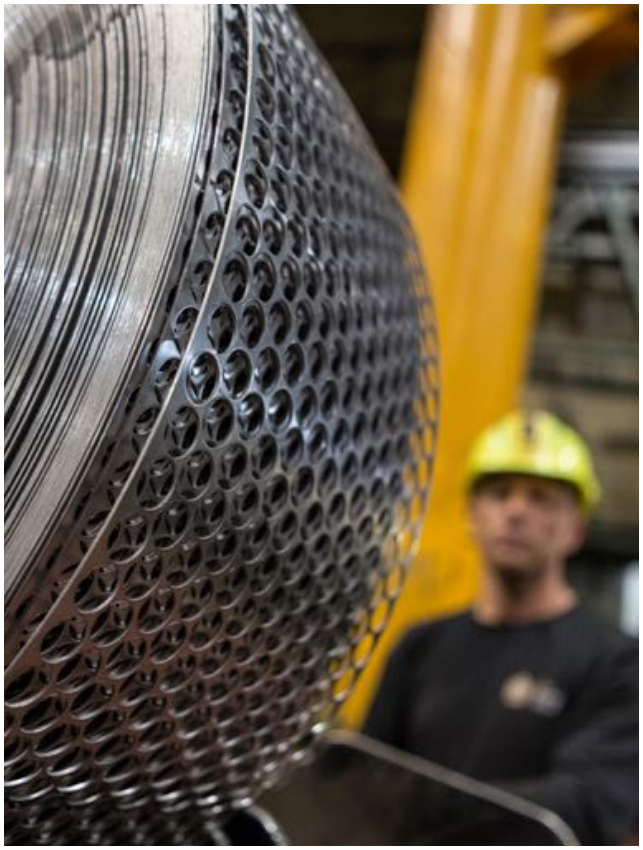
To achieve this the Cardiff Capital Region needs to develop a demand-led skills system that is driven by the needs of industry and which delivers employment and skills support in response to infrastructure and other investments to achieve growth within the regional economy.

Regional Priorities for Employment & Skills

We are developing a regional, evidence based approach, which will focus on:

— Delivering employment and skills support for industry, infrastructure and other investments to enable growth
— Supporting industry through priority sectors to address skills gaps and shortages
— Developing higher level skills to future-proof the workforce
— Increasing the number and range of apprenticeships
— Improving industry engagement with education and marketing of career opportunities and pathways
— Developing a regional employability plan to get more people into work
— The co-design of the DWP Work and Health programme

“...supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports inward investment.”



Top: The Royal Mint, Pontyclun
Bottom: DS Smith, Caerphilly

A programme of interventions is emerging, titled 'Skills for the Future', in response to evidence of regional demand plus examples of successful practice and currently includes:

— **Regional skills brokerage service** – a local authority led and therefore impartial service that works with businesses, projects and investments, in conjunction with economic development and business support services, to secure appropriate and relevant skills solutions through education, training and other providers. Connecting both employees and businesses to regional skills projects and programmes that invest in the upskilling of the existing workforce to support progression and improvements in productivity.
— **Schools engagement** – activities to encourage career choices that align with future demand whilst promoting parity of esteem between different pathways to help young people attain quality and sustained employment.
— **Access to apprenticeships including shared apprenticeships** – employer engagement to increase the number and range of apprenticeships available in the region and schools engagement to increase the number of young people choosing apprenticeship pathways. Delivered in conjunction with work based learning providers and extending access through shared apprenticeship programmes, such as Y Prentis and Aspire, where appropriate.
— **Graduate internship programme** – employer engagement to increase the number of graduate opportunities available including placements and internships, delivered in conjunction with our Universities. To encourage greater graduate retention within the region and improve the skills utilisation of graduates by businesses to support improvements in innovation and productivity.
— **Regional SME support** – to encourage apprenticeship and graduate take up by SMEs there will be a financial incentive and provision of a human resource support service. In the immediate term the service will support SMEs to maximise use of the current Welsh Government apprenticeships subsidy.
— **Skills Investment Fund** – a co-investment fund for SMEs that supports the upskilling of existing employees to meet technical, specialist and higher level skills needs, that can be accessed in the absence of other sources of funding. A fund of last resort to support co-investment in business led development linked to the achievement of growth, productivity and performance improvements.

Implementation is proposed in phases commencing early stages beginning in **September 2018**.

06.
Creating an Innovation District and Increasing Entrepreneurial Activity and Innovation

Innovation is a dynamic driver of economic growth. It underpins the development and application of ideas and technologies that yield better or new goods and services for the marketplace. Innovation is directly linked to raising productivity. Relative to other regional and international economies, productivity is unacceptably low in the Cardiff Capital Region.

Unless this changes, our ambitions for our place will not be realised. Indigenous businesses will not grow as quickly as we would like, wages will not grow as quickly as in other places, external investors will not be attracted here. We will continue to oversee an underperforming region and our brightest people will have better opportunities elsewhere.

We are going to change this. We are going to create an environment that fosters entrepreneurial spirit and the creation of new commercial knowledge by bringing entrepreneurs, government, universities, colleges, funders and corporate entities together and adding in new capability. The Joint Cabinet has produced an Innovation Prospectus setting out in headline terms our direction of travel. The Prospectus is open to change and is reliant on every other City Region priority set out in this business plan delivering.

SPTS Technologies, Newport

The Innovation Prospectus includes:

— **Innovation District** – We want the region to be internationally recognised as an Innovation District. We will work with Wales Government and UK Government to develop a competitive fiscal environment to promote sectors set out in our City Deal Agreement; specifically compound semi-conductors, life-sciences, cyber, digital, clean energy, infrastructure and engineering.

— **'Tech Venture Fund'** – The Cardiff Capital Region, in keeping with the rest of Wales, is not strong in terms of an angel investor / venture capitalist culture. We are focussed on establishing a 'tech venture fund' working with commercial investors to Improve access to capital. The Fund will make commercial investments, it will not make grant payments. The Fund will be professionally managed and focussed on sectors indicated above. The Fund will operate across the whole region and will only invest in companies in the region.

— **Public Service Testbed** – The region has a significant reliance on public service employment. We will exploit the opportunity that this presents by developing our place as a 'public service test-bed'. We aim to re-design our public services to optimise their impact on economic prosperity. This will include, but not be limited to, how public sector organisations procure goods and services and capitalise on the significant Intellectual property that the sector possesses.

— **Regional Business Support** – Business support services across the region are complex. We intend to integrate and align these and simplify and develop easily accessible whole region support and advice.

— **National Software Academy** – We intend to support and accelerate a National Software Academy and National Cyber Academy to develop digital capacity and capability that is currently lacking in the region.

07. Improving Connectivity Globally, Regionally and Locally

Our ability to connect and communicate in a fast and reliable way is critical in enabling businesses to generate prosperity and employment, empowering people to take a full part in society and benefit from life's opportunities.

Good quality, highly available, cost effective and efficient networks are a fundamental requirement to enable people to participate fully in modern life and to maximise their opportunities in the employment market.

To enable effective connectivity of all types for our future generations, we must therefore focus on the performance of both our digital and transport infrastructure. We must aim to ensure that our residents, households and businesses, have access to those facilities that they need and want as they go about their lives where they live, work and travel.

Transport

The Regional Cabinet, via the newly established Regional Transport Authority, are focussed on understanding the transportation infrastructure issues that restrict economic growth in the Region, identify the opportunities where transportation can open up economic development opportunities and, as equal partners, set joint priorities with Welsh Government for the Region, using our shared resources to deliver the changes.

Over the next 5 years, along with providing advice on transport matters and proposals to the Regional Cabinet, the Regional Transport Authority will focus on:

— **Developing a Regional Transport Strategy for Growth, aligned with Local Transport Plans, aimed at supporting the region's economy.** This Strategy will build on the Economic Growth Strategy and set out the transportation vision and strategic objectives for the region, covering 5 types of travel:
  – **A globally connected city region** – developing the potential of our air; rail; road and sea: with a focus on Cardiff Airport, the Great Western Main Line, the M4, the Heads of the Valleys A465, our 3 sea ports at Cardiff, Newport and Barry.

- **City-to City links** – improving access to our major interchanges on the M4 and the Cardiff to London main rail line.
- **Travel across the wider City Region** – a programme of strategic transport hubs will enable trips to key destinations like town centres, employment areas, hospitals and colleges can be made more easily, and by a choice of mode
- **Getting into and around the Regional Centre** – supporting sustainable access to Cardiff City Centre.
- **Connecting neighbourhoods** – more accessible "public realm" including bus stops; better pedestrian and cycle links to public transport stations and stops and road safety measures.

— identifying opportunities and supporting project sponsors to develop transport proposals which, working with other initiatives such as strategic sites, support our strategic objectives.

One significant opportunity has already been identified and defined as Metro Plus.

Metro Plus

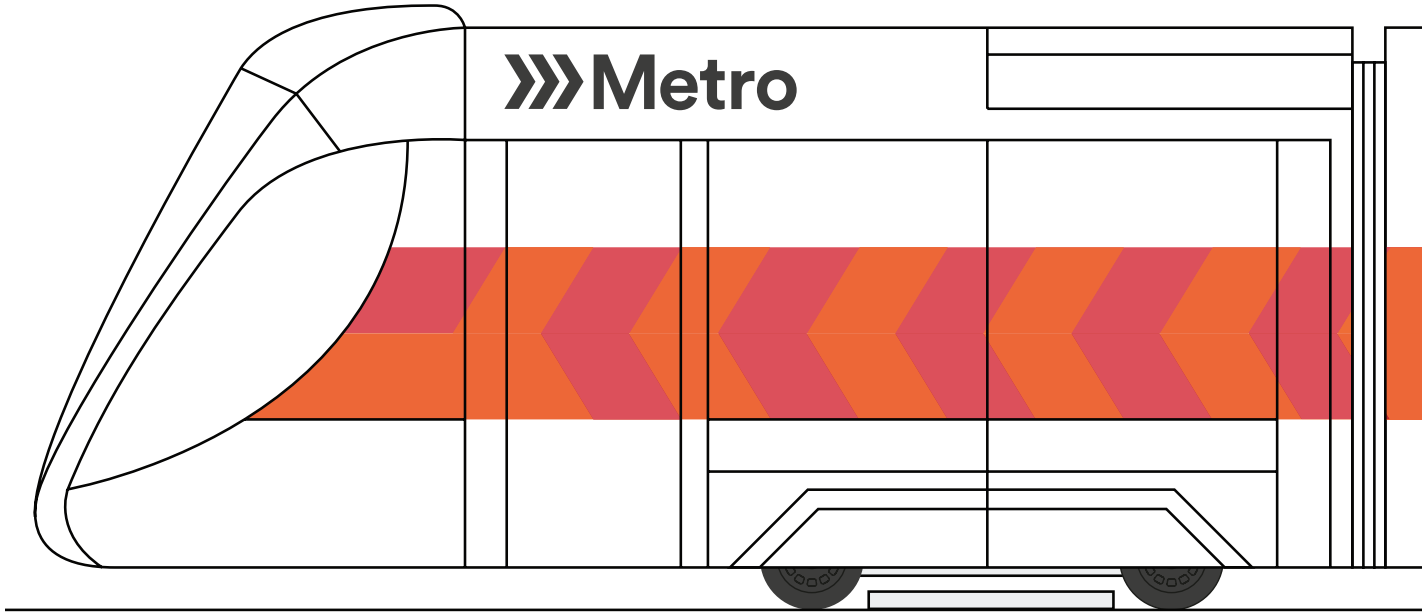
As part of the City Deal there is a pre-allocated sum of £734m committed to the Metro.

The South East Wales Metro is a key priority of the City Deal and will make a significant contribution to improving transport connectivity; unlocking development sites, employment and housing; providing access to training and employment opportunities; access to leisure and tourism and wider cultural development; substantial contribution to carbon reduction targets; and improving quality of life for all residents.

To maximise the potential benefits of the Metro to the region the Regional Cabinet are exploring a programme of complementary transport investment 'Metro Plus'.

A significant project highlighted as part of this transport programme is the delivery of a Central Transport Interchange, 'Metro Central'.

This scheme has the potential to significantly increase public transport capacity and attractiveness, and regional connectivity, by allowing increased frequency of services and providing improved facilities.



Potential Metro branding & transport livery

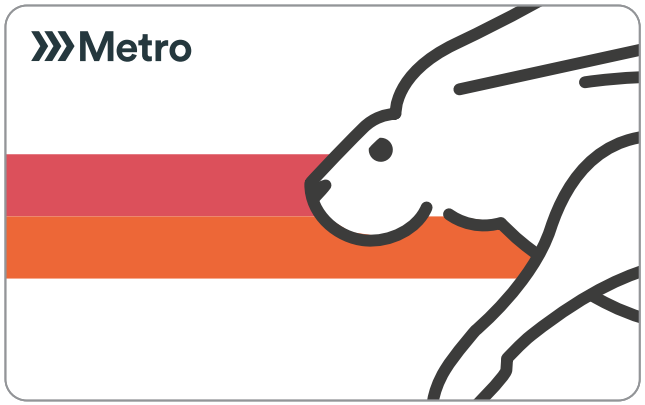
In addition the proposal has the potential to leverage significant commercial development and create more than 30,000 jobs over the next 10-15 years.

A key element of 'Metro Central' is the modernisation of Cardiff Central Train Station increasing capacity for trains and passengers, making it fit for purpose, and releasing the potential of the Metro. A feasibility study on the modernisation of Cardiff Central Station has been undertaken identifying a series of interventions including platform access, platform improvements, concourse improvements, platform extension, improved links and weather protection.

Based on the current feasibility work the total cost of the project is estimated at £160-£180m. The funding proposal would see contributions from the Welsh Government, private sector and City Deal, with any shortfall made up from the Department for Transport. This current proposal would see a call on City Deal funding of £40m subject to final approval of the Full Business Case and commitment to match funding from partners.

Other emerging opportunities being explored are:

— improved access to Cardiff Airport for both passengers and freight. Linked to the promotion of the enterprise zone and opening-up development land opportunities;
— a programme of strategic park and rides to improve access to the rail network and to transfer car users off the most congested highway routes; and
— improve connections to enable people to access motorways and key national rail interchanges.



Potential Metro smartcard

Digital

The Regional Cabinet aspiration is to make the Cardiff Capital Region a “Smart Region”, allowing our future generations to be fully integrated into a global network.

This digital strand is about enabling the future of work to be carried out in all areas of the region by increasing the benefits that digital services bring.

A Tech Nation Report (Tech City 2015), identified this region as home to the fifth fastest growing ‘tech hub’ in the UK and further NESTA research on the growth of technology clusters in the UK demonstrates high start-up rates in and around the capital city region. Coupled with emerging specialisms in data science, open data and cyber security, there is unique potential to connect the entire supply chain of digital services.

Over the next 5 years the Regional Cabinet intend to develop a Digital Portfolio of proposals to support our strategic goals and our aspiration to be a smart region:

— **Organising Delivery** – Creation of a digital vision, brand and identity for CCRCD
— **Global Connectivity** – Implementation of a transatlantic link to enable the fastest possible connection to the global digital network.
— **Welsh Connectivity** – Exploitation of the existing Cardiff Internet Exchange (IX).
— **Regional Fibre Connectivity** – Creation of a strategic site dark fibre network as a public asset. This would support the volume of public, private, research and citizen based traffic into and around CCRCD.
— **Community Fibre Connectivity** – A high speed fibre network to connect local communities.
— **Regional/Community WiFi** – A ubiquitous public WiFi network as a public utility to be maintained by the private sector on an ongoing basis.
— **Mobile 5G Access** – Implementation of a 5G network.
— **Sensing the CCRCD** – A sensor network across the region through a canopy of connectivity from access points mounted on e.g. street lights.
— **Open Data** – Creation of a fully Open Data environment making all of the vast amount of publicly held data (with the exception of certain data, for example sensitive personal data) available to all, without copyright, patents or other methods of control.

“A Tech Nation Report (Tech City 2015), identified this region as home to the fifth fastest growing ‘tech hub’ in the UK.”

08.
Providing the right physical place and environment to support growth

The Regional Cabinet have recognised the unique opportunity for the ten local authority areas to come together and deliver a strategic approach to housing, regeneration and economic growth to create an accessible, liveable, 'work-life integrated' and highly connected region.

Promoting and enabling Place-Making and Sustainable Communities will improve quality of life for residents and attract and retain investors, skilled workers and visitors. By harnessing the distinct characteristics and strengths within the region we will contribute to growth by:

— Upgrading and rebalancing our housing offer;
— Identifying and maximising new spaces and places of potential economic opportunity;
— Capitalising on existing spaces of economic opportunity;
— Regenerating our urban and rural built environments and promoting well-being;
— Improving our visitor economy;
— Developing and managing sustainable energy;
— Using the development of the Metro to promote sustainable regeneration of Town centres and support growth around metro hubs and public transport; and
— Having a clear focus on economic growth and investment as a means to counter disadvantage and deprivation, both for individuals and communities, at local and regional level.

Over the next 5 years the Regional Cabinet intend to develop a number of key areas under this Strategic Theme:

Housing

The housing shortfall of the region, linked to the future economic aspirations of the Regional Cabinet, is being full explored and detailed as an expression of 'need'.

The mechanisms and interventions which could potentially be used across the region to deliver housing are be considered. These options will not necessarily be site specific and there are many projects right across the City Region area that, for different reasons, have stalled but would have a positive impact in terms of City Deal outcomes by increasing GVA. In addition, they would help deliver sustainable communities, increase housing supply, choice, affordability and quality.

Work has been undertaken to identify what mechanisms or interventions can be deployed to increase housing delivery and to support the Housing Objectives detailed in the City Deal Heads of Terms, and by the Growth and Competitiveness Commission. This has resulted in a proposal for:

View from Abergavenny Town Centre

Regional Housing Fund

Work is being undertaken to develop a proposal for establishing a Housing Investment Fund (HIF) to support the housing growth aspiration across the region and across all tenures. Key benefits of a Fund in the Cardiff Capital Region context would include:

— **Fast-track delivery:** Provides a broad set of financial interventions that can be used to unlock developments that have been previously stalled by a wide range of issues;
— **External funding:** Can complement – and should actively encourage through leverage requirements - the use of external sources of funding, both private and public;
— **Flexibility:** Investment strategy could be crafted to allow for different products to be flexibly used in different locations and different extents over time, depending on the challenges faced in each sub-market, and following review
— **Ongoing benefit:** the opportunity to recycle funds through repayable grants, loans etc. offers scope for funds to be used multiple times.

To complement the proposed Housing Fund, work is being undertaken to develop a Custom Build or Plot Shop for the region whose benefits could include:

— **Stimulation of the SME building sector:** Provides a broad range of sites with limited risks which will be attractive to this sector;
— **Investment:** The Plot Shop encourages investment within communities across the region, whilst the economic multipliers are likely to be less than those associated with volume housebuilding, the impact of multiple sites across the region, within a currently dormant market should be recognised;
— **Flexibility:** SME builders could be supported flexibly in different locations and to different extents over time, depending on the challenges faced in each sub-market.
— **Regeneration benefits:** Many sites represent detractors in our communities, but being packaged within a Plot Shop brings them forward for development, bringing new homes and choices to our communities. Having a range of housing choice can stimulate latent housing markets, with long term benefits to communities.
— **Potential for innovation:** As the scheme develops momentum, there is significant scope to develop innovative homes in terms of energy, construction, design and tenure.

Strategic Sites and infrastructure

Research commissioned by the Regional Cabinet and the Welsh Government has illustrated the shortage of good quality sites and premises within the region. With the slowdown of the sort of development undertaken by the WDA during the 1970s – 90s, and the failure of private sector developers to fill that gap in many parts of the region, we now have a very limited 'offer' to put before inward investment or expansion projects and this is a serious constraint on the potential for the region to grow the economy, especially to achieve the sort of 'step change' in the scale of growth envisaged by the Regional Cabinet.

Good quality sites are in short supply and there is now a very limited availability of all sizes and types of speculative, ready to occupy premises ranging from space for small businesses and start-ups right through to large scale manufacturing projects.

Potential sites will be assessed to provide a target list of strategic sites deemed suitable for support and be of the scale and type likely to meets the aims and objectives of the Regional Cabinet.

This assessment of need has resulted in a proposed Strategic Sites Programme:

Strategic Sites Programme

— **Provision of Employment Sites:** A programme to introduce a balanced portfolio of sites with varied characteristics to be a catalyst to attracting new business investment will be developed. These sites should be capable of supporting both indigenous business growth and inward investment. This should aim to create a significant supply of new floorspace across a wide range of property types across the whole region. This programme will aim to support the current prime market areas of Cardiff and the M4 corridor and have a strategic focus on a future expansion of this prime market to include a mix of opportunities in the Heads of the Valleys corridor, the coastal belt, towns and rural areas.

— **Refurbishment of Existing Stock:** There is an issue of increasing obsolescence in existing building stock which can be a catalyst for business disruption and closure. A programme of refurbishment to retain those businesses already in the region will be developed. Exploring a partnership approach with Welsh Government to overcome this problem is proposed.

— **Encouraging Clusters:** Work will be undertaken to explore the potential to support specific infrastructure and location criteria to encourage clusters of like-minded industries to emerge and develop, nurturing them as centres of excellence.

Within this theme some specialist areas of provision are also emerging which include:

— **Enabling infrastructure**
Opening-up strategic sites, housing and employment, this includes possible transportation and road linkages, drainage and other high value enabling works to bring forward large sites;
— **Joint developments with the HE / FE sectors**
Could provide space for spin-out of research and technology emanating from the educational establishments in the region and linking to the prioritised sectors;
— **Work / live space**
Where residential and employment is combined' with the potential for such shared use developments to be concentrated alongside key development 'nodes' of the Metro project.

Top: Ebbw Vale Enterprise Zone / Bottom: OpenGenius, Penarth

Energy related projects

Several energy related projects are emerging around renewable energy generation schemes, energy management and related manufacturing and management technologies. A regional development and delivery approach to these projects could generate significant regional benefit in terms of the economy and environment. There is potential for the region to seek to become recognised as a leader in the energy field including in the manufacturing process for renewable energy machinery, which is an undoubted global growth sector and one with relatively high R&D and a high value-added contribution. In addition the proposal for a tidal lagoon project within the region will play a factor in future proposals.

Ocean Colour Scene at Caerphilly Castle

Urban Renewal / Regeneration

Several projects are emerging which would revitalise existing urban and town centre locations, generating jobs in retail and office sectors; providing residential accommodation and helping to address the inequalities in development experienced in recent decades. It is clear this type of support cannot stand alone and will work if it coordinates its approach with the Welsh Government's Targeted Regeneration Investment programme (TRI) which replaces 'Viable and Vibrant Places'. The Regional Cabinet could in future act for Welsh Government, as the delivery arm of any potential regional funding, streamlining programme and project delivery, and overcoming duplication of resources.

In some parts of the region there is potential to explore the development of new settlements (settlements of the future) which would combine housing, employment, education and leisure elements in a planned, sustainable development of significant scale.

This could include the possible development of an arm's length development company to develop council owned sites for both economic and residential purposes.

Visitor Economy

Wales, and the Cardiff Capital Region, has a growing worldwide recognition and reputation as a tourist destination and includes iconic visitor attractions such as the Capital city of Cardiff, Cardiff and Caerphilly Castle, Barry Island, Porthcawl and Big Pit to name only a few. Several projects are emerging which could add to the regions 'offer' and attract significant numbers of additional UK and international visitors. These can be complemented by investments in accommodation and the hospitality sector.

The region is also blessed with the Brecon Beacons National Park to the north and the Glamorgan Heritage Coast to the south.

The development of the 'South East Wales Destination Investment Plan' is a key part of the process of developing the tourism offer for the region. This Plan has been commissioned by all the regions councils and will be fundamental in developing the regions tourism. Developing priority themes to support a year-round offer are:

— Business tourism to attract higher value;
— The Region's culture and heritage attractions;
— A strong outdoor adventure offer;
— The Region's events offer.

09.
Cardiff Capital Region City Deal (CCRCD) Wider Investment Fund

Introduction – 'The City Deal'

The City Deal outlines the joint commitments made by the ten local authorities of the Cardiff Capital Region, the UK Government and the Welsh Government to unlock £1.2bn of investment to increase the performance of the city-region economy. Over its lifetime of 20 years, partners envisaged that the City Deal would deliver up to 25,000 new jobs and leverage an additional £4bn of private sector investment.

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

Wider Investment Fund (WIF) – Funding Streams

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

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

WIF Approvals to-date

Wider Investment Fund 'Top Slice': 3% of the fund is set aside to fund the activities of a number of Regional Bodies and to meet the costs of Programme Development and Support. This equates to an annual revenue budget of £742,500.

Compound Semi-Conductor Project: During 2017/18, Regional Cabinet approved the proposal in respect of the Compound Semi-Conductor Project. This involves providing a loan of £38.5m to a Special Purpose Vehicle over 2 years, which will be repaid over a period of up to 11 years. The loan repayments will be 'recycled' back through WIF potentially increasing the fund's gross resources from £495m to £533.5m. This is the only project which has full approval to date.

WIF 'In-Principle' Commitments and Fund Availability

In-Principle Commitments: Regional Cabinet have provided an 'in-principle' commitment to the following projects and initiatives: Metro Central Project, Regional Housing Investment Fund, Digital Strategy and Skills for the Future. In-line with the requirements of the Assurance Framework, these projects are in the process of developing their respective business cases.

Future Revenue Projects: This represents the un-committed resources available to meet the cost of future REVENUE projects (day to day expenditure) as these are approved.

Future Capital Projects: This represents the un-committed resources available to meet the cost of future CAPITAL projects (expenditure resulting in the creation of an asset) as these are approved.

Top: Tri Wall Europe, Monmouth / Bottom: Next Generation Data, Newport

WIF Indicative Expenditure Profile		Annual £m	Cum'. £m
Year 1	2016/17	0.0	0.0
Year 2	2017/18	25.4	25.4
Year 3	2018/19	19.6	45.0
Year 4	2019/20	30.0	75.0
Year 5	2020/21	30.0	105.0
Gateway Review			
Year 6	2021/22	45.0	150.0
Year 7	2022/23	45.0	195.0
Total Yrs 3-7	**18/19 - 22/23**	**169.6**	**195.0**
Years 8-11	23/24 - 26/27	284.3	479.3
Years 12-20	27/28 - 35/36	15.7	495.0

WIF Indicative Programme and Updated Affordability Envelope

This is the first JWA Business Plan to be prepared and reflects that a number of projects are in the process of being developed. The Assurance Framework requires detailed business cases to be prepared before projects gain full approval.

An indicative programme of investment has been modelled based on actual approvals to date, supplemented by the typical spend profile of City Deals along with a range of other financial and technical assumptions, such as interest rates etc. The indicative modelling suggests that the 'wholelife cost' of the Wider Investment Fund to the CCRCD Local Authorities could be in the region of £210.8m.

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

Updated Affordability Envelope

Wider Investment Fund	£m
HMT Contribution (Grant)	375.0
Council Contribution (LA Capital)	120.0
Assumed Repayment Term	25 years
Assumed Interest Rate	3.0%
HMT Grant 'Cost of Carry'*	36.4m
LA £120M 'Cost of Capital'**	174.4m
Affordability Envelope	**210.8m**

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

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

Orangebox, Treforest

Council Contributions

The Joint Working Agreement outlines that Council Contributions will be based on 'population' fixed at point in time. The agreed model is based on the 2015 ONS population data and will be used as the baseline for sharing costs moving forward. This baseline position will be applicable throughout the 'wholelife' of the Wider Investment Fund.

Agreed Council Contributions % Rates

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

1. Cardiff Capital Region City Deal Wider Investment Fund – Indicative Investment Programme for the Strategic Themes

Indicative Programme Expenditure	Yr 3 2018/19 £m	Yr 4 2019/20 £m
Wider Investment Fund Top Slice	0.74	0.74
Approved Projects	13.84	0.00
Future Revenue Projects	1.00	1.00
Future Capital Projects	4.02	28.26
Total Investment	**19.60**	**30.00**
Funded by		
HMT Contribution (Revenue)	-1.89	-3.90
HMT Contribution (Capital)	0.00	0.00
Total HMT Contribution	**-1.89**	**-3.90**
Council Contribution	-17.71	-5.06
Temp Borrowing 'Cost of Carry'	0.00	-21.04
Total Funding	**-19.60**	**-30.00**

Yr 5 2020/21 £m		Yr 6 2021/22 £m	Yr 7 2022/23 £m	**Total Yrs 3-7 £m**	**Total Yrs 1-20 £m**
0.74		0.74	0.74	**3.71**	**14.11**
0.00		0.00	0.00	**13.84**	**38.50**
1.00		1.00	1.00	**5.00**	**18.00**
28.26		43.26	43.26	**147.05**	**424.39**
30.00		**45.00**	**45.00**	**169.60**	**495.00**
-3.90		-3.90	-3.90	**-17.51**	**-50.00**
0.00		-22.00	-22.00	**-44.00**	**-325.00**
-3.90		**-25.90**	**-25.90**	**-61.51**	**-375.00**
-5.06		-7.96	-7.96	**-43.74**	**-120.00**
-21.04		-11.13	-11.13	**-64.35**	**-0.00**
-30.00		**-45.00**	**-45.00**	**-169.60**	**-495.00**

Gateway Review

2. Annual Spend Profile and Wholelife Revenue Implications for each Council

	Yr 3 2018/19 £m	Yr 4 2019/20 £m
Blaenau Gwent (4.6%)	0.04	0.07
Bridgend (9.4%)	0.09	0.14
Caerphilly (12.0%)	0.11	0.17
Cardiff (23.7%)	0.22	0.34
Merthyr Tydfil (3.9%)	0.04	0.06
Monmouthshire (6.1%)	0.06	0.09
Newport (9.8%)	0.09	0.14
Rhondda Cynon Taf (15.8%)	0.15	0.23
Torfaen (6.1%)	0.06	0.09
Vale of Glamorgan (8.5%)	0.08	0.12
Total (100%)	**0.94**	**1.44**

Yr 5 2020/21 £m	Yr 6 2021/22 £m	Yr 7 2022/23 £m	**Total Yrs 3-7 £m**	**Total Yrs 1-38 £m**
0.08	0.12	0.16	**0.48**	**9.74**
0.17	0.24	0.34	**0.97**	**19.90**
0.22	0.31	0.43	**1.23**	**25.23**
0.43	0.61	0.85	**2.45**	**50.01**
0.07	0.10	0.14	**0.41**	**8.31**
0.11	0.16	0.22	**0.63**	**12.95**
0.18	0.25	0.35	**1.01**	**20.69**
0.29	0.40	0.56	**1.63**	**33.25**
0.11	0.16	0.22	**0.63**	**12.86**
0.15	0.22	0.30	**0.87**	**17.87**
1.81	**2.56**	**3.57**	**10.31**	**210.80**

WIF External Audit / Monitoring and Reporting

Clause 7.1.4. of the JWA states that "The JWA Business Plan shall, amongst other matters, address the following:

"the methodology and responsibility for any external audits in relation to this Agreement".

This requirement will be addressed through the Annual Audit Plan agreed with the relevant external auditors and presented to Regional Cabinet for consideration and approval.

"any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports."

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

HMT Contribution - Funding Terms & Conditions

The funding will be paid to the Accountable Body on behalf of the ten CCRCD local authorities. The funding must be used solely to support the objectives of CCRCD through the implementation of projects and schemes agreed by the Regional Cabinet and in accordance with arrangements set out in its Joint Working Agreement, Wider Investment Fund, Assurance Framework, and the JWA Business Plan.

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

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

Cardiff Airport, Rhoose

10. Additional Opportunities for Regional Funding: Including European Funding & Additional Flexibilities

The Regional Cabinet, in addition to the City Deal Wider Investment Fund, have been delegate responsibility by the ten participating local authorities for "additional devolved funding provided to the Capital Region".

The Regional Cabinet will seek to align the use of European funding in the region to complement and enhance City Deal investments, aims and objectives.

To maximise the benefits of the City Deal and deliver a longer-term regional economic strategy, greater than that which can be achieved by the City Deal resources alone, the Regional Cabinet will explore with the Welsh Government the options for greater financial autonomy and flexibility.

In addition, the Regional Cabinet will be proactive in seeking out other funding opportunities which align and support the regional objectives.

European Funding

Maximising opportunities from current European Funding Programmes

There are opportunities to access funding from a number of different European Funding Programmes during the current programming period (2014-2020), from the traditional sources of the Structural Fund Programmes (ERDF & ESF) and the Rural Development Plan administered by the Welsh Government to large thematic funding programmes directly managed by the European Commission, such as the HORIZON 2020 programme for Research, Development and Innovation and the ERASMUS+ programme for young people.

The UK Government has guaranteed funding for all projects approved before the UK exits the EU (end of March 2019), enabling projects to deliver until 2023.

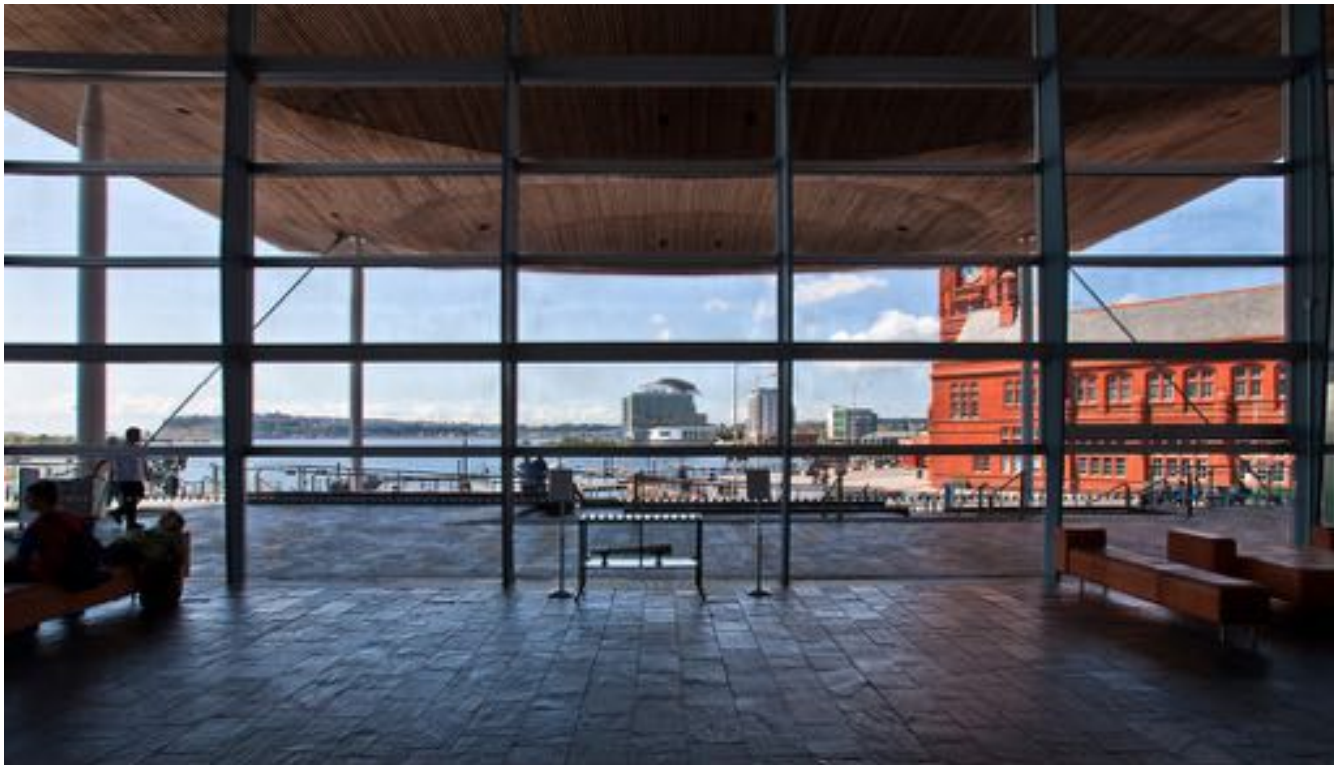
Influencing future funding arrangements

The discussions on replacement funding following the UK's exit from the EU have already started thus it is important that the Region influences these discussions, both with the UK and Welsh Governments. A consultation on a UK Shared Prosperity Fund to replace current EU Structural Funds is expected to be launched by the UK Government later this year.

The timing for the introduction of replacement funding will depend on any agreement reached on transitional arrangements relating to current EU programmes which are due to end in 2020. In the meantime, the Welsh Government has launched a consultation on 'Regional Investment in Wales after Brexit'. This sets out its views on future regional policy in Wales and argues for Wales' share of any new fund to be devolved.

It will also be important to lobby for continued access to key EU thematic funding programmes post Brexit, including the successor programmes to HORIZON 2020, ERASMUS+ and some transnational programmes. These will form part of the negotiations between the UK Government and the European Commission.

"The Regional Cabinet will seek to align the use of European funding in the region to complement and enhance City Deal investments, aims and objectives."



The Senedd, Cardiff Bay

Additional Flexibilities

A case will be made for a range of powers to be devolved to the local authorities of the Cardiff Capital Region. This case will also argue for flexibility to enable the region to access a range of funding sources to supplement the City Deal.

The proposed powers and flexibilities may include:

- retention of business rate income;
  - explore proposals for the Cardiff Capital Region to control above forecast growth in business rates to support economic development proposals for the Cardiff Capital Region
- the ability to levy an infrastructure supplement;
  - explore proposals for introducing an additional levy for infrastructure, based on a supplement to business rates
- use of alternative finance sources;
  - **explore other potential sources of funding including the following:**
  - private sector funding / market opportunities
  - tax increment financing
  - local authority bonds
  - housing finance
  - private public partnerships
  - pension funds
  - online alternative finance sources.
- the removal of conditions around some specific Welsh Government grants;
  - aggregating specific grants to a regional level and removing the conditions that currently apply

Additional Funding Opportunities

The Regional Cabinet is fully aware that the City Deal funding alone is not sufficient to achieve the aims and objectives for the region. The Cabinet will therefore seek to maximise the potential of the City Deal funding by using it as a catalyst to draw in additional resources from the public and private sectors, as well as other possible investors.

Numerous funding opportunities arise, many of which have prohibitive timescales or do not align with the regions strategic priorities.

The Regional Cabinet will use its resources wisely to pursue those opportunities which will enhance its ability to develop the region and, where match funding is required, accord with the assessment processes detailed in the Assurance Framework.

Cardiff, Penarth and Barry, Southern border of the Region

Cardiff
Capital
Region
City Deal

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg