



Prifddinas  
Ranbarth  
Caerdydd

Cardiff  
Capital  
Region

# Cardiff Capital Region City Deal: Update to Economy, Trade, and Rural Affairs Committee

**Councillor Anthony Hunt, Chair**  
**Kellie Beirne, Director**

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## 1. Introduction

The ambition of Cardiff Capital Region (CCR) is to foster a regional economy that is bigger, fairer and greener, generating good growth and creating conditions for shared prosperity across the ten local authorities that make up our region. Signed in March 2016 across the ten CCR local authorities, Welsh and UK Governments, the City Deal comprises £734m for the Metro project and £495m for the Wider Investment Fund (WIF), with ambitious targets to create 25,000 additional jobs; leverage £4BN of additional investment and achieve a 5% uplift in GVA by 2031.

This focus on specialisms, particularly around clusters of economic significance, public service innovation and, increasingly, challenge-driven approaches, helps CCR understand those areas in which it is uniquely placed to develop strong competitive advantage. The revised Regional Economic & Industrial Plan, published in April 2023, gives a clear forward view of our ambitions as we transition from City Deal to City Region, through the establishment of the Corporate Joint Committee in April 2024.

This document provides an update to the Economy, Trade, and Rural Affairs Committee on what has progressed in the region in the period since the last meeting with the Committee on 3 March 2021.

## 2. Programme Update

### 2.1 Expenditure and Performance

The CCR City Deal expenditure has accelerated significantly in the financial years 2021-23, with committed funds of £320m across 20 projects in the core portfolios: Innovation, Infrastructure, Challenge and Skills. There is an actual spend to date of £97m with a forecast spend of £53m in 2023-24. This has been achieved despite the disruption of the COVID-19 pandemic, which had initially slowed progress in identifying and progressing candidate projects through the robust approvals and governance mechanism.

To end March 2023, the City Deal has generated 2,307 jobs, leveraged £165m and generated co-investment of £36m. The year 2022-23 saw benefits beginning to accrue as a result of investments, with £56m in leverage generated from earlier innovation investments alone, allied to support of 162 SMEs. This acceleration of benefit realisation is, in part, a result of the investment approach, with the flexibly deployed WIF targeting innovation-led economic growth. Likewise, significant infrastructure funds (such as, the Strategic Premises Fund and Housing Viability Gap Fund) are entering delivery and, as a result, beginning to deliver outputs.

Allied to this, and in alignment with the Local Evaluation Framework that has been established as part of the second Gateway Review of the programme in 2025, wider benefits are beginning to be measured, in order to demonstrate wider impact of the investments.

The committed funds, expenditure and performance across the portfolios is detailed in the table below:

Programmes	Actual Commitments and Spend as at March 2023 £m		Indicators		
	Committed Project Funding Revenue & Capital £m	Actual Expenditure Revenue & Capital £m	Jobs at March 2023	Leverage	Co-investment
Innovation	£121.5m	£52.5m	1,303	£123.5m	£11.8m
Infrastructure	£186m	£40m	748	£32m	£22m
Challenge	£10m	£3m	34	£6.5m	0
Skills	2.5m	£1.5m	222	£3m	£2.3m
Totals	£320m	£97m	2,307	£165m	£36.1m

## 2.2 Programme highlights

There has been significant progress made across the programme in the period since March 2021, as both the CCR team capability has developed and, critically, partnerships have matured, through both the formal mechanisms (such as, the Regional Economic Growth Partnership) and project-driven collaborations with the private and public sector.

In the period since 2022-23, 15 projects have been approved across the portfolios, from the significant investments in the acquisition and remediation of the former coal-fired power station at Aberthaw and the creation of a £50m Innovation Investment Capital fund for innovative, high-growth businesses; through skills interventions of highly-targeted upskilling and reskilling in alignment with employer need; to catalytic investments across CCR's priority clusters of FinTech, MedTech, Creative Industries, Cybersecurity and Compound Semiconductor.

Progress highlights worth noting include:

- Published CCR's refreshed REIP for 2023-2028, providing renewed strategic direction for Cardiff Capital Region City Deal and the transition to the Corporate Joint Committee
- The purchase of Aberthaw Power Station successfully completed:
  - Demolition and remediation tender process is underway
  - Building out CCR Energy Ltd team
  - Development of the site masterplan in process
  - Scrutiny and governance arrangements in place, including establishment of the CCR Energy Board
- £20m Cyber Innovation Hub officially launched May 2023, a partnership with Welsh Government and industry that will create a pipeline of new products, high-growth businesses and futureproof talent in the region
- £50m Media Cymru launched in November 2022, a UKRI Strength in Places co-funded collaboration of 24 consortium partners aiming to transform the region's media sector into a global hub for media innovation & production
- The launch of the £50m Innovation Investment Capital fund, aiming to provide patient capital to high growth, high-potential innovative companies located within the region
- Establishment of two companies limited by shares (CSC Foundry Ltd and CCR Energy Ltd)
- Doubling-down on CCR's commitment to the innovation-led industrial cluster approach by enhancing the capability of the Innovation & Clusters team, who will lead on developing regional Cluster Development Plans alongside key stakeholders across academia, the public sector and industry
- Successful inaugural Unleash 2023 business conference was held in April at ICC Wales in Newport, with 350 SME executives in attendance

The challenges faced by the delivery of the City Deal programme are broadly in the infrastructure area, which has been negatively impacted by a combination of the COVID-19 pandemic, and industry uncertainty as a result of the unsettling wider economic context. However, delays to the delivery of the Housing Viability Gap Fund and Strategic Premises Fund are being addressed and there is significant progress being made in 2023-24.

### **3. Corporate Joint Committee (CJC) transition**

Planning and activities to transition the CCR City Deal to the South East Wales CJC have developed at pace in 2022-23 and the current financial year. In order to deliver the preferred approach to transition ('Lift and Shift'), a Transition Steering Group was formed in 2022 to be the engine room for delivery, including dedicated workstreams ranging from Governance to Portfolio Transition.

Likewise, the CJC Board has made decisions to put in place the building blocks for the CJC, including:

- Annual business plan focused on transition – moving from Bare Minimum to Building Foundations (Jan 2023)
- Setting up of sub committees (March 2023)
- Decisions on primary staffing matters (May 2023)

During this period, necessary amendments to primary legislation were made by the UK Government, removing the barriers to operation of the CJC, including Section 33 VAT status and the Government of Wales Act Section 150 Order. These amendments put CJC's in Wales on a level footing with Local Authorities on areas including VAT, Pensions and Taxation.

In relation to the development of new powers in Regional Transport delivery and Strategic Development, the CCR team are working with both Welsh Government and Local Authority colleagues to achieve critical milestones. These include the Implementation Plan for Regional Transport (November 2023) and Delivery Agreement for the Strategic Development Plan (March 2024).

### **4. Milestones for 2023-24**

#### **4.1 Project pipeline**

In the current financial year, two significant new investments have been approved.

- The £50m Northern Valleys Initiative to drive growth in the Northern Valleys sub-region. This will cover six Local Authority Partners: Blaenau Gwent, Merthyr Tydfil, Rhondda Cynon Taf, Caerphilly, Torfaen and Bridgend.
- A £45m investment as part of a wider £100m raise to support and complete the implementation of network provider Ogi's Model 150 build programme to roll out a Fibre-To-The-Premises (FTTP) network to more than 150,000 premises in South Wales by August 2025.
- Launch of the Cluster Development and Growth Programme, a £6.6m initiative to develop talent and business capability in the CCR priority clusters, accelerating innovation-led growth in the region.
- £12m debt finance matched with £6m Welsh Government grant for the expansion of Seren Stiwdios in Cardiff, which will create a world-class studio facility in South East Wales.
- First investment of the Innovation Investment Capital to be announced in September 2023.

With a significant proportion of the City Deal fund committed, there is a focus on ensuring evergreen investments are delivering outputs, and returning funds to be recycled on further interventions.

#### **4.2 Key milestones**

Key milestones for 2023-24 worth noting include:

- Ensure Mid-Term Review completed in February 2024, in the run up to CCR's second UK Government Gateway Review in October 2025
- Successfully transition to the CJC by April 2024

- Award the demolition contract at Aberthaw Power Station and continue masterplan development
- Approve the first Northern Valleys Initiative project
- Host additional 'Regionally Unleashed' events across CCR to showcase funding available and on-going activity
- Finalise the Full Business Case for Metro Central
- Commence groundwork on the recently approved Fibre-To-The-Premises investment
- Continue to develop and evolve Monitoring & Evaluation processes across a diverse and maturing portfolio to fully capture and measure CCR's impact