

CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

14th OCTOBER 2021

QUARTER 1 2021-22 PERFORMANCE REPORT

REPORT OF THE SERVICE DIRECTOR DEMOCRATIC SERVICES AND COMMUNICATIONS RHONDDA CYNON TAFF COUNTY BOROUGH COUNCIL

1 PURPOSE OF THE REPORT

1.1 The purpose of the report is to provide Members of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee (CCRCD JOS) with the opportunity to review and agree the Quarter 1 Performance Report 2021-22 (attached as Appendix 1).

2 RECOMMENDATIONS

It is recommended that Members: -

- 2.1 Scrutinise the Quarter 1 Performance Report 2021-22 (Appendix 1 refers);
- 2.2 Consider whether they wish to scrutinise in greater depth any matters contained in the report in line with the Terms of Reference of the Committee; and,
- 2.3 Consider any recommendations Members may wish to make to the Cardiff Capital Region City Deal Cabinet.

3. QUARTER 1 PERFORMANCE REPORT

- 3.1 Attached at Appendix 1 is the Cardiff Capital Region Quarter 1 Performance Report 2021-22.
- 3.2 Members will note that the Quarter 1 Performance Report is broken down into specific areas and each is given a RAG status (Red, Amber, Green). A summary of the areas has been set out below:

ASSURANCE – GREEN

- 3.3 A full [Government Gateway review](#) was undertaken in Q1 which focussed on the CSC Foundry which members had the opportunity to pre-scrutinise at their meeting in [December 2020](#).
- 3.4 Following the success of the review, UK Government approved the release of the next five years of funding to the Cardiff City Deal This unlocked the next 5-year tranche of UK Government investment funding, with £22 million available annually for the Wider Investment Fund from 2021 to 2026.
- 3.5 The Gateway Review highlighted a number of significant successes and the UK Government commended the region's focus on delivering economic growth across the Cardiff Capital Region. The review also highlighted positive progress made in delivering the [CSC Foundry project](#) and the strong partnership working between the ten local authorities' external partners.

METRO PLUS – RED

- 3.6 Members of the JOSC received comprehensive reports and presentations from the Regional Transport Authority (RTA) at their Committee in [February 2021](#). The JOSC were presented with revisions to the Metro Plus Programme in light of the deliverability, viability and affordability challenges. The £50m programme will deliver in each of the participating Councils in the Cardiff Capital Region. Members heard how the RTA were liaising with the 10 Local Authorities, Welsh Government and using Welsh Transport Appraisal Guidance (WeITAG) to support the implementation of the projects
- 3.7 The Metro Plus Project is currently reporting red status with several risks identified which relate to rising cost of construction materials, rising labour shortages, and increases to contractor and supplier costs which has resulted in higher tender returns (as much as £400-£500,000 in some cases)

METRO CENTRAL – RED

- 3.8 The [Metro Central](#) project involves the re-development of Cardiff Central Station to create an integrated transport hub that significantly enhances access to central Cardiff. Key outcomes expected from the project include, but not limited to, significant job creation, GVA Growth in excess of £2bn of gross development value, and over £1bn of GVA.

- 3.9 The Metro Central is reporting red status with the key risks (and mitigations) identified as follows:
- Funding gap identified as contributions from the private sector are to be finalised
 - construction material, labour costs as well as labour shortages – (this has also impacted other infrastructure type investments)
 - Affordability of plans, such as all-weather canopy, though solutions are being progressed with UK Government and Department for Transport on considerations for alternative mechanisms for funding
 - Significant risk management work will be undertaken as the business case develops, including looking at Value engineering and prioritising interventions to scale back the project if required.
 - Welsh Government's acquisition of the core valley lines (CVL) network has impacted on the 'private leverage' of the funding and discussions are ongoing

HOUSING VIABILITY GAP FUND - AMBER

- 3.10 Members will recall scrutinising the performance of the Housing viability Gap fund at their meeting on the [2nd July 2021](#)
- 3.11 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"). The project awards funding to stalled Housing Sites/Schemes within the region with a view to addressing the shortfall in available housing in the South East Wales Cardiff Capital Region. The project is currently in phase B where provisional legal fund agreements, monitoring frameworks and recovery proposals are now with the local authorities of shortlisted schemes to consider. Updated information will be presented back to [Regional Cabinet](#) in October 2021
- 3.12 The project is currently reporting Amber status as it has been recognised that the project carries an inherent political risk around correct land and property valuations, and expert advice and DVS feedback is being sought to mitigate any risk before the project proceeds to the next phase

CHALLENGE FUND - AMBER

- 3.13 The Challenge Fund provides funding for innovative solutions to re-build local wealth by tackling some of the regions most urgent societal problems. In the most recent quarter four contracts were awarded, including funding for the tracheostomy challenge on behalf of Cardiff and The Vale UHB.
- 3.14 There has been a significant increase in interest and applications in recent months; there are currently 5 applications being considered at

Advisory Board level and 43 further expressions of interest have been received. It is anticipated that this upward trend will continue into phase two and significant work and attention is being paid to ensuring approved applications align with the strategic objectives of the Cardiff Capital Region.

- 3.15 This programme is currently in Amber status whilst partnership and key stakeholder work is underway to identify risks.

INFUSE - AMBER

- 3.16 Infuse (Innovative Future Services Public Sector Skills Programme) is a cross collaboration project tackling issues across the Local Authority areas of the Cardiff Capital City Region working in collaboration with Cardiff University and Y Lab. The £5.6m (£2m matched from Cardiff Capital Regional City Deal) initiative is to build innovation skills and competencies in public services across the Cardiff Capital Region whilst attempting to solve real-life societal challenges, embedding a culture of regional working throughout
- 3.17 Infuse has also been designed to complement the Cardiff Capital Region City Deal Challenge Fund. Approximately 120 officers are expected to join the programme creating better-trained and equipped public servants that can develop their knowledge and practice and take new skills back into their own organisations.
- 3.18 The project is currently in Amber status with recruitment of the second of three cohort groups, currently only 34% of the allocated budget has been spent due to unexpected delays in the pilot phase but this is expected to be corrected during the next recruitment phase starting in October 2021.

GRADUATE SCHEME – AMBER

- 3.19 The [CCR Graduate Scheme](#) aims to enhance productivity, innovation and economic growth by linking talented graduates with ambitious businesses in the Cardiff Capital Region. It supports graduates to remain within the region, to develop rapidly (utilising the ILM accredited course) and to support the region's SMEs in being more productive. 85% of the graduates have stayed on with the employers through the graduate scheme and over 50% of the graduates studied with one of the four university partners, which has positively contributed to retaining graduate talent in the region.
- 3.20 The Graduate Scheme is currently in the Amber stage as work is ongoing to implement actions identified as part of the recent graduate core review, including the outsourcing of activities to

increase the scheme's capacity to deliver on business and student engagement.

CSC FOUNDRY - AMBER

- 3.21 Members of the CCRCJ JOSC will recall a site visit to the CSC Foundry in February 2019, followed by a meeting of the JOSC to scrutinise the information reported to them. At that time, members expressed concerns around the drop in the share price of IQE and the creation of new and safeguarded jobs. Members will note from the appendix attached that a further 20 jobs have been created in the Foundry since the last quarter (130 total)
- 3.22 The project is currently reporting amber status with COVID 19, Brexit and trade wars remaining a risk on the project. Members should note assurances that controls are in place and being closely monitored.

CSC CONNECTED – AMBER

- 3.23 [CSC connected](#) (SIPF) is a major project within the Compound Semiconductor Cluster (CSC) in the Cardiff Capital Region and forms part of the regions strategic focus on compound semiconductors. The CSC connected project is based around integrating research excellence from the region's universities with the region's unique supply chains in advanced semiconductor manufacturing.
- 3.24 CSC Connected has an Amber status following identification of possible project risks to be managed, including: compliance with State Aid regulations, finding the most efficient tax structure for £6.6M capital investment, potential for an insufficient budget to accommodate unexpected cost and time overrun, potential failure to agree lease and sub-lease terms and conditions between all parties.
- 3.25 Therefore, CCR's current preference is to focus on the provision of the Cluster Co-ordination Activities and not build a large physical headquarters at the Foundry site.

PHARMATELLIGENCE – AMBER

- 3.26 [Pharmatelligence](#) is an established healthcare-related, data science company. It is a leading expert in the analysis of routine healthcare using a highly sophisticated mix of engineering, human data sciences and data analytics
- 3.27 The investment is currently considered a medium risk at this stage, principally surrounding this investment and securing outputs which

will require the business to be productive and to grow at a rapid rate. Members should also note that a Non-Executive Director has now been appointed to sit on the Board to support the monitoring of the project.

4 CONCLUSION

- 4.1 Members are asked to scrutinise the Quarter 1 Performance report 2021-22 (attached as Appendix 1) and consider any recommendations they wish to make to the Cabinet

5 EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 There are no Equality and Diversity implications arising from this report and no Equality Impact Assessment is deemed necessary for the purposes of this report.

6 CONSULTATION

- 6.1 The considerations and comments of all Members of the JOSC are sought in respect of the Quarter 1 Performance Report 2021-22 and any recommendations will be reported to the Cardiff Capital Region City Deal Cabinet.

7 FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications as a result of the recommendations set out in the report.

8 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 There are no legal implications as a result of the recommendations set out in the report.