

Report

Cabinet



Part 1

Date: 18 February 2022

Subject Western Gateway Partnership - Update

Purpose To update Cabinet on progress with the Western Gateway partnership and the potential benefits to Newport.

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Ward All

Summary The Western Gateway is a strategic partnership that aims to deliver an economic powerhouse, driving growth on both sides of the Severn. The partnership is comprised of Local, County and Combined Authorities in England and Wales, Local Economic Partnerships, City Deals, University and business representatives. As one of the five cities in the partnership, Newport is a key player in the success of the Western Gateway and seeks to capitalise on the benefits of greater collaboration. A report on the Western Gateway partnership was last presented to Cabinet in July 2020 and this report provides an update on the work and activity of the partnership.

Proposal To note the content of the report and support Newport's continuing involvement with the Western Gateway.

Action by Acting Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Chief Executive
- Head of Finance (Chief Finance Officer)
- Head of Law and Regulations (Monitoring Officer)
- Head of People and Business Change
- Leader as Cabinet Member

Signed

Background

Newport, Cardiff and Bristol formed the Great Western Cities partnership in 2015 and aspired to improve cooperation and develop a strong economic and environmental partnership. At that time the three cities had a combined economic output of £58 billion. In November 2019 the partnership was widened to include Swansea, Cheltenham, Gloucester, Bath, Swindon, Weston Super Mare and Salisbury and was rebranded as the Western Gateway with an estimated combined economy of £107bn. Since then, membership of the partnership board has been broadened to include representatives from local economic partnerships, universities, businesses and the Cardiff Capital Region. The board aims to develop a strong economic and environmental partnership through collaboration and cooperation in order to deliver greater regional growth compete as well as compete with other powerhouses in the UK.

A report on the Western Gateway partnership was last presented to Cabinet in July 2020 and since that time the partnership has been developing and building upon its stated vision of 'Propelling a greener, fairer, stronger Britain'.

Independent Economic Review

An Independent Economic Review was undertaken in Autumn 2021 and considered the Western Gateway's economic strengths and opportunities and how these could be led and coordinated to drive the region's economic development. Three themes were identified:

- Innovation - the UK Government has an ambitious target to increase public R&D spend by an additional £9bn per year by 2024/25.,
- Net Zero - cutting emissions by 80% to 2050 is a core policy of Welsh Government and the UK Government has legally committed to reducing emissions to Net Zero by 2050. £12bn of support has already been ringfenced to achieve this.
- Connectivity - is a Welsh and UK Government priority. This alignment offers the opportunity for physical connectivity and integration of public transport in support of objectives such as Levelling Up, Net Zero and Connecting the Union.

These themes have been agreed and progressed into the following workstreams.

Net Zero - Decarbonising energy generation at scale

- Tidal energy: unlocking the Tidal Energy potential of the Severn Estuary.
- Hydrogen Ecosystem: understanding the Hydrogen strengths, capabilities, and activities across the Western Gateway, in both the public and private sector.
- STEP Fusion: supporting the Western Gateway Severn Edge bid which has made it through to the last five sites.

Connectivity

- Strategic rail infrastructure: mapping the 2050 'ideal' national and regional rail network in the Western Gateway area to understand where the gaps exist, what the carbon savings could be from achieving a mode-shift, and what the economic benefits would be for the region.

Innovation and investment

- Exploring potential for Innovation Funds.

Communications and Events

The partnership board are committed to improving the profile and prominence of the Western Gateway through targeted communications and events. A key event will be the Inaugural Conference which is

due to be held on 8th March 2022 at the ICCW, Newport and a series of business breakfast. A wider Communications and Engagement plan is also being developed to ensure that we have reach SMEs and micro-businesses as well as the area's most high-profile leaders and businesses. The website will be redesigned and rebranded and a new prospectus developed.

The partnership board are also keen to have a presence at prominent international events, including MIPIM, where the opportunities of the region can be promoted to international companies and investors. The Western Gateway will be hosted on existing stands occupied by the West of England Combined Authority (WECA) and Cardiff Capital Region/Cardiff. There is also interest in having a dedicated area at UKREiiF (UK Real Estate Investment and Infrastructure Forum). As part of the Western Gateway, Newport will have a presence at these events and promotional material is being developed to showcase Newport to an international and influential audience.

Governance

The partnership operates under Standing Orders and Terms of Reference which were agreed in March 2020. An updated Terms of Reference has been agreed by the Board, a copy of which is contained in Annex A. This updated document refers to a key function of the Board being to agree workstream priorities, terms of reference and workstream stage-gates. This aligns with the work being undertaken by the partnership and ensures appropriate governance.

The Western Gateway is principally funded by a capacity payment from the Department for Levelling Up, Housing and Communities. £800,000 has been allocated for 2021/22 and is issued in two instalments. subject to meeting agreed milestones. 2022/23 funding is being sought from the Spending Review and an annual financial contribution. The delay in publishing the Levelling Up White Paper means that the Western Gateway's FY22/23 settlement is not yet known. However through discussions it is clear that there is an expectation that partners contribute to the Western Gateway budget as a demonstration of commitment, as happens in other powerhouse partnerships. A £10,000 contribution is therefore being requested from partnership members, excluding business, university and the District Authority representatives.

The Western Gateway is hosted by South Gloucestershire Council which is the accountable body for the partnership and therefore responsible for the budget. Secretariat staff are also employed across three local authority areas. It is recognised that there exist liabilities for partner authorities should the partnership collapse. Whilst this risk is considered very low, until an ongoing budget is secured from the Spending Review, these liabilities remain. A draft Indemnity Agreement has been provided for comment and whilst acceptable in principle, the details are being negotiated with the support of the Head of Law and Standards.

Risks and Issues

| Risk | Impact of Risk if it occurs* (H/M/L) | Probability of risk occurring (H/M/L) | What is the Council doing or what has it done to avoid the risk or reduce its effect | Who is responsible for dealing with the risk? |
|--|--------------------------------------|---------------------------------------|--|---|
| Competition between areas within the Western Gateway might be 'toned down' in the interests of the wider region and favouring one particular city. | L | L | Overall, Newport will continue with its own agenda to attract business and investment. Membership of the Western Gateway should boost Newport's appeal and healthy competition between individual areas of the Gateway will still occur. | Acting Head of RIH |
| Duplication of work already | L | L | There will inevitably be some overlap, but work for the | Acting Head of RIH |

| | | | | |
|--|---|---|---|--------------------|
| done with Cardiff Capital Region | | | Western Gateway will focus on this area and the unique qualities of the area as a whole. It is expected to complement other studies and research. | |
| Western Gateway fails to deliver benefits to Newport | L | L | Newport is not reliant on the Western Gateway or any other partnership to deliver economic growth for our City, We have our own strategies in place but working in partnership can bring increased opportunity and sharing of skills and knowledge which would not be the case if working in isolation. | Acting Head of RIH |

* Taking account of proposed mitigation measures

Financial Summary (Capital and Revenue)

- The costs and financial implications:
When the partnership was first formed all partners contributed a sum of £20,000 each. Other funding was provided by UK Government. Further funding is expected to be provided by UK Government but a contribution of £10,000 per annum is being requested from all member Councils.

| | Year 1 (Current) £ | Year 2 £ | Year 3 £ | Ongoing £ | Notes including budgets heads affected |
|---------------------------------|--------------------------|---------------|---------------|---------------|---|
| Costs (Income) | | 10,000 | 10,000 | 10,000 | |
| Net Costs (Savings) | | 10,000 | 10,000 | 10,000 | |
| Net Impact on Budget | | | | | |

Links to Council Policies and Priorities

Being a part of the Western Gateway will help meet the education and skills needs, along with investment and continued regeneration of Newport, as outlined in the Corporate Plan 2017-2022.

The ambitions of the Western Gateway are consistent with the themes, objectives and priorities of the 'Newport City Council Well-being Plan 2018 – 2023' which are:

- people feel good about living, working, visiting and investing in Newport.
- people have skills and opportunities to find suitable work and generate sustainable economic growth.
- people and communities are friendly, confident and empowered to improve their well-being.
- Newport has healthy, safe and resilient environments.

Membership of the Western Gateway also helps boost prospects for development and regeneration in line with the adopted Local Development Plan and Economic Growth Strategy.

Options Available and considered

The report is intended to provide an update and information on the progress of the Western Gateway Partnership, the priorities in terms of workstreams and an update on governance and financial contribution.

Preferred Option and Why

N/A

Comments of Chief Financial Officer

The Western Gateway Partnership has the potential to drive the economy forward through collaboration with various organisations in both England and Wales. Consideration has been given to this arrangement and, in addition to the funding expected from UK government, a provision has been included in the budget proposals for 22/23 which would cover the Newport City Council contribution to the partnership.

The Indemnity Agreement mentioned in the report would pass on obligations and liabilities to all partners in relation to the activities of the Partnership and the risks and opportunities they bring. In that respect, they are no different to other partnerships the Council participates in, such as the Cardiff City Region partnership. These potential liabilities range from the low level and easily identifiable liabilities such as the winding down costs of the Partnership, if that happened; to much more complicated issues, for example, those risks associated in making investments and guarantees in pursuit of its objectives. It is too early to quantify these latter issues as they have not been developed. Therefore, in due course, the indemnities may well become significant but as said, are no different to other partnerships the Council participates in. In this respect, good governance, including how the Partnership identify and manage risks will be key.

Cabinet should be aware that this therefore adds a further level of inherent risk and opportunities in its participation in economic partnerships, adding to those already in the Cardiff City Region and the potential financial indemnities associated with these.

Comments of Monitoring Officer

The Council's continued participation in the Western Gateway Partnership is consistent with its general economic well-being powers under section 2 of the Local Government Act 2000 and the principles of sustainability and collaboration under the Well-Being of Future Generations Act.2015.

The "partnership" operates under Standing Orders and Terms of Reference which were agreed in March 2020 and have now been updated to agree work-stream priorities. The proposed changes to not alter the legal basis of the governance structure and simply provide greater clarity in relation to the delivery of future priorities. The "partnership" does not constitute a legal Joint Committee, as there are other independent members represented on the partnership board and only local authorities can exercise functions through a Joint Committee, such as the Cardiff Capital Region. Therefore, the Partnership Board cannot take formal decisions, as such, in the same way that councils delegate certain decision-making to Joint Committees. At the moment, the Council's only financial commitment is the £10k annual membership contribution and everything else on the work programme is covered-off by the available grant. Anything that would require further financial or other commitment by the Council or the other partners in relation to future projects would need to be reported back and agreed by the individual organisations.

Because the "partnership" has no separate legal status, then South Gloucestershire Council is acting as the host authority and accountable body for the purposes of employing staff and managing the budget. However, as with other accountable body arrangements, South Gloucestershire Council will need a full indemnity for the other partner organisations to ensure that all liabilities that it incurs on behalf of the

partnership are shared equally, to the extent that they are not covered by available grant funding. At present, the only contingent liabilities would be in relation to any unavoidable redundancy costs incurred by the host authority and any other winding-up costs in the event that the partnership was discontinued and, therefore, the financial risks of the shared indemnity are small. The risks would increase significantly if further joint investments and guarantees were required for specific projects, subject to available grant funding, but that would need to be assessed at the appropriate time. There are on-going discussions regarding the need for further specific indemnities for individual officers and members, as that should already be covered by the indemnities and insurances provided by their individual authorities. However, the final terms of the proposed legal indemnity can be agreed by statutory officers in accordance with delegated powers and the detailed terms do not need to be formally approved by Cabinet.

Comments of Head of People and Business Change

This report is an update from the Western Gateway and from an HR perspective there are no staffing implications.

The report fully considers the Wellbeing of Future Generation (Wales) Act, Equality Act 2010, Socio-economic Duty and the Welsh Language (Wales) Measure 2011. The Western Gateway partnership has the potential to bring many well-being benefits for the communities of Newport.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

(a) 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 Welsh councils comprising the Western Gateway Partnership) must set and publish 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. 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. Through our agreement to be part of the Western Gateway Partnership, the Council has taken account of the 5 ways of working and has:

- looked to the long term - the Partnership provides a long-term collaborative arrangement which creates a long-term platform for regional growth and investment.
- focused on prevention by understanding the challenges faced within the region and how these can be addressed.
- delivered an integrated approach to achieving the 7 national well-being goals -

- worked in collaboration with others to find shared sustainable solutions – the Partnership is based on principles of collaboration and finding opportunities and sustainable solutions at a regional level.
- involved a range of stakeholders from different sectors.

(b) Equality Act 2010 and social-economic duty

The collaborative arrangements for the economic growth of the western gateway region are consistent with equalities and socio-economic duties. Whilst the partnership is not subject to the same statutory responsibilities as local authorities in relation to discharging public sector equalities and socio-economic duties, members of the partnership are and this responsibility is reflected in the decisions made.

A Fairness and Equalities Impact Assessment has not been completed as this report is for information only.

(c) Welsh Language (Wales) Measure 2011 and Welsh Language Standards;

Whilst the partnership is not subject to the same statutory responsibilities as local authorities in relation to the Welsh Language, other Welsh Council members are and the Partnership ensures that responsibilities in relation to the Welsh language are discharged.

Background Papers

Annex A: Terms of Reference



Terms of Reference
October 2021.docx

Cabinet Report 22 July 2020



Western Gateway -
The Newport Perspe

Dated: 11 February 2022