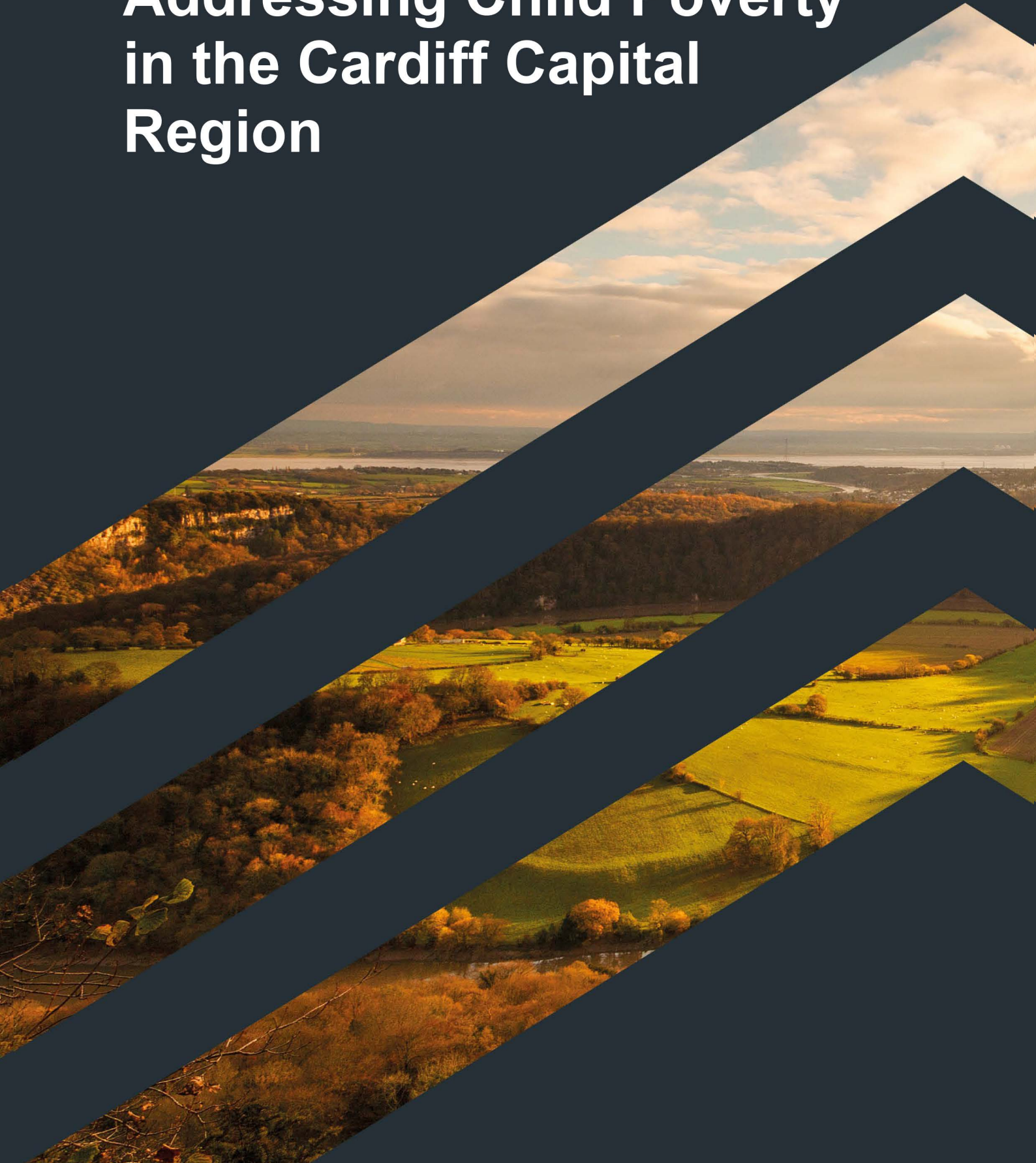


Towards a Framework for Addressing Child Poverty in the Cardiff Capital Region



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Background – current status of SEW Corporate Joint Committee

The SEW Corporate Joint Committee (CJC) is at the emergent and early stages of its development. Its approach to developing a robust framework for tackling child poverty in the region, is therefore similarly, nascent. There are three main reasons for this:

- The legislation required to fully enact CJC operations, in particular, in line with the 'lift and shift' policy position adopted by the SEW CJC and the CCR Regional Cabinet, is at the time of writing, being laid – and is not as yet finalised.
- Many of the levers required by the SEW CJC to develop the approach to addressing child poverty are not in place at this time and the CJC is operating on a 'building the foundations' basis only – as it prepares to lift and shift the City Deal economic growth programme into the corporate vehicle.
- The CJC is unlikely to be fully operational until 1 April 2024. This process of 'lift and shift' of the City Deal into the CJC is underway (subject to government approvals) but is not likely to be fully complete ahead of 1 April 2024. Therefore, there is a clear sequence of events that must occur to help align economic wellbeing goals via transfer of the City Deal to the CJC, with the legal requirement to commence work on a Regional Transport Plan and a Strategic Development Plan to. It is also anticipated that during this time, more duties will be placed upon the CJC - thus, achieving some of the key levers the CJC would require to play a more direct role in interventions to tackle child poverty.

As a result of the above, the only approach that can be taken at this time by the SEW CJC is one which feels proportionate to its stage of incremental development. Whilst this will grow over time as the above three factors are progressed and evolved – the approach to be taken will need to reflect this emergent context; the degree to which to CJC has influence over the levers and policy functions needed to address child poverty in the CCR; and, importantly, the fit and alignment with approaches already being taken at a local level by the 10 constituent LA partners and members.

With all this in mind, it is important to note that the CJC is not at this time, running services, functions or responsible for deployment of policy functions – other than a requirement to commence work on the transport and land-use plans. Other than the CJC itself, there are no further policies, operating frameworks or committees and structures to enable development or delivery work. Work is presently underway, in line with regulations to develop some of these – however – full operation of the CJC is contingent upon approvals from UKG and WG to 'lift and shift' the City Deal into the new corporate entity. Whilst work is underway, this can only progress as fast as the required approvals and it is for this reason, that at this time, even the

indirect policy tools and levers to play a part in assisting approaches to tackle child poverty – do not sit with the CJC.

As a result, many of the references, frameworks and tools referred to below, don't actually sit with the SEW CJC – they sit with the Cardiff Capital Region Joint Cabinet – which does not have the legal duty to produce a plan for addressing Child Poverty. However, in the interests of demonstrating focus and highlighting some of the future interventions that are capable of being progressed, furthered and accelerated under the auspices of the CJC – they are set out below.

What can CCR do about Child Poverty through its current levers?

A reflection on the economic evidence

Child poverty rates in Wales as a whole consistently sit above national average levels. Rates in the range of 27-36% persist with Wales seeing sustained increases in child poverty over the last 5-6 years. The Covid-19 Pandemic has played a significant part in this with parts of the Cardiff Capital Region such as Newport, seeing an estimated 36.3% of children living in poverty (End Child Poverty 2021). In the wider region child poverty rates between 34-36%, highlight a number of wider issues related to area-level deprivation, socio-economic and environmental conditions and persistent 'low income' which correlate with children living in households in which income levels sit at or below 60% of average income.

It is clear that child poverty costs us all – financially, socially and economically and the consequences can be devastating to an individual's life chances and prospects. Experiences of poverty during childhood can have profound effects and lasting impacts on children, parents, whole households and communities.

In line with economic data which indirectly highlights a whole set of wider significant issues around child poverty, the UK Competitiveness Index highlights that three LA area within SEW continue to sit towards the very bottom of the league table – Torfaen, Merthyr and Blaenau Gwent residing at 369/369 LAs in the UK. This marries up with the productivity gap that still exists in the UK – lower than average productivity in the CCR – and a whole host of related regional economic disparities.

A recent study of the economic landscape in the region undertaken by Prof Robert Huggins in 2023 shows that for the 1.5M people residing in the region, around £34.3BN of GVA (Gross Value Added) was generated in 2020 and with under half the population of Wales, CCR accounts for more than half the economic activity within Wales as a whole. Despite this, CCR (34.3BN GVA) and Welsh economies (£66.6BN) are relatively small when compared to other

economic areas such as those included in the Midlands Engine (GVA £240.3BN) and the Northern Powerhouse (£375.2BN). CCR is also less than half the size of the Greater Manchester Combined Authority (£74.8BN).

Since its establishment and with the benefit of a £1.3BN City Deal, CCR experienced stronger economic growth in the period leading up to the Covid-19 global pandemic than the UK as a whole (7.3% versus 5.7% for the UK as a whole). In 2020 the economy of the region contracted in real terms – consistent with other regions in the UK. The CCR's (and Welsh economies generally) display lower levels of productivity – around 88% of UK average levels (noting this figure is skewed heavily by London and Greater SE). However, what is starting to be highlighted is a trend towards greater economic resilience. CCR's productivity per job is above that for the East Midlands Combined Authority and the wider Midlands Engine area and only slightly less than the Manchester Combined Authority and Northern Powerhouse.

The number of working age people as a percentage of total population is broadly in line with that of the UK as a whole (62.6% compared to 62.9%). However, the percentage has fallen slightly since 2016, which reflects not only an ageing population (19.1% of the population is of retirement age) but also a similar proportion of the population being relatively young and of pre-school or school age.

In terms of enterprise, the presence of businesses in the Cardiff Capital Region per head (475 enterprises per 10,000 working age population) is lower than that of the UK as a whole (656 per 10,000 working age population). However, the Cardiff Capital Region has strong growth in enterprises per 10,000 working age population between 2016 and 2022 (13.0%), which is significantly above the UK average (6.5%) and among the comparator areas is second only to the Greater Manchester Combined Authority (14.0%).

Employment in Cardiff Capital Region is just below 650,000 people including both employees and working proprietors, accounting for approximately half of total employment in Wales as a whole. This is an increase of 10,000 jobs since 2016 (Table A5), a growth rate of 1.61 % over the period. This is faster than the East Midlands Combined Authority (0.4%), but lags the Greater Manchester Combined Authority (9.8%) and the wider Northern Powerhouse (5.5%). Since the pandemic, Cardiff Capital Region has recovered employment numbers to those similar to before the outbreak and has broadly followed the UK national trend. Reflecting the Cardiff Capital Region's relative resilience, unemployment is relatively low at 2.7 percent, which contrasts with the UK as a whole at 3.7 percent. This is significantly lower than that for the Greater Manchester Combined Authority (5.1%), and also lower than that for the East Midlands Combined Authority (3.1%)

In terms of 'human capital', both Cardiff Capital Region and Wales are weaker than the UK national average as measured by qualifications. In total, 39.0% of the Cardiff Capital Region's population held university level qualifications (NVQ Level 4) in 2021 compared to 43.5% for the UK as a whole. Furthermore, the Cardiff Capital Region has 8.9% of the population with no formal qualifications, compared to a UK average of only 6.8%. However, the Cardiff Capital Region is better positioned than the Midlands Engine or the Northern Powerhouse in terms NVQ Level 4 qualifications, and only the Greater Manchester Combined Authority has a higher proportion of the population.

To summarise, CCR has displayed relatively higher levels of economic resilience in recent years – it continues to lag on UK averages – the trajectory is encouraging. It is against this backdrop of the clear need to continue improving economic growth, in a sustainable, inclusive and resilient way which CCR believes provides the best chance of tackling the region's incidence of high inequality, which in turn, will impact child poverty levels.

It is this sense of hope and a broadly improving economic picture, which, at the current stage of development and in with all those factors and challenges set out in the opening section above, that presents our current key lever in tackling child poverty. From improving GVA, to ensuring resultant economic and societal benefits impact all parts of the region and doubling down on levels of generalised high inequality – the economic strategy for the region can have critical effects on child poverty.

The CCR's Regional Economic and Industrial Plan

Leading on from this, the CCR's recently revised Economic and Industrial Plan has a key focus on 'levelling-up' within the region and tackling low growth alongside high inequality. Key features of the plan, which has engaged partners across the Regional Economic Growth Partnership, Business Council, Skills Partnership and the ten constituent councils include:

- Recognition that CCR is starting to play an important role in driving forward the SEW economy – BUT within the region there are continuing differences in population growth, demographic profile and economic strength.
- The regional and local challenge to grow the economy whilst tackling inequality.
- Macro-challenges – sustainable transport, inflation and cost of living, supply chain shortages and food and energy insecurity
- Relying on economic spill overs or agglomerations will not be enough – sub-regions like the Northern Valleys required often different, well understood and well time interventions.

- Benefits derived by the region, must clearly accrue back to local places.
- Growing the diversity of the economic base
- Tackling challenges of declining populations – encouraging more people of working age to stay, study and work in the region.

Using the economic lens to tackle child poverty – current picture

As stated above, the SEW CJC does not yet have the direct levers, policy mechanisms and accountability to directly drive and lead approaches to tackling child poverty in a comprehensive way. The one lever that can make a critical difference – albeit indirectly – is the economy and programmes such as City Deal which currently sit outside of the auspices of the CJC.

Notwithstanding this and the objectives clearly set out in the Regional Economic and Industrial Plan, there are a number of existing projects and programmes which provide a strong platform from which to create a better regional distribution of productivity and thus, shared prosperity. Whilst these all fall under the auspices of an economic growth programme, there will be direct benefits targeted at improving growth and reducing inequality, which will indirectly impact and effect child poverty. These include:

- **Metro Plus – a programme of ten sustainable local transport schemes** which focus on providing closer links to good public transport for local communities, in the constituent local authority areas. These schemes aim to improve access to mainstream ‘metro’ services and supporting the ability of citizens everywhere to move about the region, in ways which support access to work, housing, services and wider infrastructure.
- **Housing Viability Gap Fund – a programme of 12 ‘stalled sites’ across the region, that CCR is helping to unlock and bring to market** in order to provide up to 3000 new homes in communities in the Northern Valleys and wider CCR – unlocking growth, opportunity and improving the variety, affordability and quality of homes.
- **Venture Skills Hub – CCR is supporting a range of talent and employability interventions** including ASPIRE shared apprenticeship scheme that operates in Blaenau Gwent and Merthyr, the Y Prentis programme which operates region-wide and a range of short courses, micro-credentials and facilitating the development of short sharp bootcamps which upskill the workforce for the key economies of the future.
- **Investment in indigenous regional business** – from our investment in Creo Medical in Chepstow, to the Newport CS Mega Foundry – across our key clusters like Fintech and Cyber – through to Zipworld in Hirwaun – CCR is making investments in home grown businesses that support local economies, boost supply chains and create high value jobs in the region.

- **Investment in domestic energy capability for the region** – CCR’s acquisition of the former 500-acre Aberthaw Power Station in the Vale of Glamorgan is a strong example of our commitment to tackling cost of living/cost of doing business crises-linked issues around energy security and resilience. Re-purposing the site as a green energy hub, decarbonising industry at the same time as generating new renewable energy opportunities is a significant opportunity to drive a clean growth agenda – anchoring critical supply chains and good quality jobs in the region – for all of the region.
- **Deployment of a range of impact funds focussed on fostering key conditions for ‘good growth’** – working with professional fund managers, CCR operates a combined total £100M Strategic Premises Fund and Innovation Investment Capital. The purpose of the funds is to stimulate growth, new markets and development and growth opportunities in the region’s key sectors – creating new and better jobs for a greener, fairer future economy.
- **Delivery of a £16M programme aimed at improving innovation in public services.** This comprises a £6M scheme called InFuSe which develops the skills and key capabilities of public service workers – focussed on building a vision for twenty first century public service. The second element is a £10M Challenge Fund that seeks to procure innovation and ingenuity via innovative approaches to public procurement. The focus is on societal issues and challenges, such as food security, energy resilience, future of local high streets, medical technologies, the future of social care and rapid decarbonisation of transportation.

In terms of prospects in the approved pipeline of projects, there are opportunities to build upon the above, by putting in place a range of interventions, aimed at supporting key economic advancements and accelerating inclusive growth – whilst targeting local poverty agendas. These include (and are subject to final business case approval):

- Regional deployment of c£6.6M of Shared Prosperity Funds – into interventions that include support for priority sectors; accelerator growth programmes, branding of the city-region that helps secure new inward investment and support for growth of local skills and talent.
- Development of a c£50M+ Valleys Seed Fund – targeted at a range of interventions in the Northern Valleys spanning tourism, digital and strategic sites and premises with proximity to the new Heads of the Valleys Road
- Creation of green hydrogen supply targeted at the decarbonisation of large transport systems, with the support of multi-national partners.
- Roll-out of a full fibre network to towns and settlements across the region that currently sit under commercially viable thresholds and thus supporting digital inclusion across a larger cross-section of the region.
- Future delivery of the CCR Energy Strategy. Through local area energy planning and the deployment of the ECO-Flex schemes – there is significant opportunities to tackle

fuel poverty, improving the energy security and proficiency of the housing stock and thus impacting health, wellbeing and local resilience at the same time.

The future for child poverty under the SEW CJC

Building on the above, the CJC will at the point of being fully operational, have increased reach and policy tools to further enact interventions to combat child poverty. These will include the City Deal programme mentioned above and also levers such as:

- A Regional Transport Plan – a key mechanism through which to ensure a greener, fairer and more prosperous region. This will seek to leverage the Metro Enhancement Framework, develop a new future for Regional Bus Services and promote higher levels of good quality public transport and active travel – accelerating efforts towards modal shift.
- A Strategic Development Plan – an integrated land-use plan for the region which will allocate appropriate sites for future sustainable housing development and commercial and economic opportunities – leveraging natural assets and resources to enable the region to secure resilience dividends and reach Net Zero targets.

Further, as we move forward through our transition phase to the CCR as a CJC, we will incrementally increase our activities under the remit within which all CJC's across Wales have been set, Regional Transport Planning, Strategic Development Planning and Economic Wellbeing.

Utilising the strength and levers at a regional level to maximise the opportunity to have a bigger, fairer and greener economy, the CJC will also do the following to support tackling child poverty within its activity over the next 12 months:

1. build into our project appraisals a child poverty assessment process – we will look at what projects and programmes that are coming through our investment pipeline can do to support the reduction of child poverty in the region.
2. In our existing portfolio, currently being delivered under the CCR City Deal, where the opportunity arises, and is practicable to do so, we will assess a project to determine whether there is the potential to do more to support the reduction in child poverty within the region.
3. As part of our remit to produce a Regional Transport Plan and a Strategic Development Plan, embedding the challenge as to how any proposals will tackle Child Poverty and the support the Wellbeing Objectives for the CJC will be fundamental in our thinking. The regional nature of these plans will give our constituent authorities the ability to consider the impact of the activities on a macro scale that they and we cannot currently do at the local, micro level.

4. As part of the development of our corporate plan and taking forward our wellbeing objectives, we will ensure that tackling inequality continues to be a core pillar of the work of the CJC. The adoption of the CJC's wellbeing objectives from the City Deal Regional Economic & Industrial plan has built an intrinsic link between the work of the two entities on their journey to become one single economic governance organisation for the region.
5. As part of our CJC related activities, we will work to ensure that under the current assessment on the Wellbeing of Future Generations (Wales) Act 2015, we specifically identify where actions and activities have a specific bearing in child poverty and how we can maximise those benefits.

In addition to this, it is indicated that further policy requirements – alongside corresponding new freedoms and flexibilities – will be conferred upon CJCs as they grow, develop and mature. It is likely in this context, that we will see the emergence of policy directives and mechanisms that can complement the above by more directly impacting the child poverty agenda. In addition to this, the SEW CJC will have the ability to act direct, to build and maintain its own balance sheet, to hold and acquire assets and to borrow to raise new investment. In addition to this, corporate duties to set Wellbeing Objectives and apply the principles of UN Sustainable Development Goals will provide the framework to test, measure and evaluate the impact of our interventions, to learn key lessons and keep improving.

[Towards a Framework for Tackling Child Poverty in the CCR](#)

To conclude, this paper should be read as a first iteration of outlining the current context as regards CJCs and the child poverty agenda. Clearly, the conditions needed are not fully in place and as such, this paper starts to build a sense of direction and forward momentum as the agenda – in structural and policy terms – starts to build for CJCs as newly emergent bodies.

However, it is clear that CJCs will have a significant future role to play in supporting wider efforts to tackle child poverty through its strong focus on improving growth and inclusive economic development – alongside its commitment to addressing high inequality. Sound economic policies and a solid set of interventions that yield both economic and societal benefits can help make an economy less vulnerable to shocks and more resilient in the face of future changes and challenges.

One of the most striking aspects of the contemporary debate on economic development – to which CCR is considered a serious contributor – is the wide consensus on what is needed to achieve sustained growth and thus, to raise living standards and reduce poverty. There is a universal recognition that lasting and substantial poverty reduction can only be achieved in the context of an economy that grows sustainably and fairly. Economic growth and development that is meaningful to communities and inclusive is the ONLY way of raising living standards and reducing levels of poverty. Higher growth rates come about as a result of policies and interventions that encourage enterprise, enable the private sector to respond to

appropriate opportunities and incentives and ensure the most fair and efficient allocation of economic resources.

Such policies and serious economic structures and conditions take time and must be developed thoughtfully and with clear end goals in mind. We believe that given the strong start that underpins the SEW CJC through the CCR City Deal, the imminent evolution to a corporate entity structure with new powers, freedoms and flexibilities and the clear prospect of improved economic resilience – we have a credible platform from which to continue building a compelling and robust framework for tackling child poverty in the region.

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