

## Evidence submission – City Deals and the Regional Economies of Wales

### Current position Cardiff Capital Region City Deal and next steps

It has been a year since the 10 point plan aimed at evolving the direction of City Deal was put in place. This offers a key reflection point ahead of Gateway Review in April 2021. For background, the ‘ten point plan’ was aimed at recognising the changed and challenging environment and conveys the success factors critical to the future viability, relevance and legitimacy of City Deal.

In brief, the ‘ten point plan’ challenges set out new ways of working to address under-competitiveness, low productivity and dependency on government and other forms of assistance. The data shows clear trends and patterns – not just around sectoral and industrial issues – but social and place-based ones too. There are some big cultural issues to front up to, especially around the ways in which ‘failure’ and ‘risk’ are perceived and managed. There is also a key differentiation to make in the future around value/ wealth creation and extraction and ensuring we are able to distinguish between the two. In the light of the fact there are unlikely to be future City Deals at UK Government-level, (with all new investment to be channelled through the UK-wide Industrial Strategy and competitive-based funds such as the ISCF, Global Research Fund, Industrial Fellowships and Shared Prosperity), there is a strong need to ensure the Cardiff Capital Region City Deal investment fund remains ‘evergreen’ and is able to live off its interest and not its capital. City Deal is a significant programme – but it is not a panacea. By itself, it is not enough to move the needle in the way needed. However, seen as a first stepping stone on the path to greater economic self-reliance and self-sufficiency, it can indeed be a powerful force for good.

The ten point plan set out the following challenges – with responses and updates aligned for the 12 months October 2018 – October 2019:

#### 1) Data and Insight:

We said:	We did:
<ul style="list-style-type: none"> <li>• Low levels data capture &amp; intelligence to inform priorities</li> </ul>	<ul style="list-style-type: none"> <li>• 3 main data reports – State of the Region                             <ul style="list-style-type: none"> <li>-Connected</li> <li>-Competitive</li> <li>-Resilient</li> </ul> </li> <li>• Priority sectors identified</li> <li>• Data dashboard being developed</li> </ul>
<ul style="list-style-type: none"> <li>• Data key in underpinning assessment and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• National Evaluation Framework adopted</li> <li>• Local Evaluation Framework approved</li> <li>• First baseline report is good</li> </ul>
<ul style="list-style-type: none"> <li>• Need to walk the talk – especially as CCR is a data-rich region with capability</li> </ul>	<ul style="list-style-type: none"> <li>• 2 KES PhD studentships secured</li> <li>• Full economic impact in priority sectors such as Compound semiconductors to inform Strength in Places bid</li> <li>• Savills evidence of housing market</li> </ul>

	<ul style="list-style-type: none"> <li>• Renewable energy and clean growth work done to complement Metro Plus</li> </ul>
<ul style="list-style-type: none"> <li>• Integral to Gateway Review and notions of self-assessment</li> </ul>	<ul style="list-style-type: none"> <li>• First self-assessment produced</li> <li>• One year out report underway</li> <li>• Learning visits to Cohort One City Deals concluded</li> </ul>

---

### Key Sectors of Interest

---



### 2) Regional Industrial Plan

We said:	We did:
<ul style="list-style-type: none"> <li>• Current gap in context for 5 year business plan and longer-term planning</li> </ul>	<ul style="list-style-type: none"> <li>• Business-led Regional Industrial and Economic Growth Plan</li> </ul>
<ul style="list-style-type: none"> <li>• Needs statement of vision and values</li> </ul>	<ul style="list-style-type: none"> <li>• Launched in CCR, London and MIPIM</li> </ul>
<ul style="list-style-type: none"> <li>• Low levels of influence with UKRI and UK Industrial Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Interfaces with both Economic Action Plan &amp; Industrial Strategy</li> </ul>
<ul style="list-style-type: none"> <li>• Clarity about focus and priorities and what we can and can't do</li> </ul>	<ul style="list-style-type: none"> <li>• Fewer things better</li> </ul>
	<ul style="list-style-type: none"> <li>• Endorsed by Cabinet, CBI IOD and FSB via Regional Business Council</li> </ul>

---

**Our approach will be based on:**

---



**Cohesion**

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



**Scale**

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



**Leverage**

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



**Return on Investment**

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



**Ecosystem Development**

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



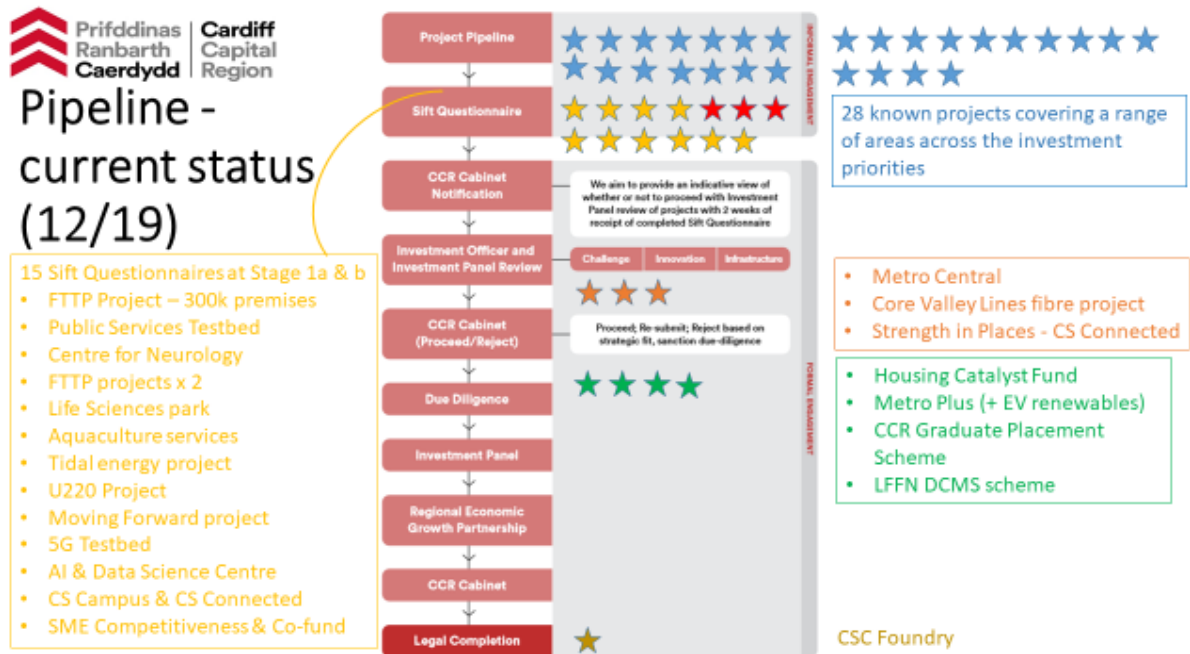
**Economic Inclusion**

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

3) Delivery Pipeline and Investment Framework

We said:	We did:
<ul style="list-style-type: none"> <li>Build foundations upon which to deliver</li> </ul>	<ul style="list-style-type: none"> <li>Produced an Investment and Intervention Framework – launched in June 2019</li> <li>Established three funds – Infrastructure, Innovation &amp; Challenge</li> <li>Principles of evergreen, co-investment and leverage</li> </ul>
<ul style="list-style-type: none"> <li>Project focus instead of programme focus</li> </ul>	<ul style="list-style-type: none"> <li>Focus on clusters and eco-systems</li> </ul>
<ul style="list-style-type: none"> <li>Toolkit needed to originate quality deal-flow</li> </ul>	<ul style="list-style-type: none"> <li>Investment Panel convened to advise Cabinet</li> <li>Investment lead role</li> </ul>
<ul style="list-style-type: none"> <li>Toolkit needed to assess and evaluate investment proposals</li> </ul>	<ul style="list-style-type: none"> <li>Common Assessment Framework for Metro Plus</li> <li>Local Partnerships work on Proportionate Business Case</li> </ul>

<ul style="list-style-type: none"> <li>• Delivery and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Criteria ensures we do right things not easy things</li> </ul>
--	---



#### 4) Good Governance

We said:	We did:
<ul style="list-style-type: none"> <li>• Consolidate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Execs now re-formed as Programme Board with new Investment Panel convened to advise Cabinet</li> </ul>
<ul style="list-style-type: none"> <li>• Upgrade assurance process</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new Investment and Intervention Framework</li> </ul>
<ul style="list-style-type: none"> <li>• Remove application form</li> <li>• Make it business friendly</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of SIFT process</li> <li>• Business leadership of new process via REGP</li> </ul>
<ul style="list-style-type: none"> <li>• Use skills in right places</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Panel and cluster leads established</li> </ul>
<ul style="list-style-type: none"> <li>• Business plans</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plans in place for Regional Skills Partnership and Regional Business Council</li> <li>• WAO review is good – all points for improvement incorporated</li> </ul>
<ul style="list-style-type: none"> <li>• Delegations</li> </ul>	<ul style="list-style-type: none"> <li>• Revised and implemented as part of Investment Framework</li> </ul>

5) Influence and leverage

We said:	We did:
<ul style="list-style-type: none"> <li>Deal is not lot of funding so eye on leverage opportunities</li> </ul>	<ul style="list-style-type: none"> <li>UKRI board level representation to lever influence and visibility</li> <li>Work via Science Council on Campaign for Science and Innovation</li> <li>Innovate UK link and potential secondment</li> </ul>
<ul style="list-style-type: none"> <li>Need to improve track record on external funds such as UKRI</li> </ul>	<ul style="list-style-type: none"> <li>Multiple submissions to UKRI – Strength in Places Fund, challenge calls and WEFO</li> </ul>
<ul style="list-style-type: none"> <li>Low levels of influence and representation</li> </ul>	<ul style="list-style-type: none"> <li>Represented on various boards, committees and partnerships to develop voice of CCR</li> <li>Wales office London</li> <li>Wales in London Week</li> <li>Ser Cymru</li> </ul>
<ul style="list-style-type: none"> <li>Under-developed competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of priority sectors for comparative advantage</li> <li>Prospective partnership with Global Welsh</li> <li>Western Gateway</li> </ul>

6) Create City Deal Office

We said:	We did:
<ul style="list-style-type: none"> <li>PMO terminology out of date</li> </ul>	<ul style="list-style-type: none"> <li>Created City Deal Office</li> <li>New structure and resourcing plan agreed</li> </ul>
<ul style="list-style-type: none"> <li>Absence of front of house facility</li> </ul>	<ul style="list-style-type: none"> <li>Team re-located to Tredomen with branding and front of house</li> </ul>
<ul style="list-style-type: none"> <li>Conventional broadcast communications</li> </ul>	<ul style="list-style-type: none"> <li>External secondments to plug capacity gaps</li> </ul>
<ul style="list-style-type: none"> <li>Gap in marketing and prospecting</li> </ul>	<ul style="list-style-type: none"> <li>Website upgraded – with further work to follow</li> <li>Communications plan and marketing lead appointed</li> </ul>
<ul style="list-style-type: none"> <li>Needs an arms-length brand</li> </ul>	<ul style="list-style-type: none"> <li>Brand established and further work underway to unite @ccrcitydeal and @acapitalregion</li> </ul>

7) Enhance Industry and Local Leadership

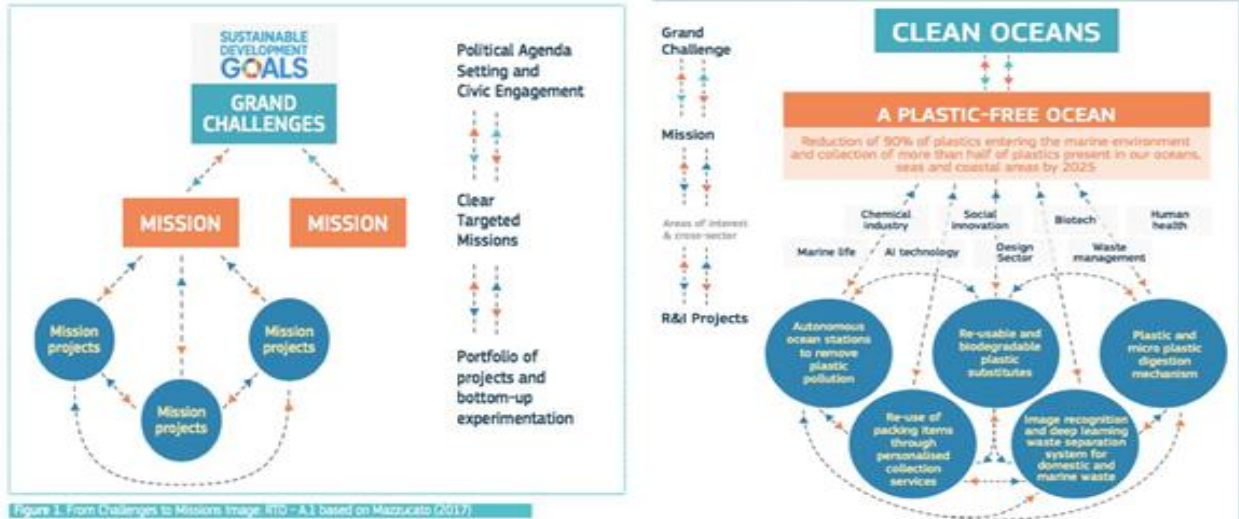
We said:	We did:
<ul style="list-style-type: none"> <li>More co-production across industry and public sector/ government</li> </ul>	<ul style="list-style-type: none"> <li>Co-development of evidence base, industrial growth plan and development and implementation of the Investment Framework</li> </ul>
<ul style="list-style-type: none"> <li>Improved business engagement</li> </ul>	<ul style="list-style-type: none"> <li>Business workshops, co-development of SIPF bids on</li> </ul>

	examples such as Devices and Diagnostics and Cyber
<ul style="list-style-type: none"> <li>Economic strategy leadership</li> </ul>	<ul style="list-style-type: none"> <li>Development of cluster leads and sectoral approach to eco-systems</li> <li>Sector leading work on Compound Semiconductors via CS Connected</li> </ul>
<ul style="list-style-type: none"> <li>Business influence on investment assessment</li> </ul>	<ul style="list-style-type: none"> <li>Process developed in collaboration with REGP</li> <li>Investment Panel 50% business 50% Councils</li> </ul>
<ul style="list-style-type: none"> <li>Thought leadership and policy develop work</li> </ul>	<ul style="list-style-type: none"> <li>Publications on research and evidence, media articles, policy pieces and published articles. Input to OECD work and a high-level networks, partnerships and groups.</li> <li>Good outcomes from Welsh Affairs Select Committee Inquiry into City and Growth Deals</li> </ul>

8) Challenge-focussed and mission-led

We said:	We did:
<ul style="list-style-type: none"> <li>Shift away from grant culture to ROI focus</li> </ul>	<ul style="list-style-type: none"> <li>Three funds built upon portfolio-based evergreen principles</li> </ul>
<ul style="list-style-type: none"> <li>Focus on wellbeing and inclusive economies</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate progress through alternative measures (Not just GVA) – work underway with Cardiff Business School</li> </ul>
<ul style="list-style-type: none"> <li>Challenge focus needs development</li> </ul>	<ul style="list-style-type: none"> <li>Challenge fund principle established as one of three funds</li> </ul>
<ul style="list-style-type: none"> <li>Learn from experts</li> </ul>	<ul style="list-style-type: none"> <li>UCL thinking considered</li> <li>Energy Systems Catapult work</li> <li>Energy vision and mission work supported by WG Energy Service</li> </ul>
<ul style="list-style-type: none"> <li>Move from speculative submissions to strategic calls and alignment with SBRI</li> </ul>	<ul style="list-style-type: none"> <li>First challenge call on local wealth building – agreement to develop</li> <li>Advice secured and professional support from Nesta Challenge Prize Centre</li> <li>Submission to WEFO P5 Institutional Capacity</li> </ul>

Figure 1 below illustrates the movement from broad challenges to specific missions.



### 9) Internationalisation

We said:	We did:
<ul style="list-style-type: none"> <li>Move beyond domestic UK focus</li> </ul>	<ul style="list-style-type: none"> <li>Contributed to Wales in the World</li> <li>Sponsorship of WiL Week and full participation in events and showcase for Industrial Plan</li> <li>Participation in MIPIM 2019 and MIPIM UK 2019</li> <li>Co-delivered workshop sessions with DIT across region</li> </ul>
<ul style="list-style-type: none"> <li>Develop investor readiness</li> </ul>	<ul style="list-style-type: none"> <li>Spec developed and interim support commissioned to strengthen pipeline and deal flow</li> </ul>
<ul style="list-style-type: none"> <li>Beyond economic measures to what matters</li> </ul>	<ul style="list-style-type: none"> <li>CARBS work on wider measures and metrics via Economic Intelligence Unit</li> </ul>
<ul style="list-style-type: none"> <li>Grow network beyond UK</li> </ul>	<ul style="list-style-type: none"> <li>Co-hosted Xiamen, Singaporean CS Cluster and Taiwanese Govt delegation</li> <li>CS Connected Minneapolis</li> <li>British America Project</li> </ul>

### 10) Towards a sustainable and resilient CCR

We said:	We did:
<ul style="list-style-type: none"> <li>Move beyond City Deal</li> </ul>	<ul style="list-style-type: none"> <li>Moving into building future of region – Strategic Development Plan, Valleys Regional Park and Regional Skills Partnership</li> </ul>
<ul style="list-style-type: none"> <li>Develop future of region</li> </ul>	<ul style="list-style-type: none"> <li>OECD work contribution</li> <li>Contribution to Regional Investment Panel</li> </ul>

	<ul style="list-style-type: none"><li>• Contribution to Shared Prosperity debates and consultation</li></ul>
<ul style="list-style-type: none"><li>• Foresight and planning for what's coming</li></ul>	<ul style="list-style-type: none"><li>• Scenario planning and futures work around housing, EV and LEV, digital and transport and energy vision and mission</li></ul>

Kellie Beirne

Director, CCR City Deal

.....