

CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

13 January 2022

SUPPORTING ENTERPRISE & BUSINESS GROWTH

REPORT OF HEAD OF BUSINESS AND INCLUSIVE GROWTH AND CHALLENGE FUND LEAD

1 PURPOSE OF THE REPORT

- 1.1 To provide The JOSOC with an overview of activity to support enterprise and business growth specifically through the lens of the City Deal and the foundational economy; Well-being of Future Generations; placed based strategies; economic Inclusion; Anti-poverty; Valleys Regional Park; Valleys Task force; Mutual / Co-ops and Shared prosperity.

2 BACKGROUND

- 2.1 One of the main drivers of City Deal activity is to ensure that an inclusive approach to investments is made across the region. The aim of which is to drive up prosperity in locations which have historically been exposed to deprivation, outward migration and a lack of opportunity. Whilst placed based interventions such as Valleys Task Force focus efforts across a specified geography, this doesn't always reflect the more ingrained concerns of economic inclusion across the Region, as many of our least prosperous areas can be overshadowed through macro-economics as evidenced through the UK Competitiveness Index.
- 2.2 The UK Competitiveness Index provides a good evidence base as to how Regional prosperity can easily overshadow local economies. The UKCI provides a benchmarking of the competitiveness of the UK's localities and it has been designed to be an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. 2021 evidence suggests that the Regions such as Wales, having relatively more competitive localities generally centred around their main urban areas, such as Cardiff, which overshadows our least competitive local authorities in Blaenau Gwent & Merthyr. A link to the full report can be found in the appendices E.

- 2.3 **Placed based Strategies** – the starting point for CCR’s place-based approach is the Investment Framework. This has had two key elements. The first has been to ensure all areas of the regions can access funds to fulfil priority ‘basic needs’. As a result, programmes such as Metro Plus, the Housing Viability Gap Fund, Challenge Fund, ULEV, strategic sites and premises and on the horizon, digital connectivity – offer opportunities for every area to invest in upgrading its infrastructure. The second part of the approach is then to allow the remainder of the investment fund to be targeted at market-driven investments such as R&D growth, clusters and innovation proposals. Even whilst this is ‘market-led’ it is still the job of the CCR team to ensure distribution of impact through interventions around supply chain development (good examples with CS Cluster); skills (Venture Graduate, Cyber Masters and Shared Apprenticeships) and ensuring the benefits of R&D investment can be felt more widely (Strength in Places programmes up and running for both CS Connected and Media Cymru).
- 2.4 The Valleys Regional Park (VRP) and Valleys Task Force (VTF) are both initiatives that have been created to focus activity and additional resource across the geography where it has been recognised that enhanced focus is needed to instigate change (VRP report in Appendix D) . As the programmes have evolved various components of best practice have emerged and are being developed with the assistance of the City Deal team. This includes the emergence of a Northern Valleys (NV) approach which will deliver a more bespoke offer to assist with varying economic challenges the area is exposed to. Examples of this include the development of bespoke NV viability assessment for strategic sites and premiss fund and housing fund. Exploring the continuation and further roll out of Tech Valleys, bespoke business support & engagement models along with a place based approach for Tourism and inward investment.
- 2.5 The recent City Deal investment in Zipworld encapsulates much of the above in terms of a placed based investment opportunity in the foundational economy that creates opportunity and drives forward economic activity for the sub-region.
- 2.6 The CCR Cabinet provides the ‘host’ mechanism for the governance of the Valleys Regional park. To date this has been a successful venture with all Northern Valley authorities receiving funding support from the Programme and the team of enablers and ambassadors assembled. CCR is actively engaged in supporting the Valleys Regional park through its next stage of evolution and developing the appropriate operating model (which is expected to link to the establishment of CJs in Wales), in which top optimise its future reach and impact.

- 2.7 **Shared prosperity** – Whilst the City Deal has not been a direct recipient of Community Renewal Funds (which is a revenue pre-cursor fund the Shared Prosperity Fund – details of which are awaited through the anticipated forthcoming Levelling-up White Paper) through round 1 of submissions. We have strategically endorsed and worked alongside all of our partners to ensure alignment with Regional policy aims and objectives. This is evident through the successful CELT (Connect, Engage, Listen, Transform) submission that was made by the 10 LAs within the Region. As the funding model matures and aims align City Deal can be more instrumental with engagement and the development of regional projects to fill current gaps in service delivery.
- 2.8 **Economic Inclusion** – a key activity of economic inclusion that the city deal has operationalised over the past 18 months is the Venture Graduate offer. Engagement with SME's across the region providing support for growth; succession planning and graduate recruitment has become a key driver for inclusive growth, reducing outward migration whilst retaining our graduates within SE Wales. This coupled with additional investments with innovate UK and exploratory work around apprenticeships will provide the foundations for CCR to be an inclusive region ready for future inward investment. CCR has also invested in early piloting of a Cyber Masters scheme in conjunction with PWC and Cardiff University. The key feature of the scheme and the bursary available is one of 'widening access' with the course actively recruiting people from more diverse backgrounds and so supporting the ESG and ED&I agendas. In addition, Regional cabinet has recently approved investment in developing a Shared Apprenticeship scheme for the region. This is predicated on Aspire being one of the key delivery agents for the scheme and building upon the success of the programme run in Blaenau Gwent and Merthyr.
- 2.9 **Well-being of Future Generations** Regional Cabinet has adopted and endorsed the principles of the WFGA through taking account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet:
- 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.
- 2.10 A copy of WFG considerations that the City Deal evaluates prior to all decisions is attached in appendix A. Through evolution to the new Corporate

Joint Committee for SE Wales, full duties in respect of sustainable development and the Wellbeing of Future Generations will apply to the CCR. In addition, work is underway through the development of a new Policy and Economic Intelligence sub-committee of the Regional Economic Growth Partnership, to scope the basis of a range of alternative metrics and measures that will focus on wellbeing economics. The new Enterprise Risk Policy for CCR also approved by Regional Cabinet in November 2021, sets out tolerance levels in respect of critical factors for investment decisions. This places a much stronger focus on ED&I and ensuring that principles of Fair Work and a commitment to working to the Real Living Wage are enshrined in our approach to investment.

2.11 Challenge Fund The CCR £10m Challenge Fund aimed at re-building local wealth through bringing innovative solutions to tackling some of the CCR's most urgent societal problems is now in delivery phase (report link appendix B). Working in partnership with Cardiff University and Y Lab, the fund invites our public sector bodies to develop challenges and connect with organisations that are able to provide innovative solutions to the challenges identified. This approach aims to draw on the region's creativity and ingenuity and bring together the public and private sector in order to deliver novel solutions, where no commercial solution currently exists, and to provide a route to market for the solution. Notable updates include:

- Delivery of the first CCR challenge in collaboration with Cardiff and Vale Health Board and Welsh Government, focussed on prototyping and commercialising innovation in simulation technologies for tracheostomies.
- £3.15m commitment in December 2021 to support two further challenges: in health service innovation, and regional food security /sustainable agriculture.
- Commissioned expert support from the Knowledge Transfer Network (KTN) to deliver 4 LEV fleet and infrastructure challenges in partnership with Local Authorities.
- Opportunities for businesses in the region to pitch solutions and competitively bid for contracts in 2022.
- Working with partners to develop future challenges in the areas of Social Care Innovation, Circular economy and Regeneration.

2.12 Foundation Economy The example above of the Local Wealth Building Challenge Funding is explicit in its focus on local wealth building – a core theme and element of the Foundational Economy. similarly, aforementioned

investments such as Zipworld are specifically focussed on developing the Foundational Economy with wider activity to support better jobs closer to home and incentives to engage local communities in the experience, as well as in developing wider scope for adventure tourism and related food, drink and hospitality.

- 2.13** All investments made through the City Deal initiative have consideration of the broader supply chain and wider eco-system within which it operates. The development of these relationships and structures is fundamental to the core principles of the success of programmes such as Strength in Places which aim to engender a cluster approach to supporting industry requirements. An emerging factor underpinning sector success has been access to the right type of skills within the foundation economy to provide the firm foundations from which all sectors can grow. Bringing elements of digitisation and automation into the future approach will be key to the ongoing development and evolution of the foundational economy and developing links with rapidly emerging knowledge economy. Various initiatives are being developed and endorsed to assist with up-skilling, making use of transferable skills, introducing relevant qualifications along with consideration to the real living wage being the acceptable minimum.

3 RECOMMENDATIONS

It is recommended that Members:-

- 3.1 Note the contents of the report and associated presentations and seek further information as relevant on the projects and investments set out.

4. BACKGROUND DOCUMENTS

The following reports can be accessed by clicking on the links below:

Appendix A: Well-being & Future Generations Assessment

Appendix B: Challenge Fund Report [item-5-challenge-fund.pdf \(cardiffcapitalregion.wales\)](#)

Appendix C: Graduate Report [item-6a-graduate-scheme-excl-exempt-appendix-4.pdf \(cardiffcapitalregion.wales\)](#)

Appendix D: Valleys Regional Park Report [item-6-vrp.pdf \(cardiffcapitalregion.wales\)](#)

Appendix E UK Competitiveness Index 2021 [Report \(cforic.org\)](#)

4. EQUALITY AND DIVERSITY IMPLICATIONS

4.1 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.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications in relation to this report

6. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

6.1 There are no Legal Implications in relation to this report