

15 MARCH 2021

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## **HOMES FOR ALL THE REGION – UPDATE AND PROPOSED INDICATIVE SHORTLIST FOR VIABILITY GAP FUND**

### **REPORT OF CCR CITY DEAL DIRECTOR**

#### **AGENDA ITEM 8**

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Appendices 2, 3i & 3ii of this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972. In all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### **Reason for this Report**

1. To provide Regional Cabinet with an update on progress made in respect of the 'Homes for all the Region' Programme, following the approval of the Viability Gap Fund Full Business Case in March 2020 and the associated Evaluation Framework in September 2020.
2. In particular, to report on the outcome of the evaluation exercise carried out in respect of applications received for the Viability Gap Fund and seek Regional Cabinet's approval of the proposed 'indicative shortlist of schemes' to progress to the next stage of the process, along with next steps and associated timescales.
3. In-light of the indicative shortlist, to consider whether the overall purpose of the Viability Gap Fund has been fully met (particularly in relation to CCR's Economic Inclusion objectives) or whether further options need to be progressed alongside the proposed shortlist.
4. To provide a short, interim update in respect of the SME Finance Fund, next steps and associated timescales.

#### **Background**

5. At its meeting of 14<sup>th</sup> September 2020, Regional Cabinet approved the Evaluation Framework. This is the methodology, criteria and weightings that

has been used to evaluate and prioritise applications received in respect of the Viability Gap Fund and is attached at Appendix 1.

6. In September 2020, Cardiff Capital Region (CCR) launched the call for sites and issued LA Partners with a suite of documents which supported the effective deployment of the fund. Local Authorities (as the Lead Applicant) and their delivery partners were required to complete a Fund Application Form and provide supporting information for each application they wished to submit. Local Authorities (LAs) could submit up to a maximum of 3 applications.
7. During the call for sites window (September to December 2020), CCR and its appointed Fund Co-ordinator (CBRE) engaged with all Applicants (and their key delivery partners) via a series of engagement sessions. The purpose of these meetings was to discuss with LA their potential applications and to provide guidance and clarifications on the application process. The call for sites window closed on 18<sup>th</sup> December and the deadline for submitting applications was the 11<sup>th</sup> January 2021.
8. As the lead Applicant, Local Authorities decided how many applications to submit and the location of the schemes. The viability gap fund targets 'stalled sites' which can clearly demonstrate a financial viability gap, preventing housing delivery. In this regard, the Fund set clear funding parameters of:
  - require funding in the range of up to £8 million in total;
  - not exceeding gap funding of up to a maximum of £37,500 per unit;
  - targeting sites of between 40-350 units (albeit flexibility will apply to larger schemes where phasing may be appropriate, subject to discussion with Welsh Government);
  - both Brownfield and Greenfield sites are eligible, providing 'financial viability' can be clearly demonstrated and land values meet CCR's definitions/requirements.
9. These sites are recognised as mid-sized sites in the region which could make a significant impact on housing delivery rates, but would not otherwise come forward without viability funding support.

## **Issues**

### **Approved Fund Structure, Evaluation Framework and Assessment**

10. As outlined above, Regional Cabinet considered and approved the structure of Viability Gap Fund, indicative funding and the Evaluation Framework at its meeting in September 2020.
11. The overall £35 million Fund comprises of £30 million CCR funding (the "Base Fund") and a further £5 million capital grant allocation from Welsh Government (the "Welsh Government Fund"). Applications have been evaluated and prioritised/ranked by their overall score and are eligible for a funding allocation on the following basis.

### £30m Base Fund

12. The CCR Funding Programme has been structured to target the areas of lowest economic competitiveness in the region – as informed by the UK Competitiveness Index 2019. Regional Cabinet achieved this objective by structuring and prioritising the Base Fund as follows:
- Sub-Fund 1: the first circa £15 million being available to those 5 LAs that have the lowest ranking in the UK Competitive Index 2019 which are: Blaenau Gwent; Caerphilly; Merthyr Tydfil; Rhondda Cynon Taf and Torfaen.
  - Sub-Fund 2: the balance of the fund (circa £15 million) then being available to the remaining schemes from ALL LAs.

### £5m Welsh Government Fund

13. In addition, a further £5 million of funding is available, subject to applications meeting the additional conditionality imposed by the Welsh Government. Such conditions principally relate to the requirement to deliver Welsh Government policy aspirations in respect of space standards and the provision of a minimum of 50% affordable housing etc.
14. The Fund reserved the right to explore options to utilise the additional funding support for any scheme (in whole or in part) and the evaluation sought to assess this option, on a scheme by scheme basis. The evaluation of Welsh Government funding applications followed the same framework as that approved for the Base Fund. However, in order to maximise leverage it is CCR's policy to prioritise external funding ahead of its own, where funding terms and conditions permit.

### Overview of Evaluation Framework

15. As outlined above, details of the full Evaluation Framework approved by Regional Cabinet are attached at Appendix 1. In summary, this consists of a 2 stage process incorporating minimum thresholds which must be achieved in order for applications to be ranked. The key focus of the evaluation framework is to identify eligible sites which can best demonstrate fit with CCR's 'deliverability criteria', whilst giving due regard to matters such as value for money, overall affordability and the ability to meet CCR's proposed timescales.

#### **Stage 1: Gateway Criteria**

The initial stage consist of a series of 8 Pass/Fail questions and applications must pass ALL 8 questions in order to progress to Stage 2.

#### **Stage 2: Weighted Criteria**

Applications progressing from Stage 1 will be evaluated against the Weighted Criteria included under Stages 2A and 2B.

Weightings have been allocated as follows:

Stage 2A Totals 65% of the overall weighting and cover 5 sub-criterion relating to “**Scheme Deliverability**”. Applications are required to achieve a minimum score of 30% in order to be considered any further.

Stage 2B Totals 35% of the overall weighting and covers sub-criterion relating “**CCR Objectives, Value for Money and Use of SMEs**”.

### Results of the Independent Evaluation Assessment

16. In total 18 applications were received with a total funding request of over £52 million. These can be summarised as follows:
  - 14 of these applications sought funding from the CCR £30 million Base Fund only;
  - 3 applications were submitted as ‘Variants bids’ i.e. seeking funding from either the £30 million CCR Base Fund or the £5 million Welsh Government Fund; and
  - 1 application sought funding from just the Welsh Government fund.
17. The CCR’s advisors have carried out an independent evaluation of all submissions received, alongside initial due diligence. CCR and the Technical Advisors also held engagement sessions in respect of each submission received. These sessions provided the opportunity for Local Authority partners to present their proposals to CCR’s Technical Advisors, allowing them to review applications in detail and follow-up in writing with any further clarifications that were deemed necessary.
18. Once responses to clarifications had been received, the independent evaluation assessment was carried out in accordance with the agreed Evaluation Framework. CCR’s appointed Technical Advisors established individual teams that were headed by a Technical Lead who conducted the evaluation. As well as Technical Leads, subject experts were also utilised in areas such as planning and cost consultancy to review each application and to ensure consistency in the evaluation process. Two Senior Directors undertook an oversight role and moderated all the evaluations before presenting the final position to CCR officers.
19. Once the evaluation was complete, those schemes which passed the Gateway Criteria and met the minimum threshold requirements, were ranked according to their score. Schemes which had the same overall score were prioritised based on the ‘Deliverability’ component of their respective scores.
20. The ranked scheme were then allocated funding based on the fund structure outlined above, noting that variant bids were allocated to the Welsh Government fund in-line with agreed CCR policy. The proposed indicative shortlist schemes, to progress to the next stage are set out in Tables 1 and 2 below.

Table 1: CCR £30M Base Fund Proposed Indicative Shortlist

Local Authority Partner	Scheme Ref.	Estimated no. of Homes	Total Viability Funding
Blaenau Gwent CBC	Scheme 1	70	
Rhondda Cynon Taf BC	Scheme 1	280	
Rhondda Cynon Taf BC	Scheme 2	70	
Caerphilly CBC	Scheme 2	165	
Rhondda Cynon Taf BC	Scheme 3	850	
	<b>Sub-Fund 1</b>	<b>1,435</b>	<b>£16,275,384</b>
Newport City Council	Scheme 1	149	
Cardiff Council	Scheme 2	500	
Monmouthshire CC	Scheme 1	139	
Bridgend CBC	Scheme 1	186	
	<b>Sub-Fund 2</b>	<b>974</b>	<b>£13,360,000</b>
	<b>CCR Base Fund</b>	<b>2,409</b>	<b>£29,635,384</b>

21. In line with Table 1, it is proposed that 9 schemes from 7 different LAs are approved to progress to the next stage. The viability gap funding requested by these 9 schemes amounts to £29.6 million and is within the £30 million envelope approved by Regional Cabinet.
22. In addition, there were 2 further schemes (Monmouthshire Scheme 2 and Bridgend Scheme 2), which met all the minimum thresholds, but fell short of the £30 million Base Fund 'cut-off point'. It is proposed that these schemes form the 'Base Fund Reserve List', further details of which are set out below.
23. Further details of the proposed CCR Base Fund Indicative Shortlist and Reserve schemes, including their respective scores is set out in Exempt Appendix 2.

Table 2: Welsh Government Fund Proposed Indicative Shortlist

Local Authority Partner	Scheme Ref.	Estimated no. of Homes	Total Viability Funding
Newport City Council	Scheme 2	157	
Caerphilly CBC	Scheme 1	161	
Cardiff Council	Scheme 1	50	
	<b>W Gov't Total</b>	<b>368</b>	<b>£5,436,700</b>

24. In line with Table 2, it is proposed that 3 schemes from 3 different LAs are approved to progress to the next stage. The viability gap funding requested by these 3 schemes amounts to £5.4 million.
25. In addition, there was 1 further scheme (Caerphilly Scheme 3), which met all the minimum thresholds, but fell short of the 'cut-off point'. It is proposed that this scheme forms the 'Welsh Government Reserve List', further details of which are set out below.

26. Further details of the proposed Welsh Government Fund Indicative Shortlist and Reserve schemes, including their respective scores is set out in Exempt Appendix 3i.
27. Regional Cabinet will note that value of the proposed schemes outlined in Table 2 exceeds the £5 million funding approved by Welsh Government. Therefore, it is proposed that the additional £436,700 outlined in Table 2 is funded from a combination of the underspend from Table 1 and a new approval of £72,084. This will increase the overall fund value to £35,072.084, but importantly will ensure that the value of Welsh Government funding is fully utilised.
28. One of the key criteria assessed as part of the evaluation process was the potential 'Contribution towards CCR Targets' that shortlisted schemes could make in addition to the number of 'homes' delivered. The assessment considered the potential in respect of jobs created, Gross Value Added (GVA) and Private Sector Leverage (PSL). These can be summarised in table 3.

Table 3: Forecasted Contribution towards CCR Targets

	<b>Forecasted No. of Jobs</b>	<b>Forecasted GVA (£m)</b>	<b>Forecasted Leverage (£m)</b>
Proposed 12 Indicative Shortlisted Schemes	<b>3,360</b>	<b>844.12</b>	<b>529.5</b>

29. Regional Cabinet should note that the forecasted contribution to CCR targets outlined in Table 3 above are largely in line with the figures included within the Full Business Case (FBC) approved by Regional Cabinet back in March 2020.

### **Next Steps & Timescales**

30. Whilst this report sets out the proposed indicative shortlist of schemes to progress to the next stage, each scheme will need to navigate its way through a number of key steps before Viability Gap Funding can be fully approved and made available to Local Authorities on an unconditional basis.
31. These will be addressed in the next phase of the programme with each shortlisted scheme having its own, bespoke set of conditions to discharge. However, there are a number of 'key risks' which are common to all schemes and need to be resolved before the CCR can enter into individual Funding Agreements with each Applicant. These include:
  - State Aid – Whilst Applicants have undertaken an initial, high-level assessment, each application will require further detailed legal analysis to confirm that Qualifying Expenditure is State Aid compliant. CCR will be seeking written confirmation at the next stage in order to satisfy itself that the funding can be deployed on a State Aid compliant basis;
  - Cap on Land Values – A consistent approach is required which meets CCR's definitions/requirements, ensures fairness and confirms that inflated

land values are not being supported. Further, more detailed diligence will be undertaken at the next stage with regard to the proposed land values for each scheme to ensure these are capable of meeting CCR's definitions/requirements in this regard;

- Cap on Developer's Profit – As above, a consistent approach which meets CCR's definitions/requirements must be demonstrated in respect of Developer's Profit included within the viability calculation. This will be further tested at the next stage to ensure the structure of the proposed commercial arrangements are appropriate, and meets CCR's benchmarked values. The final position will be set out as part of the pre-contract conditions and will be monitored as schemes progress. Any profit delivered over and above the agreed cap will be subject to overage arrangements.
32. The list of potential risks listed above isn't exhaustive and there are complexities which in some cases could see the schemes not progressing to contract and/or failing to draw down funding and therefore having to be withdrawn from the Fund. There are risks and issues that cannot be predicted or foreseen with any certainty – this is simply the nature of development, particularly in times of economic uncertainty.
  33. Therefore in order to address some of the risks outlined above, this report is intended to provide Regional Cabinet with an update on the evaluation process to-date and present an indicative shortlist for consideration and approval. Subject Regional Cabinet's approval, it is proposed that CCR and its appointed advisors work with the shortlisted schemes to resolve as many of the key risks identified above as possible and bring back a 'final list' of schemes for approval to its June 2021 meeting.
  34. To ensure the Fund benefits from continued momentum, regular updates will be provided to Regional Cabinet on progress, along with further details of each scheme and the anticipated benefits they will bring to its local communities and the region overall. Dedicated updates will be included as part of regular Cabinet Briefings over the next 3 months or so.

#### Delivery against the Fund's Overall Objectives & Further Options to Consider

35. As set out above, CCR's Viability Gap Fund has been structured to target the areas of lowest economic competitiveness in the region. In particular, 5 Local Authority areas, north of the M4 corridor were identified as representing parts of the region where the delivery of new homes would deliver significant benefits against CCR's Economic Inclusion objectives.
36. Unfortunately, 2 of the 5 Local Authorities identified above have put forward schemes which at this time, have not met the minimum threshold requirements in order to make the final ranked list of schemes. For this reason, these 2 Local Authorities are not represented in any of the proposed shortlists or even the reserve lists, despite their location making them eligible for CCR's Sub-Fund 1. It understood that these schemes could meet the minimum requirements and deliver quality schemes if they were given some further time to develop key aspects of their respective schemes.

37. It is therefore recommended that Regional Cabinet considers a further ‘ring-fenced option’ where it provides these 2 LA schemes with a fixed period extension to develop their respective bids further. Any such extension will need to be ‘stage-gated’ in order to monitor progress to the relevant stages in a timely manner. The purpose of this option being to support 2 further schemes to a point where they can also deliver valuable homes in areas where support is most needed and in doing so, allowing the Fund to support schemes which optimises its potential to fully deliver against its intended objectives.
38. If this option is supported, this will require Regional Cabinet to approve a further ring-fenced allocation of £7.8 million. In doing so, it is suggested that the Portfolio Member approaches Welsh Government to request whether any additional funding can be identified to support these ‘additional schemes’ alongside CCR’s commitment. Further details of these 2 schemes can be found at Appendix 3ii.

### Budget Update

39. The Full Business Case (FBC) approved by Regional Cabinet back in March 2020, included revenue budgets totalling circa £1.5 million. These resources were identified to cover a range of activities over the life of the Fund to 31<sup>st</sup> March 2024. As at Month 10, actual spend and projections against the approved budgets are set in Table 4 below.

Table 4: Viability Gap Fund Budget Position - Month 10

Budget Head	2020/21 Budget	2020/21 Projection Month 10	2020/21 Variance	Approved Budget Available
CCR Employed Resources	72,598	14,944	-57,654	189,330
LA Application Support (Phase A & B)	300,000	172,028	-127,972	327,972
Fund Launch and Co-Ordinator	124,375	85,000	-39,375	39,375
Evaluation, and Initial Due Diligence	330,245	287,500	-42,745	42,745
Award and Due Diligence	-	-	-	140,805
Contract Monitoring & Drawdown	-	-	-	141,400
Legal & Commercial Support	28,500	10,000	-18,500	47,000
<b>Total</b>	<b>855,718</b>	<b>569,472</b>	<b>-286,246</b>	<b>928,627</b>

40. The projected spend for this year has covered key project milestones such as the appointment of the Technical Advisors, the preparation of fund documentation including the Evaluation Framework, the fund launch, two rounds of LA engagement sessions and the evaluation of the all applications received and preparation of the proposed shortlists.
41. The current support budget position has been calculated on the principle of taking 7 applications forward to the next stage of the process. The recommended shortlist set out on Tables 1 & 2 identifies 12 schemes to progress to the next stage. Furthermore, if Regional Cabinet are minded to approve the ring-fenced option then a further 2 schemes would be progressed in parallel.



42. Progressing this number of schemes will have implications for the project in respect of Technical and Legal Advisors inputs and associated costs for the next stage of the project and beyond. However, as there is sufficient budget in place to meet the immediate requirements it is suggested that the position continues to be closely monitored over the short-term, but Regional Cabinet notes the likely requirement to increase the revenue support budgets over the medium term, with a request additional funds being brought back to a future meeting.

### **SME Housing Fund Update and Next Steps**

43. At its meeting of 14<sup>th</sup> September 2020, Regional Cabinet was given an update regarding the Prior Information Notice (PIN) and market briefing paper in respect of the SME Housing Fund (the "Fund"). The purpose of the PIN and market briefing paper was to obtain feedback in respect of CCR's proposals for the Fund and the role of a fund manager in respect of the Fund.
44. Following this feedback further work has been completed on the SME Housing Fund i.e. Investment Strategy, Criteria, Objectives, Fund Management KPIs, Fund Structure (including values, duration) etc. The necessary documentation has now been completed to support a formal procurement exercise to appoint a FCA accredited Fund Manager.
45. The fund procurement documentation has been drawn up and the contract notice was issued on 19<sup>th</sup> February 2021. The indicative procurement timetable is set out in Appendix 4 and the key stages are listed below.

Table 5: SME Finance Fund Next Steps and Timeline

<b>Activity/Task</b>	<b>Indicative Dates</b>	<b>Period</b>
Issue OJEU notice	19 <sup>th</sup> February 2021	1 Month
Evaluation of Standard Selection Questionnaire (SSQ's) received	W/C 22 <sup>nd</sup> March 2021	1 Month
Issue and evaluate tenders received	April – June 2021	3 Months
Award tender & complete contracting notice arrangements	June 2021	1 Month
Complete FBC, seek Cabinet approval and commence contract	June 2021	1 Month

46. A further report will be brought back to Regional Cabinet in the summer of 2021 to provide an update on the outcome of the formal procurement exercise and to finalise the next steps.

### **Reason for Recommendations**

47. To seek Regional Cabinet's approval of the proposed indicative shortlist of schemes in respect of the £30 million CCR Base Fund and the £5 million Welsh Government Fund, together with details of reserved schemes for each fund.

This will allow further work to be completed in respect of key risks and a final list to be brought back to Regional Cabinet for consideration and approval.

48. To put forward a further 'ring-fenced option' in respect of the 2 Local Authority partners who currently have no schemes on the above lists, despite their locations making them eligible for CCR's Sub-Fund 1. It understood that these schemes could meet the minimum requirements and deliver quality schemes if they were give some further time to develop key aspects of their respective schemes.

### **Financial Implications**

49. The report sets out how the £30 million approved by Cardiff Capital Region City Deal as part of the Wider Investment Fund and the £5m of Grant received from Cardiff Council via Welsh Government in 2019/20 is to be prioritised for the Housing Viability Gap Fund following applications by the partner authorities of the Joint Committee. Expenditure incurred on supporting applicant schemes should be in accordance with the terms and conditions of any specific grant receivable.
50. Any approval of additional Capital budget by Regional Cabinet to provide grants to support applications can be met from within the Wider Investment Fund and will not be recoverable. This includes the £7.8 million in principle allocation and any schemes recommended to proceed from this sum should be consistent with the evaluation, ranking and scoring set out as part of the assessment framework. Where any additional grants being bid for by CCR are awarded, subject to the terms and conditions of that grant, a local authority partner will need to be identified to ensure the funds can be allocated to CCR.
51. The next stages of the grant process and development of detailed funding agreements will need to consider and demonstrate that any funds provided to local authority applicants to undertake schemes can be delivered in the timescales set out and prior to the longstop date of March 2024, with all match funding also being in place to deliver the applicant scheme. Where this is not the case funding may be withdrawn to ensure objectives as set out in the original business case can be met within agreed timescales and resources available used effectively.
52. CCR is not responsible for the provision of any additional funding in the event of, for example, any cost overruns or unforeseen risks materialising on site. As such, the Applicant will assume the full risk on the adequacy and sufficiency of the funding award and any cost overruns will be for the account of the Applicant.
53. Expenditure is also being undertaken by CCR to support the development of applications as part of this Housing Viability Gap Fund and will need to be managed within existing resources.

### **Legal Implications**

54. CCR should note that the additional £7.8 million in principle allocation and any decision to proceed with a scheme from this allocation should follow appraisal and evaluation in accordance with the CCR Wider Investment Fund Assurance Framework.

55. All other legal implications are addressed within the report.

### **Well-Being of Future Generations (Wales) Act 2015**

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

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

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

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

57. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 5.

### **Equality Act 2010**

58. In considering this matter regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:

- age;
- gender reassignment;
- sex;
- race – including ethnic or national origin, colour or nationality;
- disability;
- pregnancy and maternity;
- marriage and civil partnership;
- sexual orientation;
- religion or belief – including lack of belief.

### **Recommendations**

59. It is recommended that the Cardiff Capital Region Joint Cabinet:
- a) notes the receipt of applications to its Housing Viability Gap Fund and that the evaluation process has now been concluded in line with the evaluation framework approved by Regional Cabinet in September 2020;
  - b) approves the proposed indicative shortlist of schemes in respect of the CCR Base Fund as set out in Exempt Appendix 2 together with the reserve list of schemes also detailed within that appendix, to allow further due diligence to be completed and noting that a further report will be brought back to Regional Cabinet to consider the final list of schemes;
  - c) approves the proposed indicative shortlist of schemes in respect of the Welsh Government Fund as set out in Exempt Appendix 3i together with the reserve list of schemes also detailed within that appendix, to allow further due diligence to be completed and noting that a further report will be brought back to Regional Cabinet to consider the final list of schemes;
  - d) notes the potential increase required to CCR funding of £72,084 to £30,072,084 in order to meet the potential shortfall identified in this report;
  - e) notes the option set out in the report in respect of the 2 additional schemes and approve an in-principle budget allocation of £7.8 million to support these schemes as set out in Exempt Appendix 3ii, noting that Cabinet supports the Portfolio Member approaching Welsh Government to seek a contribution towards the additional allocation, particularly given the

opportunity to effect improved prosperity in low competitiveness areas that will be hit hard by the COVID-19 pandemic;

- f) notes the position in respect of Viability Gap Fund revenue support budget and that an update report will be brought back to Regional Cabinet in the future in this regard;
- g) notes the update and ongoing work in respect of the SME Housing Fund and associated timescales set out in this report.

**Kellie Beirne**  
**Director, Cardiff Capital Region**  
**15 March 2021**

### **Appendices**

Appendices 2, 3i & 3ii of this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972. In all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Appendix 1	Approved Viability Gap Fund Evaluation Framework
<b>EXEMPT</b> Appendix 2	CCR Base Fund – Indicative Shortlisted Schemes & Reserve List
<b>EXEMPT</b> Appendix 3i	Welsh Government Fund – Indicative Shortlisted Schemes & Reserve List
<b>EXEMPT</b> Appendix 3ii	Additional ‘Ring-fenced Schemes’
Appendix 4	SME Housing Fund Procurement Timetable
Appendix 5	Well Being of Future Generations Assessment

### **Background Papers**

Homes for All the Region Cabinet Report - 9 March 2020  
Homes for All the Region Cabinet Report - 14 September 2020