



RHONDDA CYNON TAF COUNCIL CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the virtual meeting of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee meeting held on Thursday, 13 January 2022 at 10.00 am

County Borough Councillors - Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee Members in attendance:-

Cllr JP Blundell – Bridgend County Borough Council (Chair)
Cllr J Ridgewell – Caerphilly Council (Vice Chair)
Cllr J Hill – Blaenau Gwent
Cllr R Patel – Cardiff Council
Cllr G Lewis – Merthyr Tydfil County Borough Council
Cllr V Crick – Torfaen Council
Cllr B Brooks – Vale of Glamorgan Council
Cllr G Thomas – RCTCBC
Cllr P Jordan – Monmouthshire Council
Cllr N Howells – Cardiff Council (Deputy Member)

Officers in attendance

Christian Hanagan – Service Director Democratic Services and Communications
Kellie Beirne - Director of the CCR City Deal.
Nicola Somerville - Head of Business Development & Inclusive Growth
Gareth Browning - CCR Challenge Fund Manager
Sarah Daniel – Principal Democratic Services Officer
Tracy Watson – Senior Democratic Services Officer

35 Welcome and Apologies

The Chairperson welcomed the following officers to the meeting:

Kellie Beirne - Director of the CCR City Deal.
Nicola Somerville - Head of Business Development & Inclusive Growth
Gareth Browning - CCR Challenge Fund Manager

Apologies

Cllr James Clarke – Newport City Council
Cllr Richard Roden – Monmouthshire County Council

36 Declarations of Interest

None

37 Minutes

RESOLVED:

To approve the minutes of the Cardiff Capital Region City Deal Joint Overview and Scrutiny Committee held on the 4 November 2021 subject to the

amendment of Councillor Crick's name.

38 Verbal Update: Establishment of Corporate Joint Committee

The CCRC Director reminded Members that a report had been submitted to Regional Cabinet on the 20 September 2021 which set out the lift and shift proposed delivery model to deliver the CJC. That report flagged up some risks and issues, namely around the regulations and VAT and corporation tax needed to be added in. There were also some issues around financial status. It was thought at the time that working with Welsh Government (WG) would help to resolve those issues ahead of the go-live date, which is when the CJC had to set its first statutory budget.

The CCRC Director therefore provided an update to the report of the 20 September 2020, which set out an alternative approach. She confirmed that the Cardiff Capital Region City Deal would continue to run, through the accountable body contractor model with Cardiff Council and the Regional Cabinet and on the other side the same 10 Members with the Brecon Beacons National Park forming the new statutory corporate joint committee. The CJC in the first instance would be on a bare minimum basis e.g., set up the CJC, do all the basic statutory undertakings but won't enact its budget in full or enact its business plan in full until such time those major issues can be resolved through the regulations. WG had undertaken some consultation to push back the date of those immediate commencement duties around the regional transport plan and the SDP to the 30 June 2022.

Members would receive a report, either through their Cabinet or Councils, to set out what it meant because the duty to set up the CJC didn't fall on the Cardiff Capital Region it fell on the 10 local authorities who make up and comprise the CJC, so it was right and proper that all got an individual report coming through their frameworks internally. In the meantime, an ordinary regional Cabinet meeting would be held on the 31 January with a standard agenda e.g., investment proposals, the annual business plan, quarterly updates on performance and budgets. Straight after that meeting an inaugural meeting of the CJC will be held, with the agenda for that meeting a very basic one e.g., appointing a Chair and Vice Chairs, making sure all the relevant insurances and indemnities are in place, setting out the new standing orders, which will cover schemes of delegation, the policy environment, setting up the Audit & Risk committee, setting up a Standards committee etc. It will then be straight into the annual business plan and the budget, which would be the bare minimum to avoid any detriment and then Audit Wales will come in and set their audit fee.

This was procedural, it was not going to be value adding at this stage but trying to prepare for the point that it would be value adding to be able to have a greater range, greater influence and be able to act directly and tackle some of the issues that the current CCRC model didn't afford the benefit of.

A Member sought clarification on the reports going to all Council's.

The CCRC Director confirmed that reports would go to all Council's, although she explained the reports were not CCR reports, because the statutory duty to undertake the CJC fell individually on the 10 Council's e.g., own legal and financial advice. All the S151 Officers and Economic Development leads had been engaged and all the Members of Regional Cabinet have been involved. This gave consistency across the 10, and the opportunity to reaffirm the

principles and to be clear about what it is Members wanted to get out of the CJC and the impact it can have.

A Member observed that it seemed at this stage that with regard to the whole CJC notion, the legislation had been poorly thought through. The Member registered his concern that when the idea was proposed, he was very surprised and disappointed that these crucial issues were not thought through at the time. The Member registered his sympathy towards the CCRCD Director and the team in what they were now having to do.

The CCRCD Director had sympathy with this view, whilst learning as we go through the process, so yes, some lessons learned. What the CCRCD Director was trying to stay focussed on was the utility of the CJC and helping to overcome some of the current limitations. There was a need to ensure the CJC had the relevant status to be able to access all of the opportunities for the region, and Wales and would continue to push to do the best but absolutely understood the frustration.

A Member noted that the CJC was going to be a slightly different mix with the Brecon Beacons Park becoming a Member and asked if it was going to be difficult to run two meetings with different authorities. The Member also felt that voting rights would be an issue with CJC's.

The CCRCD Director confirmed the regulations stated that the Brecon Beacons National Park had to be the 11th member of the CJC, but they only voted in relation to their jurisdiction, which was as a national park planning authority, so they only got a vote in relation to the strategic development plan. Whilst this was straight forward there would be a component of the budget that related to the strategic development plan, they would get a vote on, but not the rest of the budget. The SDP, would be reflected in the standing orders and in other parts of the governance, so it is difficult, to think about how that role would be isolated. There had been some really good positive meetings with Brecon Beacons, who were very pragmatic about this and fully understood their jurisdiction around the SDP. This would bring a different dynamic.

The CCRCD Director confirmed that it was one member, one vote for CJC's. The budget being brought forward on the 31 January 2022 did have to be unanimously agreed and there were also conversations about the SDP and governance around that. The CCRCD Director had until 30 June 2022 before that duty commenced and hopefully some work could be done in the meantime to resolve some of those governance issues alluded to.

A Member stated that he had similar concerns to the previous Member. He felt that all of this seemed to have been rushed through by WG where it had not been established correctly e.g., Tax, VAT, which should have been thought through. The Member stated that his personal view was that as Scrutiny the job was as a critical friend to the Cabinet, and they needed to be able to express concerns that this was set-up in a bit of a rush, and he did not think it should just be for the local authorities to try and muddle through as at the end of the day WG had a responsibility. The Member felt that training budgets, had always been poor, and it was left for local authorities to sort it out and try and find the funds, and some local authorities maybe struggling. WG had a duty of care if they were going to take this committee seriously. He felt that the Committee at some point, should be expressing that very clearly to WG, especially after the election, because maybe that was a time, they needed to put some more funding

in.

The CCRCD Director agreed that the Member raised a good point on budgets. She noted that to date WG had given every region in Wales, £250k to set up the CJC's. In the recent budget settlement it states that local authorities have some further continuation costs for CJC's, but it is hypothecated, it can't be identified what it is and where it has gone, but it was clearly a conversation needed because this wasn't going to be done for free and there was going to be a cost associated with this. The CCRCD Director noted that since highlighting the issue around VAT, etc., WG had submitted a comprehensive business case to HMRC. WG were also working with National Government around things such as the pension status. They were also looking at other forms of taxation e.g., stamp duty land tax. She felt that WG were on the case, in doing the best that they could but it was unfortunate that these issues couldn't have been sorted out sooner, to allow the integrated model envisaged from the start and lessons were being learnt.

The Member acknowledged the response from the CCRCD Director and noted that everyone could learn lessons, but this was basic stuff which should have been done and the Member felt the need to be critical on this occasion, and scrutiny should be strengthened.

The CCRCD Director acknowledged that the points the Member made in relation to scrutiny and strengthening that going forward, were well made.

A Member also raised the issue of why the taxation issues weren't ironed out much earlier and asked the CCRCD Director, with the date of June now looming, whether WG anticipated that being sorted out by then.

The CCRCD Director explained that it was not known at the moment with conservative estimates that the turn around time for HMRC was about six months. WG had put forward a really solid case and as soon as she had that answer she would share it with Members.

The Member thanked the CCRCD Director, but felt it seemed such a basic requirement for it to have been missed until now and for the CCRCD Director to be in the position she was in, which seemed regrettable.

The CCRCD Director stated that she blamed herself for some of that because the regulations read that the CCRCD would have the same status as local authorities and it was only in September when everything was looked at line by line that the VAT issue was identified.

She was hopeful HMRC would give us a response and as soon as that update was received, she could plan for lift and shift. She hoped to come back to the committee with a more positive story soon.

39 Supporting Enterprise and Business Growth

The Head of Business Development & Inclusive Growth provided Members with an overview of the 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.

The Head of Business Development & Inclusive Growth noted there was a

number of big projects being delivered with one of the main principles and drivers for City Deal activity being around inclusive growth. Two of the main projects identified, that focused on various parts of the region, were the valley's task force and the valley's regional park. She explained that one of the main evidence base used to help target some of the activity and intervention, was the UK competitive index, which strengthened the argument for locality based plans and enabled more of a focused approach and to be more targeted in the activities being delivered. This has a strong influence on the investment prospectus which pulls out some of those key activities in terms of housing viability funds, transport activity, looking at making sure every locality has an element of investment and help's that local authority to become more competitive. In respect of place based activity there had been investment in Zip World, a really important investment focusing in the heads of the valley, encouraging additional supply chain opportunities and business growth, providing additional opportunities for foundational economy, workplaces and lots of activity around skills and development.

The Head of Business Development & Inclusive Growth explained that as it stood, City Deal wasn't in a position to be able to apply into shared prosperity funds because of the way it was set up from UK government, although the bid was supported. As and when the shared prosperity fund became available on a regional footprint, it was hopeful that the CJC would have some potential influence into the distribution and the allocation of those funds. Further activities taking place across the region were some skills programmes, under what was badged as venture skills hub. There was a graduate offer, an apprenticeship offer, currently being explored, and venture specialists, through engagement with innovate UK, to provide some additional funding to support women in innovation and young people in innovation in SE Wales in addition to working alongside Cardiff University to develop a cyber masters.

In respect of the Well-being of Future Generations Act, the Head of Business Development & Inclusive Growth confirmed that full consideration was given to the impact on all reports that went through to Cabinet, and a full assessment was undertaken to make sure projects were sustainable and looking at the long term. She noted that

Regional Cabinet had allocated £10m to the challenge fund pot which, was aimed around building local wealth and bringing innovative solutions to tackle some of the societal problems across the region, working alongside the 10 local authorities to identify those challenges and potentially how go out to the market to identify some of the solutions that could be brought forward. The Head of Business Development & Inclusive Growth finished by explaining that this was some of the activities based upon the core principles that were being done across the region to try to support enterprise and encourage business growth.

A Member thanked the Head of Business Development & Inclusive Growth for the report and noted that he had raised in the past the importance of ensuring that skills are available, in particularly for the new technologies. The Member recalled the visit made to the Newport semiconductor factory and he had pressed upon the supply chain and what was being done. If the skills weren't available there would be a reliance on imported skills and imported component parts. The Member asked the Head of Business Development & Inclusive Growth if she could enlarge upon the graduate programmes, including both the apprenticeship and graduate basis, one for the research and development and one for the hands-on production.

The Head of Business Development & Inclusive Growth acknowledged that it was recognised that skills were a huge component of attracting businesses and getting them to stay in the area and there was a coordination affect needed, to start addressing what industry needed, to ensure filling the right gaps, rather than a cyber vacancy. Working alongside the regional skills partnership, a venture skills hub had been developed, recognising the support needed for apprenticeships, which would look at expanding, developing and rolling out a shared apprenticeship programme across the region, linking to priority sectors e.g. compound semiconductors, advanced manufacturing, the creative cluster and digital. In respect of the supply chain component, e.g., IQE, it was really important for them to have apprenticeships and equally important for their supply chain support network, to have a supply of good pipeline skilled workforce, so they were not only aware of their skills needs but that of the broader supply chain.

With regards to the graduate component, the Head of Business Development & Inclusive Growth explained engagement had taken place, predominantly with SMEs across the region, giving them support to look at their future business needs and trying to encourage businesses to take on graduates across the area, recognising the benefits of recruiting a graduate, Over 100 graduates had been placed to date, and engagement with over 600 businesses across the region, recognising the need to keep that talent in Wales. Alongside that, an Academy concept was being developed, which was an industry lead concept, with graduates able to go into intensive boot camps where they pick up all of the skills necessary to be able apply it into the workplace. Again, working with industry and recognising some of the skills deficit, a cyber masters was being developed with Cardiff University. This meant on completion of those courses, those graduates would get an automatic interview with some high profile businesses. So, there was a full suite of activity recognising everything the Member had said.

The Member thanked the Head of Business Development & Inclusive Growth for her comprehensive answer. He welcomed the Academy approach which would hone the skills in a practical way. There was also a need to engage with WG, as there would be other funds available. The Member noted once the skills were in place, a place would be needed to operate. Whilst it was accepted it would be difficult to get the major names back into the Valley areas, what could be done, via City Deal, to ensure that run down industrial estates are revigorated with the right units to feed into the supply chain.

The Head of Business Development & Inclusive Growth noted there were a couple of initiatives, including the strategic sites and premises fund, which was a pot of money available for all of the local authorities to be able to access and to put in applications, around the redevelopment, new build or expansion of business parks across the region. It was recognised, for the northern valley's there was a slightly different viability assessment needed and so looking at a slightly different model. With regards to inwards investment, it was also being looked into more broadly to showcase that the long-term success of some of those areas. On a micro level, WG had been doing some work looking at co-worker spaces across the region to give businesses the opportunity to have satellite centres, so there were a couple of layers of intervention and support available.

A Member acknowledged that he was encouraged by response to the Member and asked, in terms of the investment in Zip World, could the Head of Business

Development & Inclusive Growth define what payback might be from that

The Head of Business Development & Inclusive Growth provided Members with an overview on which the principles on which the investment was made but took into consideration the commercial sensitivities in her response.

A Member stated that Wales needed to be competitive because it was competing with City's such as London and Bristol, etc., when it came to inward investments to Wales. For the valley town's, there was a need for far more investments to come into those areas because jobs were needed, so there was a need to think outside the box. There was a need to attract businesses from abroad e.g., pharmaceutical companies, because these were long-term businesses, which would stay for far longer, and were committed to spending money in Wales because of the conditions and facilities and this was a job for the committee to put a bit more pressure on WG. There was also a transport issue because some companies would say they wouldn't come into valley town's, because transport links were poor, which needed to be sorted. The Member felt that local authorities should run as businesses, which was the only way to get the money and investment coming in and local authorities needed to spend more time on this but recognised that there wasn't always the business expertise available and therefore sometimes there was a need to employ consultants.

The Head of Business Development & Inclusive Growth stated that the Member had made a couple of really good points, particularly about local authorities' capacity to be able to take some of the initiatives forward. She explained that as part of the skills programme, they were keen to look across the 10 local authorities to see what could be done to help with graduate recruitment in local authorities, particularly looking at succession planning, so there was fresh blood coming through.

The Member acknowledged that one of the things often talked about was graduate recruitment, although it was not always this. There were apprenticeships, and people who had not gone to University who had been some of the most successful. He emphasised there needed to be a mixed economy and it was about getting a different kind of workforce ready for the future.

A Member noted the contrast between graduates and apprentices and the idea of the apprenticeships being at a lower level than graduates. In terms of investment, the Member took on board that when incentives were put in, for firms abroad coming in, that once things dried up, they often moved away. In terms of investment, what he was talking about was UK based investment, by UK firms and if there was a need to import skills and bring people from abroad, bring those skills back to a UK based company.

The CCR Challenge Fund Manager ended the discussion by noting that there was a small section on the Challenge fund. It was early days in the challenge fund but there were opportunities around the foundation economy benefits, the food related challenges and the compound semi-conductor. There were some exciting challenges around circular economy, lots going in health, big opportunities around social care although was early days in a lot of this, but the CCR Challenge Fund Manager was happy to give a more detailed update to Members in the future.

40 Information Reports

No questions were raised by Members in relation to the Information reports.

It was agreed at the next meeting Members would consider reports on the Graduate scheme and Apprenticeships.

41 Urgent Items

None

**This meeting closed at Time Not
Specified**

**A Morgan
Chairman.**