

CARDIFF CAPITAL REGION CABINET

CABINET MEETING 17 MARCH 2017

TRANSITION PLAN 2017-2018

REPORT OF CARDIFF CAPITAL REGION PROGRAMME DIRECTOR

AGENDA ITEM: 5

Reason for this Report

1. To provide the Cardiff Capital Region Cabinet with details of the tasks and activities required in the coming months to efficiently address the requirements of the Joint Working Agreement and Assurance Framework.
2. To recommend to the Regional Cabinet a Programme of Work to meet these requirements.

Background

3. When establishing the Cardiff Capital Region Cabinet each Council approved the Joint Working Agreement and the Wider Investment Fund Assurance Framework to be used to assess projects and proposals for investment.
4. Within the Joint Working Agreement there is a requirement that Councils take a subsequent decision, no later than 12 months after the commencement date of the Agreement, on the approval and adoption of the JWA Business Plan (henceforth referred to as the Regional Economic Strategy). This will be “the strategy which defines the regional objectives including the high-level programme which shall include:
 - the indicative investment programme for the ‘Programme Themes’;
 - any agreed strategic projects;
 - the methodology for agreeing the nature, scope and prioritisation of projects;
 - an indicative spend profile for the Wider Investment Fund;
 - an updated Affordability Envelope;
 - the methodology and responsibility of any performance monitoring along with any performance indicators to enable the Joint Committee to measure progress.
5. The Assurance Framework commits the Regional Cabinet to introducing a set of systems, processes and protocols designed to provide an evidenced-based and independent assessment of investment.

Issues

6. To effectively and efficiently meet the requirements of the Joint Working Agreement and Assurance Framework it is appropriate to develop a Transition Plan and Work Programme. This will allow the required resources to be identified and for progress to be monitored by the Regional Cabinet.

7. It is proposed that the scope of the Transition Plan includes:
 - a) addressing the reserved matter of the approval and adoption of the Regional Economic Strategy;
 - b) developing and agreeing the Regional Strategic Objectives to be included in the Regional Economic Strategy;
 - c) defining Key Targets to achieve the Objectives
 - d) developing measures to be used to assess projects and programmes and track and compare regional economic development against Key Targets;
 - e) introducing the assessment process as defined in the Assurance Framework;
 - f) developing proposals for the regional advisory bodies as defined in the JWA;
 - g) developing a comprehensive programme and project management system;
 - h) developing an efficient and effective Regional Office;
 - i) highlighting the tasks needed to develop a Scrutiny Process in respect of the City Deal;
 - j) highlighting the tasks needed to introduce Regional Working relating to the City Deal; and
 - k) identifying key milestones in the transition plan for review and approval.

8. The details of the tasks, decisions and indicative timescales needed to prepare and implement the Transition Plan are considered in Appendices 1 and 2, and resulting from this Regional Cabinet is requested to agree the following recommendations:
 - 1) Agree the scope of the Transition Plan as detailed in a) to k) in item 7 above;
 - 2) The Regional Economic Strategy is circulated to Councils no later than 28th February 2018;
 - 3) The primary regional strategic objectives will be set to achieve parity with the UK economic indicators over the 20-year period;
 - 4) Recognise that the City Deal is only part of the solution to achieving these regional strategic objectives;
 - 5) Secondary objectives aimed at playing a role in improving the social, environmental and cultural well-being of the region will be included in the Regional Economic Strategy;
 - 6) A comprehensive baseline of data will be established;
 - 7) Key targets will be established for both the long-term and short-term and will be subject to regular evaluation;
 - 8) Engagement with the Welsh Government will take place to understand how the Metro will contribute to the Regional Economic Strategy objectives and targets;
 - 9) An Impact Assessment Toolkit will be developed specific to the Cardiff Capital Region, for use in evaluating proposed schemes, and will be retained as the intellectual property of the Regional Cabinet;
 - 10) The Portfolio Lead, Portfolio Officers and Theme Leads will be responsible for producing, for approval, an indicative investment programme for each Theme, including, where appropriate, proposed strategic projects for regional assessment;
 - 11) The Programme Board will provide support and challenge to the Portfolios and Themes and provide recommendations to the Regional Cabinet;
 - 12) The Regional Cabinet will agree an indicative investment programme for each Theme and approval for any proposed strategic projects for approval

- by the constituent Councils;
- 13) That encouragement is given to the early establishment of the Advisory/Consultative Bodies to enable them to play an active role in the development of the Regional Economic Strategy;
 - 14) Ensure that the Regional Office, over the Transition Period, and within the budget allocated, is sufficiently resourced to achieve its work programme; and
 - 15) Undertake an exercise to assess the extent to which regional working within strategic planning, housing, transport, and land use could improve the economic potential of the region and report the findings and recommendations in the Regional Economic Strategy.

Reason for Recommendations

9. To comply with the requirements of the Joint Working Agreement and Assurance Framework by developing and implementing an agreed Transition Plan.

Financial Implications

10. The proposed 2017/18 Cardiff Capital Region Joint Cabinet Budget includes the necessary level of resources needed to implement the Transition Plan as set out in this report. Regular budget monitoring reports will be presented to the Regional Cabinet during the year so that any budget management issues can be highlighted at an early stage and the appropriate action taken.

Legal Implications

10. As stated in the body of the report the Joint Working Agreement (JWA) requires that a draft business plan is prepared for approval by the Councils. The background to this report outlines the required content of the JWA Business Plan. The transition Plan sets out the proposals for preparing the JWA business plan. The JWA also provides that the Regional Cabinet shall establish specified sub-committees and groups. As part of the transition work terms of reference will be prepared for the proposed sub-committees and groups and separate reports will be submitted to the Regional Cabinet seeking authority to establish the proposed sub-committees and groups.
11. As and when any individual project proposals are developed legal advice should be sought. Regard should also be had to, amongst other matters;
 - i. the Councils' duties under the Wellbeing of Future Generations (Wales) Act 2015; and
 - ii. the 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.

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Cabinet:

- a) Approve the scope of the Transition Plan as detailed in 7a) to 7k); and
- b) Approve the recommendations as detailed in 8.1) to 8.15).

SHEILA DAVIES
13 March 2017

The following appendices are attached:

Appendix 1: **Cardiff Capital Region City Deal Draft Transition Plan 2017-18**

Appendix 2: **Draft Transition Programme 2017-2018**

Background paper – Cardiff Capital Region City Deal Agreement dated 1.3.17

Appendix 1 – Cardiff Capital Region City Deal Draft Transition Plan 2017-18

DRAFT TRANSITION PLAN 2017-18

1. Scope of the Transition Plan

The purpose of this transition plan is to layout the tasks and activities that need to take place to efficiently address the requirements of the JWA and Assurance Framework by:

- l) addressing the reserved matter of the approval and adoption of the JWA Business Plan (Regional Economic Strategy);
- m) developing and agreeing the Regional Strategic Objectives to be included in the Regional Economic Strategy;
- n) defining Key Targets to achieve the Objectives
- o) developing measures to be used to assess projects and programmes and track and compare regional economic development against Key Targets;
- p) introducing the assessment process as defined in the Assurance Framework;
- q) introducing regional advisory bodies as defined in the JWA;
- r) developing a comprehensive programme and project management system;
- s) developing an efficient and effective Regional Office;
- t) highlighting the tasks needed to develop a Scrutiny Process (requires further detail);
- u) highlighting the tasks needed to introduce Regional Working (requires further detail); and
- v) identifying key milestones in the transition plan for review and approval.

Recommendation:

1. Agree the scope of the Transition Plan as detailed in a) to k) above.

2. Reserved Matter

Councils are required to take a subsequent decision on the approval and adoption of the JWA Business Plan no later than 12 months after the commencement date of the Agreement. The JWA Business Plan (Regional Economic Strategy) will be “the strategy which defines the regional objectives including the high-level programme which shall include;

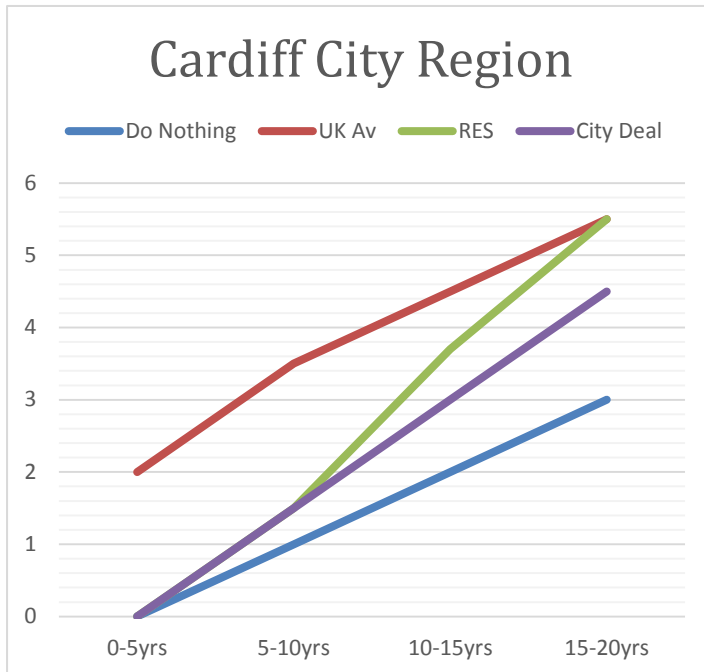
- the indicative investment programme for the ‘Programme Themes’;
- any agreed strategic projects;
- the methodology for agreeing the nature, scope and prioritisation of projects;
- an indicative spend profile for the Wider Investment Fund;
- an updated Affordability Envelope;
- the methodology and responsibility of any performance monitoring along with any performance indicators to enable the Joint Committee to measure progress.

Recommendation:

2. The JWA Business Plan (Regional Economic Strategy) is circulated to Councils no later than 28th February 2018.

3. The Regional Strategic Objectives

Although referred to in the Joint Working Agreement as the JWA Business Plan in the Assurance Framework its titled as the Regional Economic Strategy (RES) (3.1).



The RES will detail where the region is today and where we want it to be, how we will get there and by when. It will provide clarity and focus by defining the Vision in terms of a limited number of regional strategic objectives each with their own key targets (although they may be interlinked). These will encompass the economic aspirations for the region and not be limited to only those potentially achieved by means of

the City Deal funding and associated leverage.

These will be reflected in the proposed outcomes and key targets defining those for the regional strategy as a whole and those anticipated from the City Deal. This is illustrated in this simplistic line graph.

This will allow the regional aspiration to be articulated as achieving parity with the UK economic averages over the 20-year period rather than 'aspiring', to be less than the average.

Although the RES is primarily focussed on economic development and will include strategic objectives targeted to deliver regional economic growth it will also endeavour to support the Well-being of Future Generations (Wales) Act by including secondary objectives aimed at playing a role in improving the social, environmental and cultural well-being of Wales¹.

This approach will also demonstrate that the Regional Cabinet's agenda is far more than just the City Deal and will be focussing on developing and capturing other opportunities to develop the region.

Recommendation:

3. The primary regional strategic objectives will be set to achieve parity with the UK economic indicators over the 20-year period;

¹ This will assist in defining the scope and priority of the Regional Cabinet.

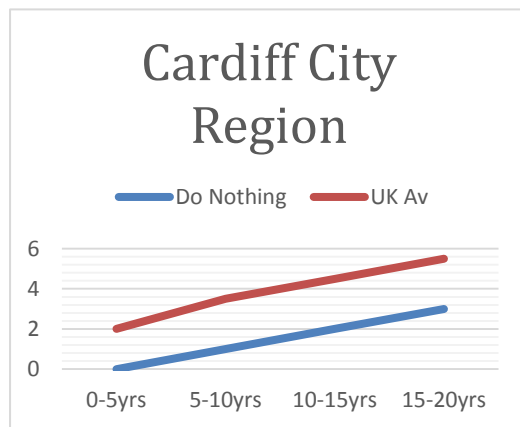
4. Recognise that the City Deal is only part of the solution to achieving these regional strategic objectives; and
5. Secondary objectives aimed at playing a role in improving the social, environmental and cultural well-being of the region will be included in the RES.

4. Key Targets & Assessment (Metrics)

The Regional Objectives only have value if there is a method of assessing if they are being achieved. The setting of Key Targets will act as a measure to demonstrate how effective the actions of the Regional Cabinet are in moving towards the Regional Objectives.

4.1 Baseline Data

To allow key targets to be set and measured there first needs to be a baseline of data which is likely to cover such areas as GVA; employment; businesses; skills;

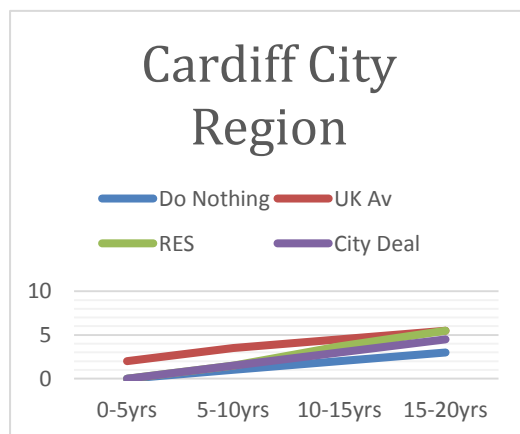


educational attainment; housing; connectivity; productivity; innovation; income; apprenticeships; investment; and deprivation². For comparative purposes this data will be required not only for the Cardiff City Region but also for other regions in Wales, and Wales and the UK. This will show where the region is and how it currently compares to others.

This base data is not sufficient on its own and there is also a need to undertake an assessment of trends, for each of these criteria. This will identify what could be anticipated to happen in the future if no interventions took place, the 'Do-Nothing' option.

4.2 Key Target Setting

When the baseline data is in place the process of setting targets can commence.



They will provide a statement of ambition, define the scale of change and a focus for action. *'Only what gets measured gets managed'* and will therefore prioritise actions.

The RES will include both long-term (5-20 years) and short-term targets (1-5 years) defining what is achievable using the resources of the City Deal and detailing the wider regional aspiration of parity with UK averages and the additional resources

² The Growth & Competitiveness Commission, with the assistance of Cardiff University, undertook a significant evidence gathering exercise which will assist in this process.

required to achieve this.

The key targets will be **Specific, Measurable, Achievable, Realistic, and Time-bound (SMART)**, they will also be under regular **Evaluation** and subject to **Revision (SMARTER)**.

Several headline targets have been referenced in both the Heads of Terms and the Growth & Competitiveness Commission Report e.g. 25,000 jobs, £4 billion of private sector investment, increase productivity to at least 90% of the UK average, see **Appendix A**.

These targets need to be carefully considered against the baseline data and resources to understand fully how they are to be articulated in the RES and which should be considered as regional targets and which City Deal.

Most of these proposed targets will, in any event, require additional detail and clarification to be meaningful; for example, jobs, although an overall figure is provided the detail related to quality and/or potential distribution are missing and this will be necessary for this figure to be meaningful and make best use of jobs to assist in productivity and regeneration.

Expert advice may be required in developing key targets and it is hoped that the Advisory\Consultation Bodies will be sufficiently established to participate in the target setting.

4.3 The Wider Investment Fund and the Metro

There is no differentiation in the City Deal between the outcomes of the Metro and the Wider Investment Fund which is an issue that needs to be considered. For example, it is unclear if Metro will be able to directly³ generate private sector investment as it is introducing a system specifically aimed at reducing subsidy, therefore a worst case is that the role falls to the wider investment fund. The wider investment fund is £495 million and in very simplistic terms if you are to achieve £4 billion of private investment, for every pound of public sector investment there would need to be a return of £8 of private sector investment, i.e. 1:8 ratio. Greater clarity is required from Transport for Wales for targets to be set effectively.

4.4 Regional Impact Assessment Toolkit

To assist in the process of assessing Candidate Schemes, see **Appendix B**, and measuring to what extent they will support the delivery of the key targets a Regional Impact Assessment Toolkit will be developed.

The Toolkit will consist of a broad range of indicators and factors, which are known to have a positive impact on 'all' targets detailed in the RES and therefore it will be unique and specific to the Cardiff City Region.

³ The Metro will produce a range of impacts which can be broadly categorised into direct, indirect and induced impacts. Although the direct impacts may not assist many of the targets it is anticipated that the indirect and induced will.

An important aspect of this assessment Toolkit will be its ability to identify the spread of any potential benefits to ensure geographic balance across the region and the ability of schemes to target need.

The Toolkit will be the intellectual ownership of the Regional Cabinet and provided to independent assessors, as required, who will be commissioned to use the Toolkit to impartially assess proposed schemes and in addition undertake a value for money exercise. In this way, a comprehensive range of assessments will have been undertaken giving a significant insight into the potential outcomes of a scheme.

Recommendation:

- 6. A comprehensive baseline of data will be established;
- 7. Key targets will be established for both the long-term and short-term and will be subject to regular evaluation;
- 8. Engagement with the Welsh Government will take place to understand how the Metro will contribute to the RES objectives and targets;
- 9. An Impact Assessment Toolkit will be developed specific to the Cardiff Capital Region, for use in evaluating proposed schemes, and will be retained as the intellectual property of the Regional Cabinet.

5. Investment Programmes

5.1 Portfolios and Programme Themes

The delivery portfolios are currently identified as:

<u>Portfolio</u>	<u>Theme</u>
Work, Skills & Economy:	Skills
	Economy
Business & Innovation:	Innovation
	Digital
Regeneration, Housing & Planning:	Regeneration
	Housing
	Planning ⁴
Transport:	Transport

These portfolios have been broken down into ‘Themes’ each of which is intended to produce a programme which when combined will create the regional prospectus of potential schemes for development and assessment

Each delivery portfolio is led by two members of the Regional Cabinet, Portfolio Leads, and supported by two Chief Executives⁵, Portfolio Officers. Below this are the Theme Leads responsible for particular strands of the portfolio.

⁴ Planning is considered a facilitator rather than a programme.

⁵ Apart from Transport which has one Chief Executive as a portfolio officer

The Portfolio Leads and Officers will work with the Theme Leads to produce a development and appraisal process specific to their Theme allowing potential strategic projects to be identified and eventually producing a prioritised programme of Candidate Schemes to go forward for regional assessment.

Using this information, the Regional Cabinet can agree an indicative investment programme for each theme which when combined will produce an indicative spend profile for the Wider Investment Fund.

5.2 Programme Board

The Programme Board's primary roles in the transition period are; to provide support and collective challenge to the Portfolio Leads and Officers and Themes Leads to ensure that the proposed programmes and strategic projects are in line with the objectives and targets developing for the RES; and to provide recommendations to the Regional Cabinet on all proposed programmes, strategic projects and on the whole programme.

Recommendation:

10. The Portfolio Lead, Portfolio Officers and Theme Leads will be responsible for producing an indicative investment programme for each Theme, including, where appropriate proposed strategic projects for regional assessment;
11. The Programme Board will provide support and challenge to the Portfolios and Themes and provide recommendations to the Regional Cabinet; and
12. The Regional Cabinet will agree an indicative investment programme for each Theme and approval for any proposed strategic projects.

6. Advisory/Consultation Bodies

The Advisory/Consultation Bodies are developing on different timeframes:

- The Regional Transport Authority (RTA) is a special case in this category and although advising the Regional Cabinet it also reports directly to them and is chaired by a member of the Regional Cabinet. The Terms of Reference have been drafted and following agreement should be endorsed by the Regional Cabinet at the beginning of the transition period.

However, the way in which the RTA interacts with the portfolio, theme lead and especially the proposed Regional Strategic Group for transport will need to be clearly articulated.

- The Regional Skills and Employment Board are well established; however, their terms of reference related to the Regional Cabinet have yet to be agreed but are anticipated to be endorsed at the beginning of the transition period.
- The Regional Business Organisation and the Regional Economic Growth Partnership appear to require further development before terms of reference related to the Regional Cabinet can be agreed.

Following agreeing terms of reference each advisory/consultative body will establish work programmes for agreement with the Regional Cabinet and then move forward to implement these programmes.

It is hoped that these groups will be sufficiently developed to provide observations on the proposed RES, Theme programmes and proposed strategic projects.

Recommendation:

13. That encouragement is given to the early establishment of the Advisory/Consultation Bodies to enable them to play an active role in the development of the RES.

7. The Regional Office

During the Transition Period, in addition to undertaking its function to support the Regional Cabinet, the Regional Office will be developing:

- the Appraisal Process;
- Regional Impact Assessment Toolkit
- a comprehensive performance management system which will encompass the decision-making process, monitoring, risk assessment and programme and scheme delivery;
- detailed business case templates, guidance notes and pro-formas to support the development and submission of candidate schemes;
- various strategies and processes including annual business plans, gateway reviews, risk assessment, and communication and engagement;
- identifying the full resource allocation needs in the permanent regional office to effectively support the Regional Cabinet;
and
- supporting the Portfolios, Theme Leads and Programme Board in developing indicative investment programmes and identifying potential strategic projects.

Recommendation:

14. Ensure that the Regional Office, over the Transition Period, is sufficiently resourced, to achieve its work programme.

8. Additional Tasks

Two further tasks are identified in the Transition Programme that require further clarification prior to additional programme details of process and timescales being included, these are:

8.1 Development of a Joint Assurance Committee (Scrutiny)

The issue of scrutiny has been raised at every council meeting when considering the City Deal and has also been raised by outside parties. It is important that the Transition Plan addresses the issue of the development of regional scrutiny.

8.2 Regionalisation

In the Heads of Terms the Regional Cabinet have stated that they will be responsible for:

- *strategic planning including housing, transport planning and land use;*
- *considering the scope for strengthening Capital Region governance.*

This consideration of regionalisation is significant as it does have the potential to influence and impact on the ability to achieve some of the outcomes of the RES and Wider Investment Fund. As such, work could be undertaken to assess the extent to which the Regional Cabinet could improve the economic potential of the region by considering regional working related to strategic planning, housing, transport and land use to be included in the RES to be circulated to Councils for approval.

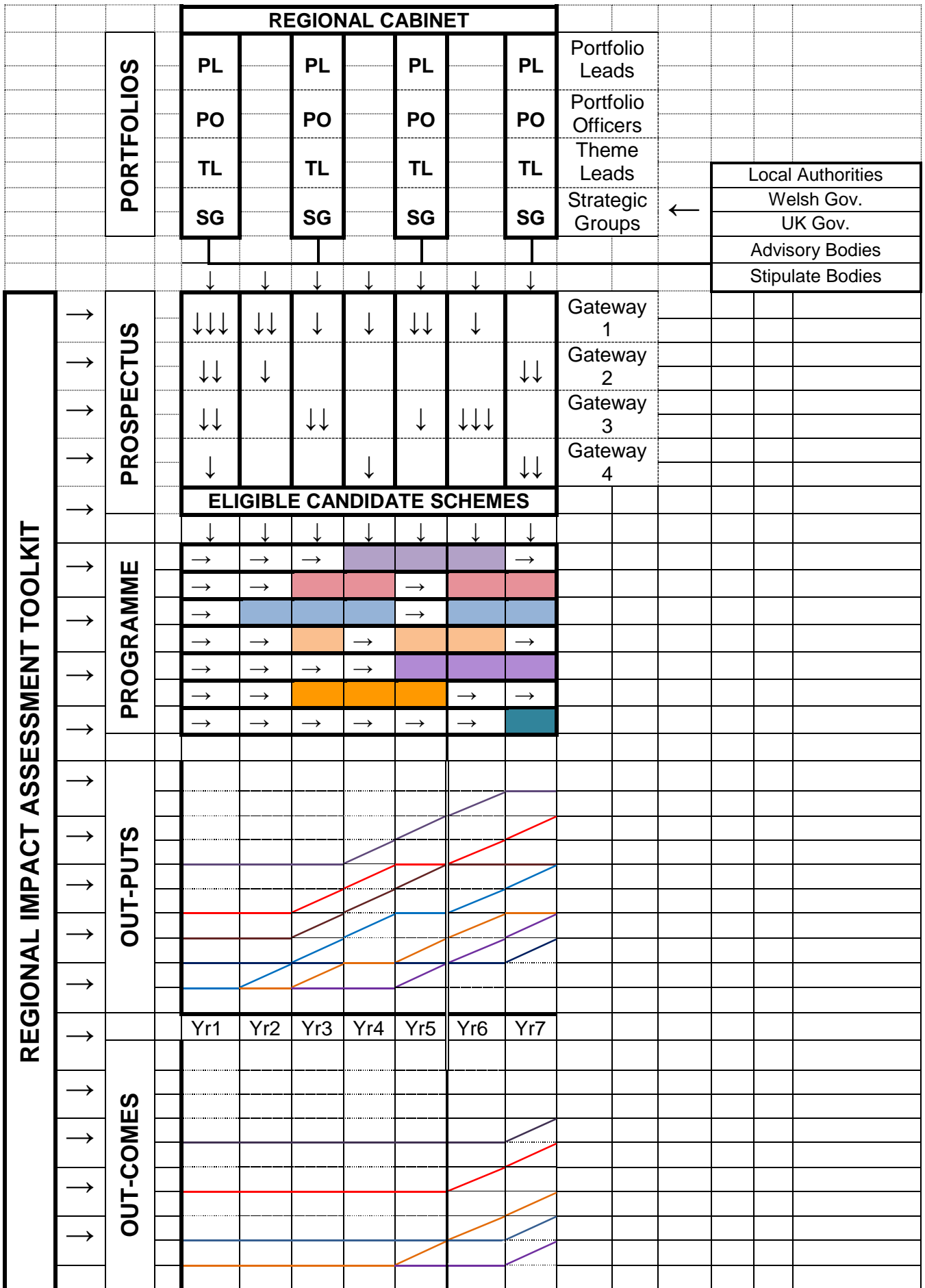
Recommendation:

15. Require proposals for the establishment of a Joint Assurance Committee (Scrutiny) be developed, details of which will be included in the RES for circulation to Councils for approval.
16. Undertake an exercise to assess the extent to which regional working within strategic planning, housing, transport and land use could improve the economic potential of the region and report the findings and recommendations, in the RES, back to Councils for approval.

Appendix A – Targets

Several headline targets have been referenced in both the Heads of Terms (➤) and the Growth & Competitiveness Commission Report (❖):

- 25,000 jobs
- £4 billion of private sector investment
- ❖ Keep pace with average population growth in the UK core cities
- ❖ Increase productivity to at least 90% of the UK average
- ❖ Raise average hourly median earnings to 95% of UK figure
- ❖ No local authority having average hourly median earnings of less than 90% of UK average
- ❖ Raise employment rates in all constituency areas to the current regional average of 70.5%
- ❖ An additional 9,500 people moving out of unemployment or inactivity into employment
- ❖ Investment programme should be at least neutral in terms of CO2 emission impact



Appendix 2 - Transition Programme 2017-2018

DECISION GATEWAYS		REGIONAL CABINET MEETINGS																																			
		02.06.07												TBC						TBC						TBC											
		CEX BOARD MEETINGS																																			
		07	21	05	19	02	16	30	14	28	11	25	08	22	06	20	03	17	01	15	29	12	26	09	23	09	23										
		APRIL 17			MAY 17			JUNE 17			JULY 17			AUG 17			SEPT 17			OCT 17			NOV 17			DEC 17			JAN 18			FEB 18			MARCH 18		
RESERVED MATTER																																					
																				DRAFT RES + PROGRAMME DOCUMENT			FINAL RES + PROGRAMME DOCUMENT			COUNCIL APPROVES RES & WIF PROGRAMME											
		DEVELOP REGIONAL ECONOMIC STRATEGY AND PROGRAMME																																			
METRICS		DEVELOP BASELINE METRICS						METRICS – NO INTERVENTION						AGREE TARGETS & INTERVENTION MEASURES																							
		DEVELOP ASESMENT TOOLKIT						FINALISE ASSESMENT TOOLKIT																													
PORTFOLIOS & THEMES		AGREE CRITERIA & PROCESS (Leaders & CEX)			THEME LEADS DEVELOPING PROGRAMMES & PROPOSED KEY PROJECTS			DEVELOP PROGRAMME/IDENTIFY KEY SCHEME SHORT LIST						KEY SCHEMES ASSESSED AGAINST TARGETS																							
PROGRAMME BOARD		AGREE ToR									SUPPORT & CHALLENGE THEMES																										
REGIONAL BODIES	RTA	AGREE ToR			AGREE WORK PROGRAMME			DEVELOP REGIONAL TRANSPORT STRATEGY (Including Proposals)																													
	RS&E	AGREE ToR			AGREE WORK PROGRAMME			DEVELOP & IMPLEMENT SKILLS PROGRAMME																													
	REGP	AGREE ToR						AGREE WORK PROGRAMME						IMPLEMENT WORK PROGRAMME & PROVIDE ADVICE TO REGIONAL BOARD																							
	RBO	AGREE ToR						AGREE WORK PROGRAMME						IMPLEMENT WORK PROGRAMME & PROVIDE ADVICE TO REGIONAL BOARD																							
REGIONAL OFFICE	TRANSITIONAL REGIONAL OFFICE & PROGRAMME MANAGEMENT																																				
SCRUTINY	DEVELOP JOINT ASSURANCE COMMITTEE (SCRUTINY)																																				
	REGIONALISATION																																				
PROCESS & REGIONALISATION	PLANNING/TRANSPORT/ECONOMIC DEVELOPMENT/HOUSING/INVESTMENT/MARKETING																																				