VALE of GLAMORGAN
BRO MORGANNWG

Agenda Item: 17

Meeting of:	**Cabinet**
Date of Meeting:	**Thursday, 07 September 2023**
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Non Treasury Investment Strategy
Purpose of Report:	To provide an update on the development of the implementation plan to deliver the Council's Non Treasury Investment Strategy
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Corporate Resources
Elected Member and Officer Consultation:	Senior Leadership Team Operational Manager Regeneration
Policy Framework:	This is a matter for Executive decision by Cabinet

Executive Summary:

- Cabinet approved a Non Treasury Service Investment Strategy at its meeting on 28th February, 2022. The Strategy was established to address opportunities identified in the Council's Recovery Strategy to support innovative business support and economic regeneration with a focus on green jobs and infrastructure.
- A growth fund of £2.2M was established alongside a provision for up to £10M of Prudential Borrowing with any investment returns being repayment of debt.
- An Investment Plan has been developed in collaboration with a consultancy practice Rothwell supported by their associates Edge Economics and Understanding Data.
- The Plan comprises a strategic framework, management plan and initial actions to drive delivery of the Strategy.
- The key issues to tackle in the Strategy are reaffirmed as persistent inequalities, higher than average levels of CO_2, the ageing population and poor levels of productivity and prosperity.
- There will be a robust gateway approach with concise and streamlined prioritisation and governance frameworks in place.

- Given the level of available resources in the fund, initial investment will be targeted at the key settlements with Barry at the forefront given the placemaking work already taking place and followed by rural communities over the longer term.
- In addition to the above, investment which may support strategic employment sites (identified by the LDP and any replacement) such as the Airport Enterprise Zone will also be considered.
- There will be regular reporting to Cabinet on progress.

Recommendations

1. That Cabinet note the contents of this report and approve the Non Treasury Investment Plan as set out in this report and appendices, including that the prioritisation framework and investment principles and values be noted.
2. That prioritised schemes supported by the Non Treasury Investment Board will be brought back to Cabinet for approval in due course.
3. That a progress report be submitted to Cabinet in 12 months' time and for progress to be monitored by Corporate Performance & Resources Scrutiny Committee.
4. That the initial focus (as set out in the investment plan) on the key settlements of Barry, Cowbridge, Llantwit Major, and Penarth in the short to medium term be approved with rural communities and strategic employment sites such as the Enterprise Zone being considered as and when opportunities arise.

Reasons for Recommendations

1. The Investment Plan is the essential next step to deliver the Strategy.
2. Investments will be approved in line with the existing governance arrangements and Cabinet will retain overall responsibility for approval.
3. Progress reporting to Cabinet is a key element of the performance framework for the Framework, including the role of the Corporate Performance & Resources Scrutiny Committee.
4. Capacity and resources require a focussed approach, and this will align with the Council's approach to the development of Place Making Plans and allow the non-treasury Investment Strategy to fully support Place Making and sustainable economic growth.

1. Background

1.1 Cabinet on 28th February, 2022 approved proposals for the Non Treasury Service Investment Strategy to address opportunities identified in the Council's Recovery Strategy to support innovative business and economic regeneration, increase capital programme investment and focus on green jobs and green infrastructure.

1.2 The Economic Regeneration and Growth Fund is funded using £2.2m of the Economic Regeneration and Growth Fund Reserve and with provision for up to £10m Prudential Borrowing. The fund for Investment totals £12m with £200k earmarked for feasibility and due diligence costs and the initial costs associated with specialist Non Treasury Investment Advice.

1.3 The Economic Regeneration and Growth Fund will be supported by a Strategic Project Board with Investment Decisions approved by Cabinet and regular reporting to Cabinet, Council and Governance and Audit Committee as set out in in the Strategy.

1.4 The first call on any investment return should be repayment of debt and building up an earmarked reserve to mitigate the risks outlined in the risk management of the Strategy.

2. Key Issues for Consideration

2.1 During 2022/23 the Council has worked with consultancy practice Rothwell and their associates Edge Economics and Understanding Data to develop a Non Treasury Investment Plan to deliver a practical and at pace response to the Strategy. The Plan seeks to drive financial, socio economic and environmental benefits.

2.2 The Investment Plan is in three parts:

i. Strategic Framework;

ii. Investment Plan – Management; and

iii. Vale of Glamorgan Investment Plan

2.3 An Executive summary is attached as Appendix 1 and the full Plan at Appendix 2.

Strategic Framework

2.4 This element of the Plan builds on the Strategy and sets out the wider context in which the Plan will operate, this understanding being essential to act tactically.

2.5 A review has been undertaken of the strategic policy objectives along with analysis of the local evidence base with a desire to drive socioeconomic, environmental and financial benefits. The key issues to tackle are reaffirmed as persistent inequalities, higher than average levels of $CO_{2,}$ the ageing population and poor levels of productivity and prosperity. It is not surprising that these issues chime with the policy hierarchy in Wales in particular – Place; Community and wellbeing; (including levelling up); Climate; and productivity and sustainable, inclusive growth.

2.6 The Plan will consider a wide range of public and private finance routes. The most appropriate source will very much depend on the nature of the investment and opportunities will be taken to blend different sources for higher value investments. Nevertheless, it is recognised that this is a challenging environment to operate with and there are limited public funds available to support the Council's policy objectives.

2.7 The Framework sets out the principles and values of investment, i.e., the how and what. The seven principles are:

i. Maximising the impact of Council assets;

ii. Embedding maximum leverage;

iii. Establishing partnerships to scale investments;

iv. Pursuing a recycling approach to funds;

v. Undertaking prudent risk management;

vi. Having a practical approach to monitoring performance; and

vii. Targeting investment.

2.8 And the four Investment Values are:

i. Enhancing wellbeing and social justice;

ii. Positive placemaking;

iii. Commitment to tackling the climate and nature emergency; and

iv. Doing more with less.

Investment Plan Management

2.9 This element of the Plan sets out the gateway approach, governance framework for decision making, how potential investments will be prioritised and importantly how performance will be measured.

2.10 The Plan proposes a four stage gateway investment approach:

i. Pipeline

ii. Proposal

iii. Mobilisation

iv. Delivery

2.11 The process also includes a monitor, evaluate and review feedback loop to ensure the objectives are being met and to inform the emerging and future pipeline.

2.12 There have been complicated governance arrangements in place around various elements of regeneration in recent years and there is a desire to simplify and streamline them. There will be a small overarching Investment Management Board which will be responsible to the Strategic Leadership Team and Cabinet, with scrutiny through Corporate Performance & Resources Scrutiny Committee. Depending on the scale of investment there will be a need for programme boards comprising both internal and external resource to feed into the Investment Management Board. It is likely that schemes and projects will come though from the town boards which will be operating within the strategic framework.

2.13 The prioritisation framework follows the broad structure of the UK Government's Five Case Model and supports the development of an investable pipeline for Gateway One above. The framework is set out below and enables initial screening, qualification and validation and identification of those investments to be taken through to Gateway Two.

	Metric	Criteria
1.	Deliverability	Risk in terms of scale, viability, market competition, site ownership and planning.
2.	Economic Impact	Potential economic impact – jobs, Gross Value Added (GVA) and inward investment.

3.	Socio Economic Impact	Potential socioeconomic impact – reaching deprived and disadvantaged groups.
4.	Environmental Impact	Potential to contribute to Net Zero and tackling the nature emergency.
5.	Financial Return on Investment	Potential to deliver revenue generation or cost savings within ten years.
6.	Funding Leverage	Potential to leverage further public or private investment (directly or indirectly).

2.14 Making sure these projects deliver the stated impacts and returns on investment is an essential foundation of project management and the Plan outlines the indicative Performance framework with exemplar KPIs and dashboards. Not all projects are the same and there will be a need to adapt arrangements as appropriate.

Vale of Glamorgan Investment Plan

2.15 Work is underway to assemble the initial pipeline of the right quality investments intended to 'stand out' and be priorities to pursue.

2.16 Positive placemaking is at the heart of the Plan and there will be a 'whole place' approach across town/key settlements, rural areas and the Strategic Enterprise Zone. This is an extensive piece of work in itself with the need, for example to develop placemaking plans for all of the County's key settlements (as reported to Cabinet 25th May, Minute C11 refers). There is a recognised gap in the rural theme at this time and given capacity this is an area of the Plan which requires more work and is to follow. The Council is already working in partnership with the Welsh Government and Cardiff Capital Region on the Strategic Enterprise Zone.

2.17 The initial moves plans are focused on Barry in the short to medium term, as it is considered the priority town for the purpose of the Plan aiming to drive community wealth generation and building on the placemaking work already undertaken. Over the medium to longer term attention will move to key settlements – Cowbridge, Llantwit Major and Penarth (supported by the roll out of Place Making Plans) and the rural communities, unlocking investment opportunities to embed sustainable growth and resilience.

2.18 There will be a Council wide approach to support implementation.

Next Steps

2.19 Over the next three months there will be a focus on prioritising the shortlist of potential projects to deliver the Strategy.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The Non Treasury Investment strategy and associated plans are intended to take a long-term approach to support resilient communities in the Vale of Glamorgan by supporting an holistic approach to placemaking.

3.2 The report outlines how tackling the climate and nature emergencies and inequalities are part of the decision-making framework, demonstrating both a long-term approach and taking preventative steps to improve people's lives consistent with the Wellbeing of Future Generations Act. A key aspect of placemaking will be involving communities to shape their local areas and will be delivered in collaboration with both public and private partners.

3.3 The governance arrangements set out in the report illustrate the integrated approach to be adopted, with the prioritisation matrix illustrating how different agendas will be considered collectively.

3.4 This proposal is consistent with all four of the Council's Wellbeing Objectives as set out in the Corporate Plan, notably, to work with and for our communities, and to support learning, employment and sustainable economic growth.

4. Climate Change and Nature Implications

4.1 There are no direct implications at this stage, however as described above schemes will need to demonstrate their contribution to the Council's climate and nature ambitions.

5. Resources and Legal Considerations

Financial

5.1 Council has set aside £2.2M in reserves and provision of £10M of Investment in its Capital Programme which would be funded through prudential borrowing.

5.2 It is a recycled fund with investment returns over the long term paying down debt and reinvested in future programmes.

Employment

5.3 There are no direct employment implications associated with these proposals. The governance arrangements for the proposals are set out in the body of the report and will be undertaken within existing resources.

Legal (Including Equalities)

5.4 [In addition to Legal colleagues' input]

5.5 The proposals are consistent with the Council's socioeconomic duty which requires consideration to be given as to how the Authority can improve inequality of outcome for people who suffer socio-economic disadvantage. The proposals as described above have clear connections with considering the potential to improve socio-economic disadvantage in a number of areas, including lower levels of good health, lower paid work, poorer educational attainment and an increased risk of being a victim of crime.

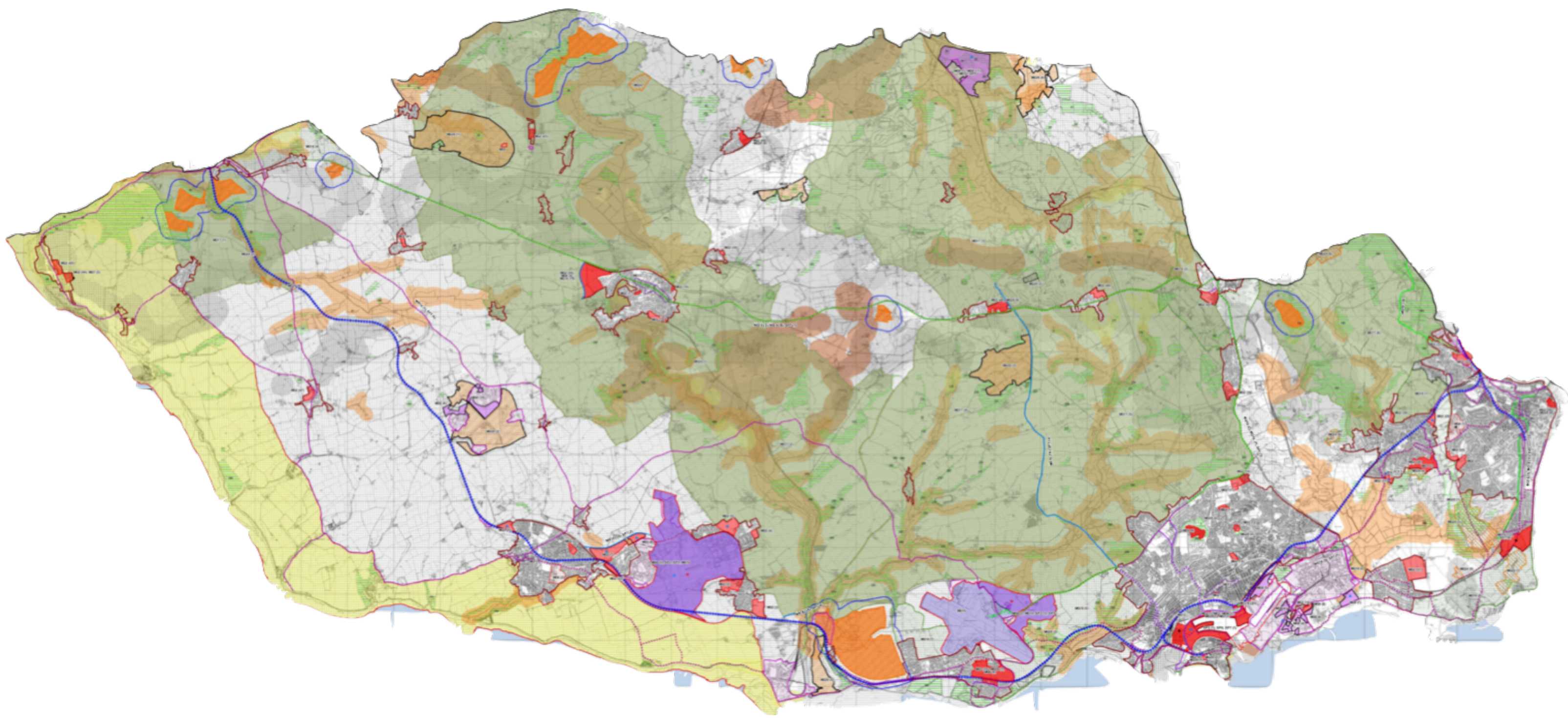
6. Background Papers

Cabinet Report 28th February, 2022:-

Agenda Item 16 - Non Treasury Service Investment Strategy (valeofglamorgan.gov.uk)

Investment Plan

VALE OF GLAMORGAN COUNCIL NON-TREASURY INVESTMENT STRATEGY AND INVESTMENT PLAN.



Executive Summary
2023

CONTENTS

INTRODUCTION

The Vale of Glamorgan Council commissioned Rothwell and their associates Edge Economics and Understanding Data, to support part of the response to major financial challenges facing the Vale over the coming months and years. These include broad ranging macroeconomic pressures, limited public funding, cost of living pressures and the need to address climate change.

The purpose of the Investment Plan is to support the Vale of Glamorgan Council deliver a practical and at pace response to the 'Non-Treasury Investment Strategy' (agreed by the Council 's Cabinet in February 2022) which agreed an in principle £12m Investment and Growth Fund for investment purposes. It also builds on the opportunities of the newly created Place Directorate within the Council - underpinning a renewed focus on the importance of place and communities. This Investment Plan is not an economic development plan, rather it relates to non-core development projects seeking to utilise the Council's investment fund in order to drive clear returns on investment across a 'triple-bottom line' of financial, socio-economic and environmental impacts.

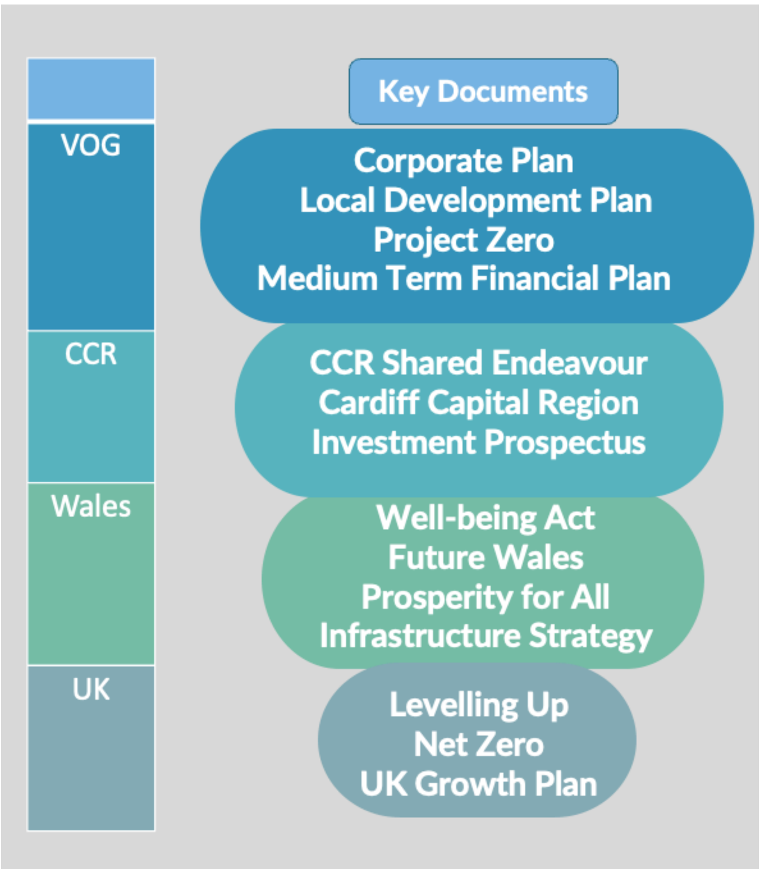
This Executive Summary highlights key findings and actions from the full Investment Strategy and Plan - and is designed for an internal and external audience.

Strategic Framework

THIS SECTION GIVES AN OVERVIEW OF THE WIDER CONTEXT IN WHICH THE INVESTMENT PLAN WILL SIT. THIS IS IMPORTANT TO UNDERSTAND IF WE ARE TO ADOPT THE BEST TACTICAL APPROACHES TO MAXIMISE EXTERNAL INVESTMENT.

VALE of GLAMORGAN
BRO MORGANNWG

Responding to policy and evidence to maximise investment and impact for the Vale of Glamorgan



- A review of strategic policy priorities (local/regional/national) and analysis of the local evidence base provides a framework to give focus and targeting to our investments.

- In developing an Investment Plan which can maximise additional external funding and deliver against a triple bottom line, clarity on which socio-economic and environmental issues to target across the Vale of Glamorgan is an important part of success.

- Key issues to address are:

  - *Persistent inequality*
  - *Higher than average CO^2*
  - *An aging population*
  - *Poor levels of productivity and prosperity*

- These issues resonate with the policy hierarchy within Wales and the UK:

  - *Place (and active placemaking)*
  - *Community and wellbeing (including levelling up and social value)*
  - *Climate (and biodiversity)*
  - *Productivity and sustainable, inclusive growth*

- Potential sources of investment encompass both the public and private sector. The primary public sources (grants and other investment routes such as asset ownership and innovative finance) are UK Government, Welsh Government, CCR and the Vale of Glamorgan Council itself

- There are a number of potential sources of non-grant/private investment routes at a UK level.

EXAMPLES OF PUBLIC & PRIVATE FINANCE ROUTES

Press releases

Bristol City Council secures £350m investment from Legal & General for Bristol Temple Island Regeneration

Legal & General announces that it has agreed terms with Bristol City Council to invest £350m into Bristol Temple Island, transforming the disused site into a vibrant new urban quarter. With a focus on social inclusion through affordable housing, training and employment opportunities, Temple Island will support the city's plans to build back better and back the creation of 2,000 new jobs

The most appropriate source of finance will depend on the type of investment being considered. In many instances, there will be an opportunity to blend different sources together to deliver larger and higher-impact investments. Whilst there are some public funds associated with the policies described above, it is important to be realistic about the scale of such public funding and the highly competitive nature of the funds.

The investment environment remains challenging and investments will need to offer sufficient risk/reward for prospective investors (both public and private).

Accessing private investment is difficult, especially for public bodies such as Local Authorities and their various (and necessary) financial controls. This is further compounded given the nature of many Council-led investments – often tackling difficult regeneration and development sites or new innovation such as green infrastructure, resulting in lack of viability and limited financial returns. In response to this, over recent years, various UK Governments have created alternative investment routes that are underpinned by private sources, but take a longer term, multi-return, higher risk appetite approach to investment. The full Investment Plan Strategy examines these in more detail.

Legal & General

Macquarie Green Investment Group

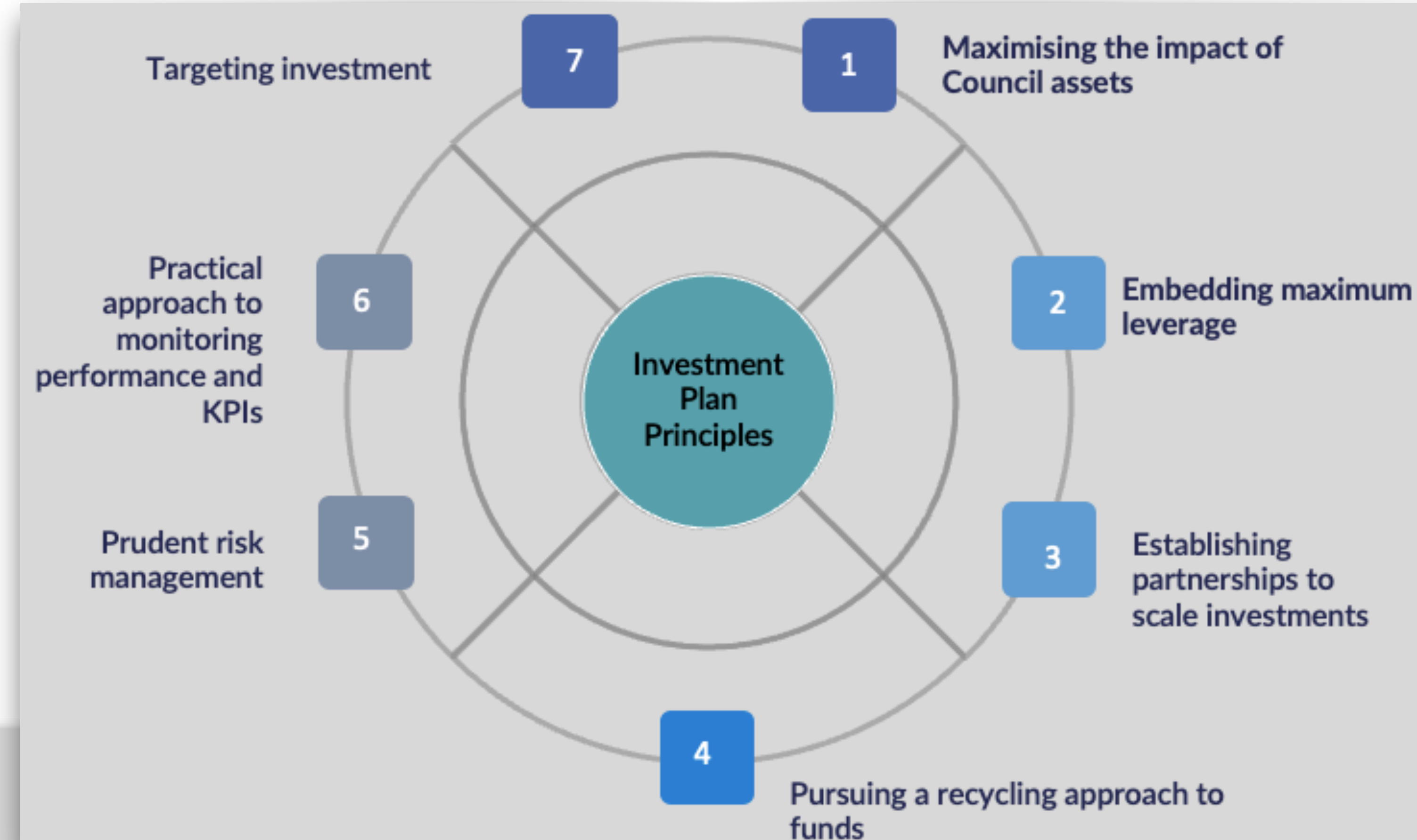
UK Infrastructure Bank

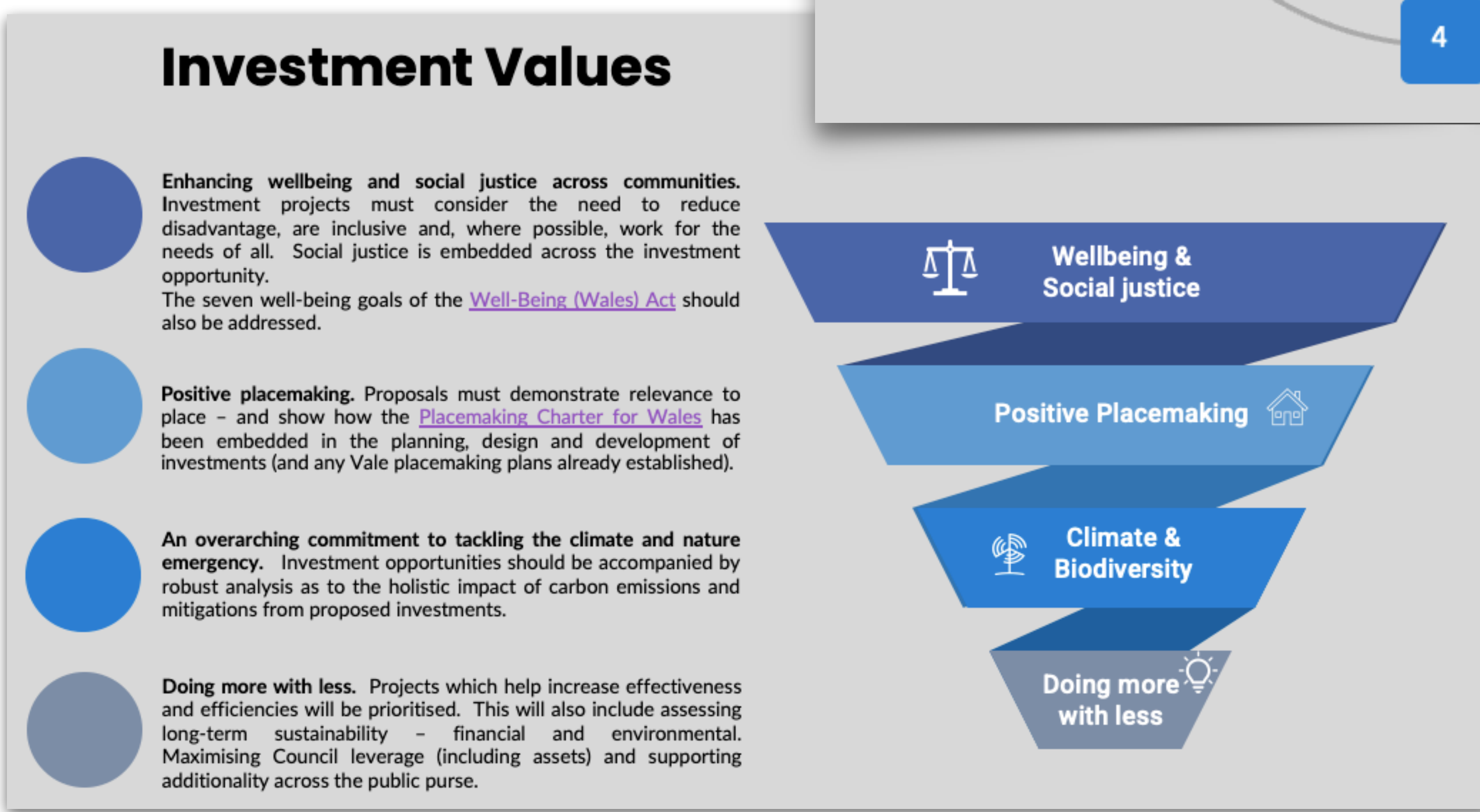
Ffyniant Bro

Llywodraeth Cymru Welsh Government

Cardiff Capital Region

We outline central investment principles which build on work already completed as part of the Council's Non-Treasury Investment Strategy (Cabinet Report 28/02/22). In assessing the Investment Plan priorities the following principles are used as underpinning guidelines. The emphasis here is on principles of '**how**' to invest…





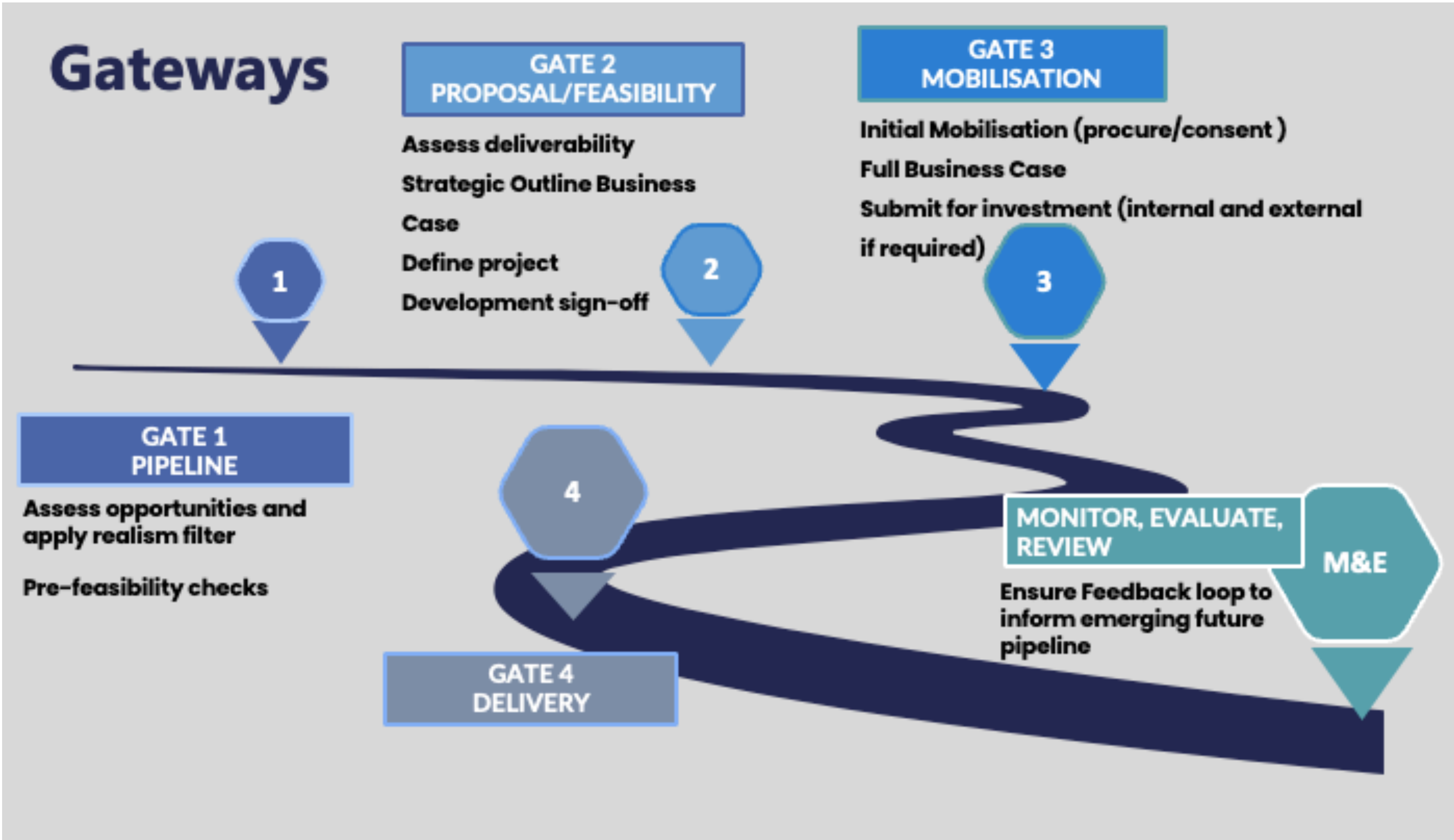
…as well as our values of **'what'** to invest in.

Investment Plan - Management

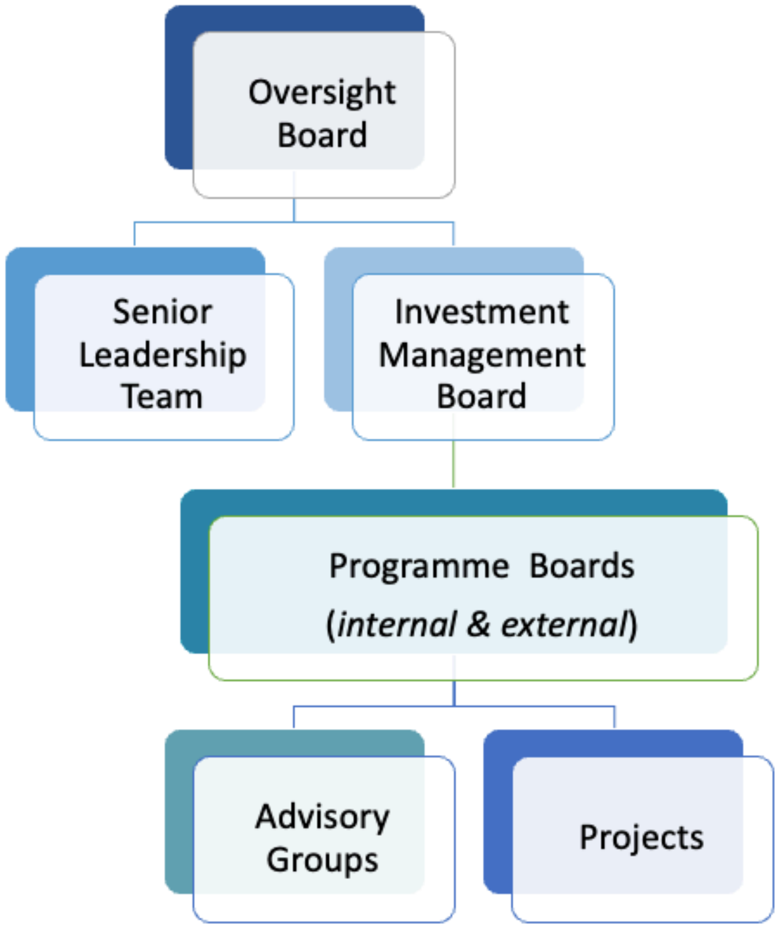
ESTABLISHING A STRATEGIC AND TACTICAL PROJECT AND PORTFOLIO DEVELOPMENT 'LIFECYCLE' MANAGEMENT APPROACH – ADDRESSING THE STRUCTURE, RESOURCING AND PROCESSES THAT WILL SUPPORT IMPACTFUL DELIVERY OF THE INVESTMENT PLAN.

VALE of GLAMORGAN
BRO MORGANNWG

FOUR STAGE GATEWAY INVESTMENT PROCESS



A successful investment portfolio requires a flexible combination of internal design, stakeholder management and project organisational resourcing, overlaid with a pragmatic but robust governance structure. Adopting a relatively simple 4-stage 'gating process' in preparation and decision making, enhanced by the early involvement of delivery focused services will help provide the platform for an effective Investment Plan, ensuring speed, clear prioritisation, consistency and rigour. These mechanisms are designed to de-risk abortive and costly work, ensure relevant and effective resource and capacity are mobilised appropriately, maximising investment opportunities and maintaining visibility of progress to Members, Council teams, stakeholders (including external public and private investors) and across the local community. The Gateways and all governance are detailed in the Investment Plan.



A wrap-around governance is also outlined, streamlining the governance of place and investment across the Council.

Governance in practice

Simplified and effective governance - with the right people at the right time. Ensuring:

- ✓ Member-led oversight and decision for investment prioritisation and performance
- ✓ Senior leadership management across investment performance and risk (both at development and delivery stages)
- ✓ Technical expertise to oversee all business case development and manage resourcing requirements
- ✓ Programme and 'place' level leadership, supporting locally-driven prioritisation and scale-up opportunity
- ✓ Effective project capacity

	Scoring Metric	Scoring criteria
1	**Deliverability - Risk**	Risk in terms of scale, viability, market competition, site ownership and planning: 1 (high risk) 2 (medium risk) 3 (low risk)
2	**Impact - Economic**	Potential economic impact (jobs, GVA and inward investment): 1 (low impact) 2 (medium impact) 3 (high impact)
3	**Impact - Socioeconomic**	Potential socioeconomic impact (reaching deprived/disadvantaged groups and other) - meeting socioeconomic duty: 1 (low impact) 2 (medium impact) 3 (high impact)
4	**Impact – Environmental**	Potential to contribute to Net Zero: 1 (None or negligible) 2 (some potential) 3 (strong potential) Note – Net Zero objectives are outlined in Section 2
5	**Financial Return on Investment**	Potential to deliver revenue generation or cost savings within 10 years: 1 (None or negligible) 2 (some potential) 3 (strong potential)
6	**Funding leverage**	Potential to leverage further public or private investment (directly or indirectly): 1 (None or negligible) 2 (some potential) 3 (strong potential) Note – Leverage is defined in Section 3.6

This structure is broadly in alignment with the Five Case Model applied in UK Government business cases and the metrics currently adopted by Cardiff Capital Region (CCR)

To support the development of an investable project pipeline, 'Gate 1' of the Gateway process will undertake initial project prioritisation.

The project prioritisation framework outlined here will enable:

- *An initial screening of prospective investment projects.*
- *Qualification and validation of a short-list to establish an investment project pipeline.*
- *Identification of investment projects to be taken further for business case development.*

The prioritisation framework will be applied to assess the potential of identified future investment projects. This process will take the form of a high-level appraisal based on the information available at early stages of an investment project.

The goal will be to identify a portfolio of investment projects to take forward for further development – as well as ensure the most efficient use of project development resources .

A clear monitoring plan will underpin an understanding of overall investment portfolio performance and will act as the justification for the progress of individual projects towards realising funds to commence delivery. Making sure these projects deliver the stated impacts and returns on investment will be necessary parts of good financial and project management.

The overall approach seeks to construct a mechanism to allow a clear framework for:

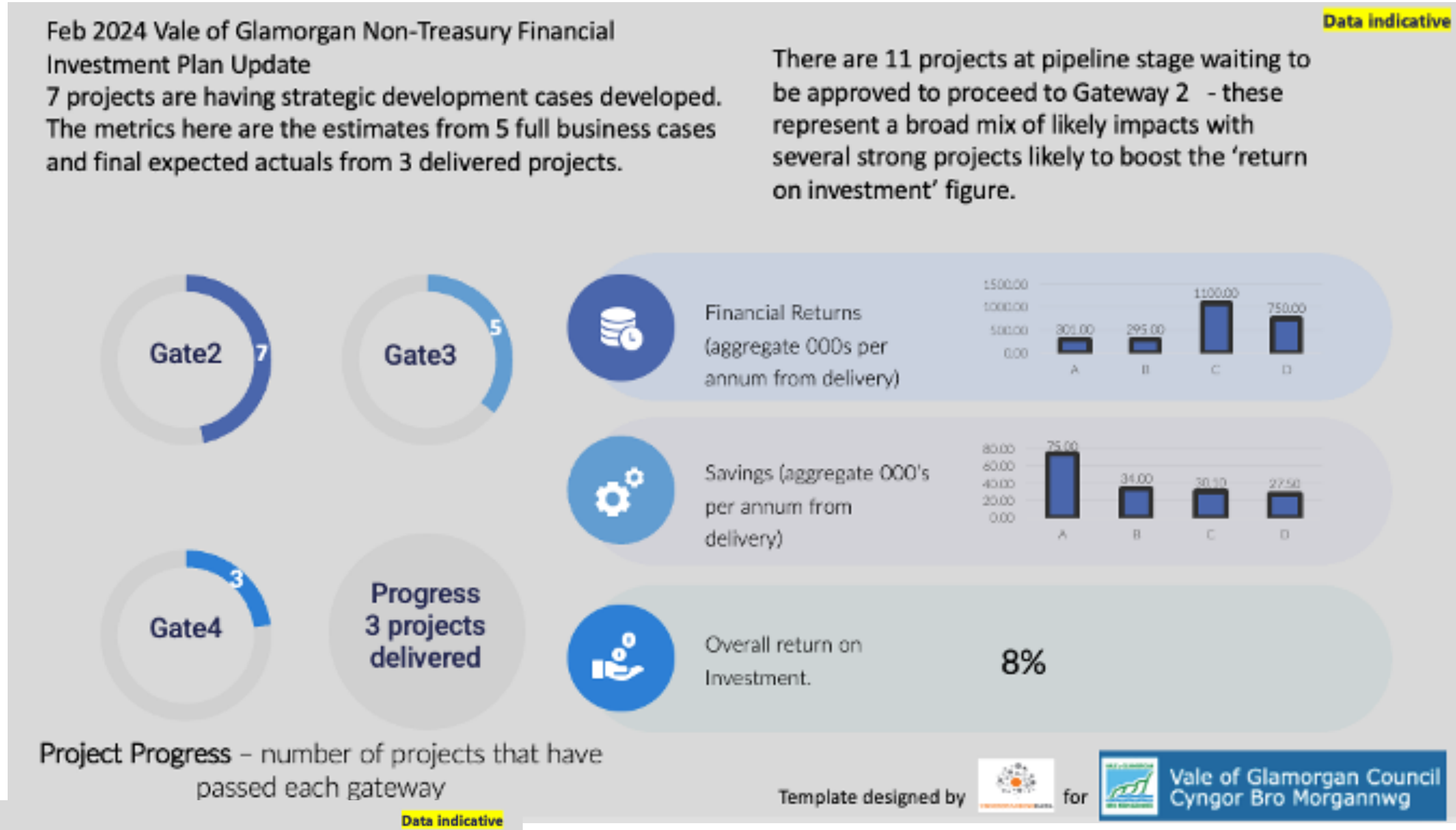
- ✓ *Measuring socio-economic and environmental improvements in both the local context and indicators which may impact on regional or national target improvements (**impact return**).*
- ✓ *The financial position (and overall return) for both individual projects and total portfolio (**financial return**)*
- ✓ *Performance management and utilising a dashboard approach to effective reporting (**progress**)*

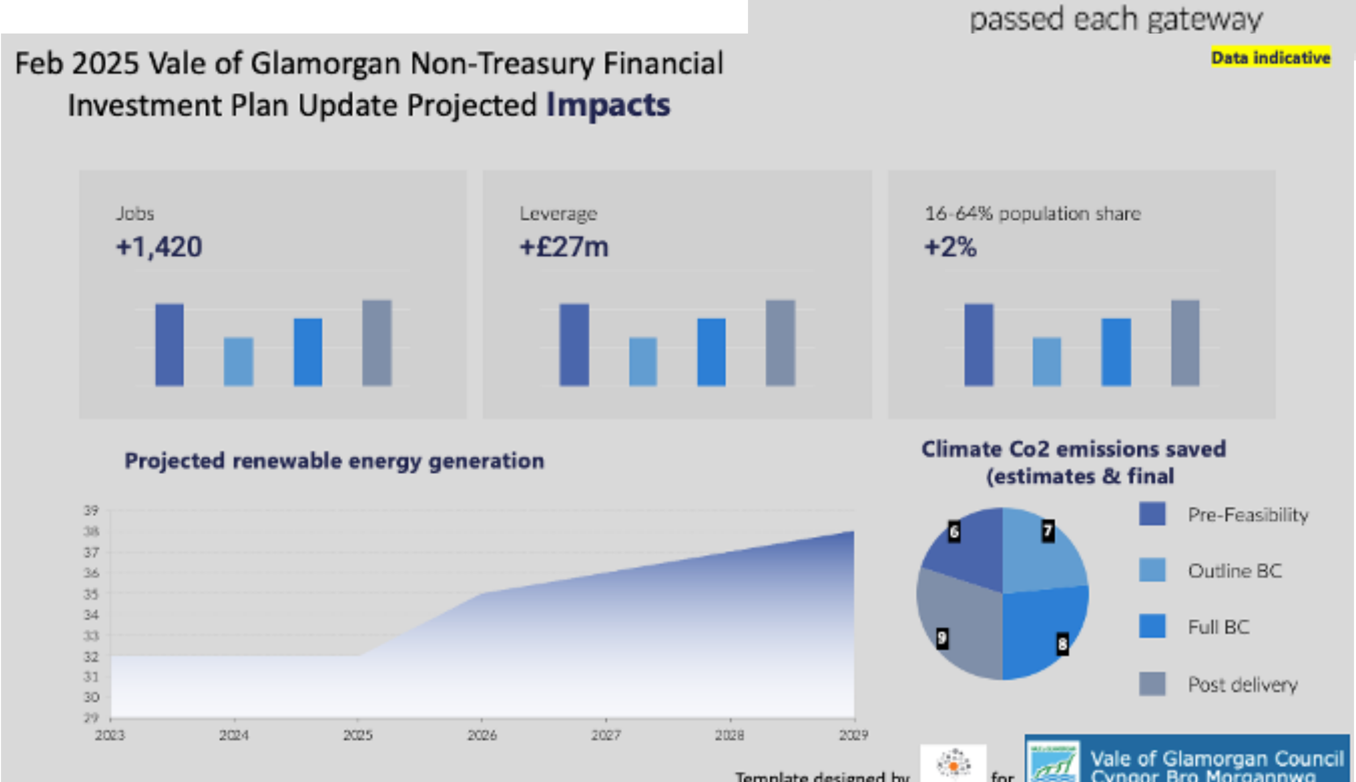
Successful monitoring requires a balance of detail bespoke to the individual emerging project idea alongside a visual capture of the state of play overall with the emerging portfolio, which will achieve the following:

- ✓ *Prompt discussion around the balance of the next stage of emerging projects proceeding to outline business case*
- ✓ *Awareness of and responses if necessary to any ROI or impact indicators which do not seem to be being delivered against*
- ✓ *A clearer test against portfolio performance and current corporate challenges and opportunities.*

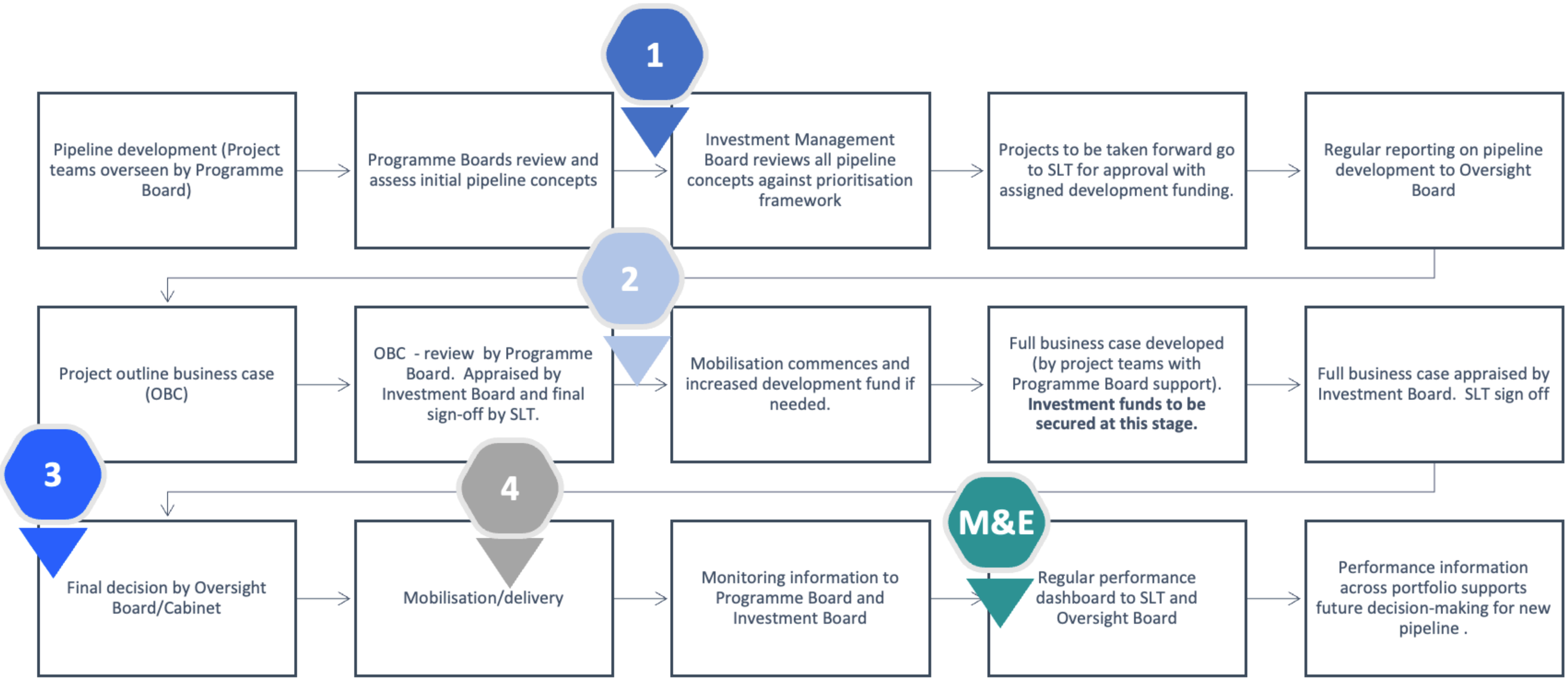
The full Investment Strategy and Plan details initial KPI's and issues related to financial return.

PERFORMANCE - EXAMPLE DASHBOARDS





PUTTING IT ALL TOGETHER



VALE of GLAMORGAN
BRO MORGANNWG

Vale of Glamorgan Investment Plan

CREATING EXCITEMENT AND CONFIDENCE TO INVEST.

VALE of GLAMORGAN

BRO MORGANNWG

The purpose of this section of the full Plan is to develop the first steps in taking forward the Vale of Glamorgan Non-Treasury Investment Plan. We outline key moves and actions to support preparation of an investment portfolio, primarily based on a potential initial investment of circa. £12m (as agreed by the Council in February 2022).

The Plan headlines a broad strategy in terms of intervention types and spatial strategy for maximum investment impact. It suggests a mix of types of return on investment, spreading both risk and opportunity. It also offers case studies which could help frame the opportunity to add value to projects. In some cases, the focus is on a drive for financial return with the potential to reinvest for wider benefits, but on the whole we aim for a balanced ROI delivering against local impact to maximise a broad return and minimise risk as far as possible.

Our values around social justice and wellbeing, positive placemaking, climate and biodiversity and 'doing more with less' remain at the centre of the emerging priorities

The first steps in creating an active Investment Plan

Delivering a return on public investment is hard – and accessing investment routes is highly competitive. We are therefore committed to assemble a pipeline of the right quality investments which will 'stand out' and punch above their weight in such a competitive environment. Whilst the appetite of investors will undoubtedly return, the cost of investment in today's economic climate is challenging. The Council will therefore need to consider a range of key levers that could be utilised and considered during the investment development phase to improve the chances of external leverage.

With this in mind, we introduce the Investment Plan, including the following sub-sections:

Positive placemaking: How positive placemaking can support investment prioritisation and a smart approach to delivering investment return.

The Investment Plan: Initial priorities, actions and key moves.

The Investment approach (internal): Outlining a range of investment levers and overall Council corporate approach to support implementation and maximise returns.

Positive placemaking is at the heart of our Investment Plan

With the move to a more devolved approach to investment via Local Authorities from the UK Government, the emphasis on placemaking in Wales and the creation of the new Place Directorate in the Vale of Glamorgan Council, there is an opportunity to now re-focus attention onto place and priority communities across the Vale, developing a stronger co-design approach to sustainable development and growth alongside local communities.

We will apply a **'whole place' approach** across:

Town/key settlement investments. Develop placemaking plans for all key settlements and identify an investment pipeline using our prioritisation framework - initially prioritising those opportunities closest to investment readiness (Gate 2). Additional strategic investment opportunities may be identified and taken forward in collaboration with regional and national partners.

Rural investments. We recognise that there is a significant gap in a rural investment priority theme at this stage. Whilst officers recognise the importance of rural communities, at this stage a pipeline of future investments at scale is not yet in place. This gap will be addressed by the Council through the development of a future rural investment plan. It should be noted that there are also significant investment sites in rural locations – and these are noted below.

Strategic Enterprise Zone. In partnership with Welsh Government and Cardiff Capital Region we will investigate directing additional capacity and resource to a refreshed approach to a reinvigorated and revised Strategic Enterprise Zone.

INVESTMENT PLAN - KEY MOVES

Taking our investment principles and values into account, the current embryonic stage of VoG pipeline investment projects, through our research and wider engagement we will be adopting a **whole-place investment approach**, but based on following priorities:

1. **Short to medium term focus**: Barry - priority town, with a focus on driving community-wealth generation, improved built and natural environment - as well as financial return where viable. This also reflects the work to date on placemaking in Barry.

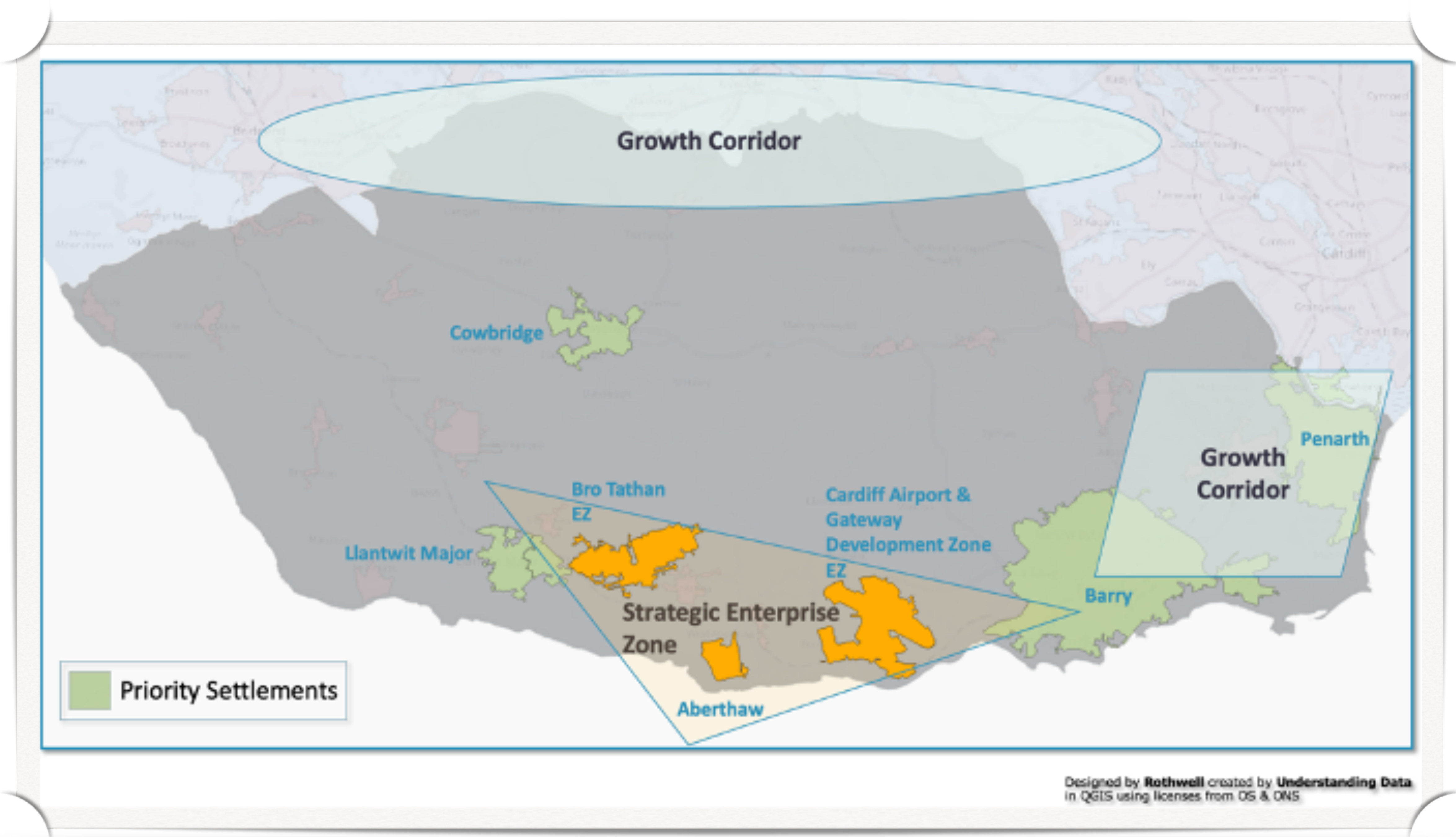
2. **Medium to long term focus**: Key settlements and rural development. Unlocking investment opportunities to embed sustainable growth and resilience across the Vale of Glamorgan economy, aligned to LDP and settlement data:

- *Penarth*
- *Cowbridge*
- *Llantwit Major*
- *Rural communities*

In addition to specific place-based investment, we would highlight a **short-term priority opportunity site** – The Vale Strategic Enterprise Zone. Recognising the fact the Vale is home to nationally significant assets at Aberthaw, St Athan and Cardiff Airport, adopting an at-scale approach to commercial-driven investment.

A detailed plan of key moves and actions across the next 3 years are detailed within the full Vale Investment Plan (*it should be noted that, given the investment emphasis, some elements are subject to commercial in confidence status*).

SUMMARY PLAN



For more information please contact:

mbowmer@valeofglamorgan.gov.uk

VALE of GLAMORGAN

BRO MORGANNWG

Vale of Glamorgan Council
Non-Treasury Investment Strategy and Investment Plan

2023

CONTENTS

Figures

Case Studies

	Various LGA examples (maximising public land and property) Review of Council assets-based investment	62
Maximising leverage	Plymouth City Council Local Authority shareholder models Council trading models Public Private Partnerships	14 - 15
Revolving Funds	The South West 'RIF' Green finance	15
Performance dashboard	Heart of the South West Dashboard performance reporting example.	34
Private / public sector (listed property) development partnerships	Plymouth City Centre Council Offices and Urban Splash York Listed Building Mixed use redevelopment BID case studies	48 52
Putting public transport at the heart of investment and development	The role of railways in development	49
Models of development	Cornwall - Treveth Bolsover - housing	49
Renewable energy driven ROI	District Heating 1 Gateshead Green Investment Bank – district heating finance. Heat Networks BEIS	50

1. INTRODUCTION

1.1. Background

The Vale of Glamorgan Council commissioned Rothwell and their associates Edge Economics and Understanding Data, to support part of our response to major financial challenges facing the Vale over the coming months and years. These include broad ranging macroeconomic pressures, limited public funding, cost of living pressures and the need to address climate change.

This work builds upon lessons learnt from the development of the Barry Growth Programme, linked Levelling Up Fund application and initial preparation of the Vale of Glamorgan UK Shared Prosperity Fund Investment Plan. It is also informed by comprehensive research including case studies, interviews (internal and external) and close working with Council Officers across a number of different services.

1.2. Purpose of the Investment Plan

The purpose of the Investment Plan is to support the Vale of Glamorgan Council deliver a practical and *at pace* response to the 'Non-Treasury Investment Strategy' (agreed by the Council's Cabinet in February 2022) which agreed an in principle £12m Investment and Growth Fund for investment purposes. This Investment Plan is not an economic development plan, rather it relates to non-core development projects seeking to utilise the Council's investment fund in order to drive leverage and clear returns on investment (ROI).

Our future approach and actions are set in the context of a very challenging and rapidly changing wider landscape for the Vale of Glamorgan ('the Vale' and VoG), including:

- An external public funding landscape in flux - in a post-EU environment, with increased UK Government involvement and a strong Cardiff Capital Region presence.
- Significant challenges to Council budgets and capacity.
- An on-going cost of living crisis and challenging economic conditions (including labour, investment and inflation) - into at least the medium term (predicted 2024).
- Delivering net zero or investments which mitigate climate impact.
- A relatively new (local) political administration (May 2022).
- Recent organisational change within the Council - with the creation of the Place Directorate and CEO leadership.

1.3. Structure

This operationally focused plan is structured as follows:

Section 2 – Investment Plan Strategic Framework

⇒ **Investment landscape**: An overview of recent changes and overall 'set-up' of the potential public and private investment landscape

⇒ **Investment sources**: Likely investment sources where known – and 'untapped' routes for the future

⇒ **Investment principles and values**: Outlining principles of how to maximise investment alongside emerging investment values for the Vale of Glamorgan to frame investment content.

Section 3 – Investment Plan Management

⇒ **Project and portfolio development and governance:** An operational overview through all phases of the governance lifecycle

⇒ **Prioritisation framework:** Developing a framework that can be used to support the development of a pipeline of future projects – and sits within a 'gateway' process underpinning the proposed governance model

⇒ **Monitoring and evaluation framework:** Building an approach to assess future performance across delivery.

Section 4 – Vale of Glamorgan Council Non-Treasury Investment Plan

⇒ **Positive place making:** How positive place making can support investment prioritisation and a smart approach to delivering investment return.

⇒ **A whole place approach to the Vale of Glamorgan**: Developing an initial place-based priority investment portfolio

⇒ **Investment Plan delivery:** Key moves to develop an effective investment plan portfolio, including changes to internal approaches and culture.

2. INVESTMENT PLAN STRATEGIC FRAMEWORK

2.1. Overview

This section gives an overview of the wider context in which the Investment Plan will sit. This is important to understand if we are to adopt the best tactical approaches to maximise external investment. We focus on relevant public policies which frame likely investment sources as well as a high-level overview of economic context. Much of the policy agenda provides a helpful framework with which to develop clear (and evidence based) socio-economic and environmental priorities/values for the Investment Plan.

It should be noted a full analysis of current market conditions was beyond the scope of Rothwell's brief to support this work.

We cover:

- ⇒ **Investment landscape**: A short overview of the policy context – and why it matters.
- ⇒ **Investment sources**: Likely investment sources where known – and 'untapped' routes for the future.
- ⇒ **Setting out investment principles and values:** The how and the why of the Investment Plan.

2.2. Investment landscape

Policy context

In recent years and following the UK's exit from the European Union, the current **UK Government** has sought to provide funding for economic growth and prosperity via either allocated or competitive UK-wide programmes. Whilst the additional investment is positive, these additional routes for public investment in Wales have somewhat complicated the landscape.

The UK Government outlined its Plan for Wales in 2021. It highlighted:

- Support for economic growth right across Wales through empowering communities and levelling up, backed by the Plan for Jobs, Levelling Up Fund, UK Community Renewal Fund, UK Infrastructure Bank and City and Growth Deals[1], and to strengthen Wales's key economic sectors such as steel and the automotive industry.
- Building back greener on the foundations of Wales's distinctive low-carbon and renewable energy resources, noting the growing interest in Wales in hydrogen, offshore wind, marine and advanced nuclear energy.
- Ensuring communities in Wales are well-connected, with long- term investments in transport and digital infrastructure in the pipeline to support economic growth.

[1] The Cardiff Capital Region being the 'City Deal' for Wales.

There are a wide range of UK policy 'hooks' for the Vale which align with both Wales and Vale priorities. We explore the importance of this alignment to investment planning priorities below.

In summary, and whilst we don't list all relevant policies here, the following areas of focus should be noted as potential triggers for UK public investment:

- **Promoting prosperity**: Whilst the Levelling Up term is less used during the Sunak period, investment which targets areas and communities in decline or at risk are likely to be prioritised for public investment, Indeed, showing market failure and economic disadvantage can be prerequisites for public investment (aka subsidy control).
- **Boosting productivity:** Including opportunities to increase pay, jobs and living standards by growing the private sector, especially in those places and sectors where they are lagging. There are multiple policy points across this agenda – from skills to R&D and specific sector development opportunities.
- **Net Zero**: Whilst the UK Government's 'Build Back Greener' policy is now some two years old, it still forms the basis of key targets around carbon and renewable energy generation.

For **Wales**, the key policy drivers for Welsh Government are from the Wellbeing of Future Generations Act 2015 and Future Wales 2040 – both aim to improve the social, economic, environmental and cultural well-being of Wales, protecting the country's assets for the future. The Act details five ways of working (long-term, integration, involvement, collaboration, prevention) which public bodies must follow in developing policy and delivery of services, whilst Future Wales serves as the national development framework for Wales and has development plan status. Its sets out key outcomes that are relevant to the type of investments which this strategy will help to shape.

Importantly, Future Wales commits to 'national growth' – with the Cardiff City Region a core focus. In particular, future housing and employment growth for the region is likely to be seen predominantly to the west of the city. This has important implications for the Vale. The Council must consider the opportunities that the emerging investment pipeline may have in both shaping and benefiting from Cardiff's regional future housing and employment growth, as well as catering for its own local need.

The Prosperity for all Economic Action Plan sets out a clear vision for a stronger regional voice within Wales and recognises the intrinsic integration of the Welsh and wider UK economy with a vision of facilitating an economy that delivers sustainable and inclusive growth, opportunities for all and which promotes individual and collective well-being.

The Cardiff Capital Region (CCR) sets out 5 priority aims in its 2021 -2026 Strategic Business Plan which are:

⇒ Build Back Better – playing our part in economic restructuring and building resilience
⇒ Becoming a City Region – strengthening regional economic governance
⇒ Scale-up - delivering the Wider Investment Fund 'peak' programme through building capacity, support and credentials

⇒ Make the CCR 'Case for Levelling-up' – developing a place-based investment prospectus
⇒ Developing Economic clusters and innovation-led growth

Notable elements of this plan include commitments to develop an Investment Prospectus alongside increased regional collaboration, outlined in the 2021 Local Government and Elections (Wales) Act, which includes a framework for regional growth via four emerging 'Corporate Joint Committees' (CJCs). Whilst these are still in 'set-up' and evolution mode, they are likely to have a major impact on growth and strategic development - none more so perhaps than the South East Wales region and the Vale of Glamorgan.

The approach in Wales to economic growth is also centred on the principle that *places matter* and a belief in the importance of delivering prosperity and sharing the benefits of sustainable economic growth to all parts of Wales. This is particularly detailed within the Placemaking Wales Charter and the commitment to undertake placemaking plans for key settlements across Wales.

There is a strong focus on growth with a purpose - *inclusive growth* - so that as wealth and well-being improve, inequalities across the country narrow.

Again, whilst we won't list all **Vale of Glamorgan** policies here, we have identified key refence points for the Investment Framework.

The Vale of Glamorgan Council Corporate Plan acknowledges that its activity must contribute towards achieving the Wellbeing Act goal of a more prosperous Wales -

"An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work."

The Vale of Glamorgan Local Development Plan (LDP) 2011-2026 provides the local planning policy framework for the Vale of Glamorgan and was adopted by the Council in 2017. The Plan sets out the vision, objectives, strategy, policies and monitoring framework for managing development in the Vale of Glamorgan and contains a number of local planning policies making provision for the use of land for various purposes including housing, employment, transport and community use. It also seeks to identify the infrastructure that will be required to meet the growth anticipated in the Vale of Glamorgan up to 2026.

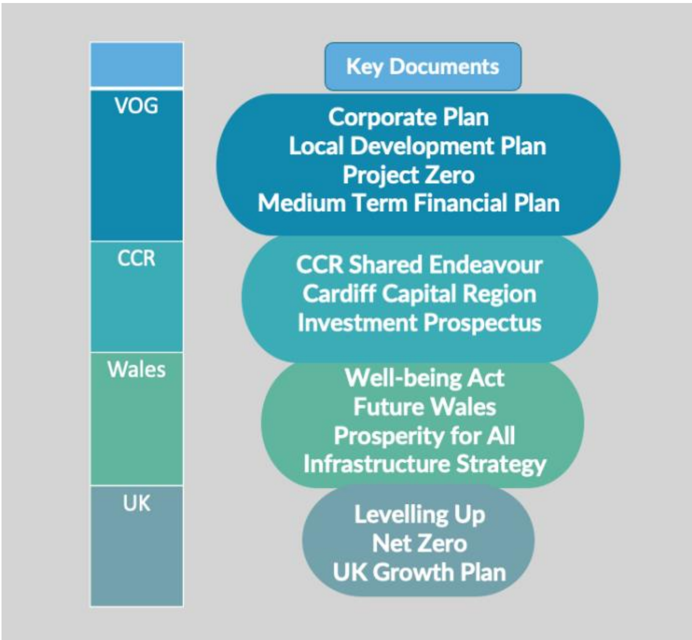
The emerging Local Development Plan (RLDP) review refreshes, responds, interprets and broadens this vision with both strategic long-term goals and specific responses for key places within the Vale. This refresh of the Vale of Glamorgan LDP is evolving a vision and set of objectives which align with the priorities within this investment strategic framework and plan, including place, prosperity, climate, well-being, culture and connected communities. The plan will be developed over the next 3 years for adoption before the end of 2026.

Whilst there are a number of other relevant plans and strategies within VoG, we would highlight the importance of the priorities within Project Zero and its vision to create 'strong communities with a bright future'. Embedding the commitment to zero carbon alongside wellbeing is a key pillar of the focus of the Vale of Glamorgan Investment Plan.

We recognise that the Vale of Glamorgan Council has not yet articulated a clear and direct response – at a strategic level – to some of the UK, Wales and regional policy agendas described above. To maximise our opportunity to secure external public investment we will undertake a rapid exercise to ensure this alignment is in place and agreed. We will explore making the links between planned investments and the corporate, regional and national priorities clearer. We feel this example - Waltham Forest Capital Investment Strategy - provides a strong template for clear and visual ways to communicate these linkages to partners and our communities, so that the 'how, what and why' we invest can be seen to support our corporate priorities.

The diagram below shows the UK, Wales and Vale of Glamorgan policy hierarchy with a focus on shaping the investment proposition for the Vale. It does not cover every policy element; however it does introduce the key strands that the investment framework will align with across the region, Wales and the UK.

Figure 1: Policy Context



Responding to policy - and why it matters.

In developing an Investment Plan which can maximise additional external public funding and deliver against a triple bottom line, clarity on which socio-economic and environmental issues to target is an important part of success.

VoG Council already has an excellent understanding of the local evidence issues. A review of the available evidence (including recently released 2021 census data) highlights four clear themes which will form a key basis of the socio-economic and environment ambitions of the Investment Plan:

⇒ Supporting interventions to address **persistent inequality**. *Barry has neighbourhoods within the worst 20% nationally.*
⇒ A need to address high emissions and support **decarbonisation and renewables**. *The Vale has higher than average Co2 emissions.*
⇒ Addressing **population change** positively. *Population change from 2011-21 has been largely in the older age groups (+6000) with a fall in the numbers aged 16-64 (-1000)*
⇒ **Improving productivity** in both existing and developing new sectors of employment. *GVA per filled job in the Vale lags the Welsh average and is significantly lower than in Cardiff.*

These issues resonate with the policy hierarchy within Wales and the UK. They also form the basis for a clear set of values to support the assessment of a triple-line return across the Investment Plan. These values are explored in section 2.5.

The following therefore summarises the major issues which will cut across the Vale Investment Plan – and align with the performance monitoring dashboard outlined in section 3.6.

⇒ Place (and active placemaking)
⇒ Community and wellbeing (including levelling up and social value)
⇒ Climate (and biodiversity)
⇒ Productivity and sustainable, inclusive growth

2.3. External investment sources (public and private)

Potential sources of investment encompass both the public and private sector. The primary public sources (grants and other investment routes such as asset ownership and innovative finance) are UK Government, Welsh Government, CCR and the Vale of Glamorgan Council itself. A variety of funds may be accessed through each of these sources. The primary private sectors sources are likely to be developers, private land/asset owners and fund (equity/ debt) management platforms, including pensions and UK Government-backed 'cross-over'/hybrid funds.

The most appropriate source of finance will depend on the type of investment being considered. In many instances, there will be an opportunity to blend different sources together to deliver larger and higher-impact investments.

Whilst there are some funds associated with the policies described above, it is important to be realistic about the scale of such public funding and the highly competitive nature of the funds. Only the UK Shared Prosperity Fund is allocated[2], with all other public **UK investment routes** being competitive (across all of England and the devolved administrations). Some examples include:

[2] Vale of Glamorgan has a total UKSPF allocation of £14,029,222

Regeneration and prosperity

- UK Levelling Up Fund (Awaiting round 3 information)
- Brownfield land development (Open – deadline 03/23. £180m)

Productivity

- Innovate UK (With a range of grants, loans and other debt/equity investments. C.£3bn)

Net Zero

- Green Heat Networks (Open – quarterly deadlines to 2025)

In the November 2022 Autumn Statement, the overall settlement over the three-year spending review period (2022-23 to 2024-25) is still worth less in real terms than it was at the time of the Spending Review in 2021   Wales will receive an additional £1.2bn over the next two years (2023-24 and 2024-25) but the overall budget in 2024-25 will be no higher in real terms than in the current year and the capital budget will be 8.1% lower.

The **Welsh Government** investment budget totals some £1.2bn since 2021 (with various investment routes on-going) including:

- Enterprise Zones
- Sites and premises
- Transforming Towns
- Energy (renewables) schemes

Whilst the Council has been successful in accessing several of these funding routes, we recognise that our share of funding could be increased through a comprehensive approach to investment planning – at scale.

The **Cardiff Capital Region** – Strategy and Investment Prospectus has four primary investment fund opportunities – primarily directed to business, but some which are public sector accessible: A Wider Investment Fund (£495m), a Challenge Fund (£10m), a Strategic Sites and Premises Fund (£50m) and a SME Finance Fund and Innovation Investment Fund (£50m).

The overall aims of these funds are to:

- Create general prosperity – where no place gets left behind
- Foster innovation in business, public services and local and foundational economies
- Ensure that economic ambition is matched with progressive social policies.

Again, working more closely as part of the Capital Region and recognising the important geographical position of the Vale in the region will be a key factor in attracting investment to deliver against both local and jointly agreed regional priorities.

There are a number of potential sources of **non-grant/private investment routes** at a UK level for the types of strategic investment opportunities within the emerging Vale Investment Plan.

The investment environment remains challenging and investments will need to offer sufficient risk/reward for prospective investors. Recent inflationary pressure has led to an upward shift in interest rates. Commodity price volatility, geopolitical instability, continued supply chain bottlenecks and incredibly tight labour markets in some sectors have all contributed to inflationary pressure. While inflation now appears to be moderating, there is still some way to go before it returns to within the range of central bank targets. The immediate economic outlook remains uncertain – although as inflation does begin to fall, central banks may take a less aggressive path with monetary policy.

Now is therefore the time to prepare for the potential medium up-turn in the private investment market – whilst also maximising public sources in the interim.

It is widely recognised that accessing private investment is difficult, especially for public bodies such as Local Authorities and their various (and necessary) financial controls. This is further compounded given the nature of many investments – often tackling some of the policy agendas described above, resulting in lack of viability and limited financial returns. In response to this, over recent years, various UK Governments have created alternative investment routes that are underpinned by private sources, but take a longer term, multi-return, higher risk appetite approach to investment. The best known examples are highlighted below. Our research has identified several case studies of other local authorities using this type of financing, we highlight some useful case studies.

- Legal & General Capital: Focused on inclusive capitalism and addressing climate change (£5bn+). Sheffield City Council, Bristol City Council and Birmingham.
- UK Infrastructure Bank: Investments targeted to net zero and/or local economic growth around digital, clean energy, waste, water and transport. Has invested upwards of £4.5bn to date). Tees Valley.
- Green Investment Group: Started out as the UK Government backed Green Infrastructure Bank but acquired by a private asset management group. Retains its original ethos of green investment to deliver net zero. £Multi-bn investment portfolio. Kent County Council/Southend-on-Sea, .
- Banc (Development Bank Wales). Whilst this is targeted to business, it should be noted that preferential rates can be given to businesses located within Welsh Enterprise Zones.

2.4. Vale of Glamorgan Investment Plan Principles

Here we outline central investment principles which build on work already completed as part of the Council's Non-Treasury Investment Strategy (Cabinet Report 28/02/22). In assessing the Investment Plan priorities (as well as the prioritisation framework in section 4.3)**, the following principles are used as underpinning guidelines. The emphasis here is on *principles* of 'how' to invest, rather than *values* of 'what' to invest in**:

1. Maximising the positive impact of Council assets.
2. Embedding maximum leverage.
3. Establishing partnerships to scale investments.
4. Pursuing a 'recycling' approach to funds.
5. Prudent risk management.
6. Ensuring a practical approach to monitoring and KPIs.
7. Targeting investments.

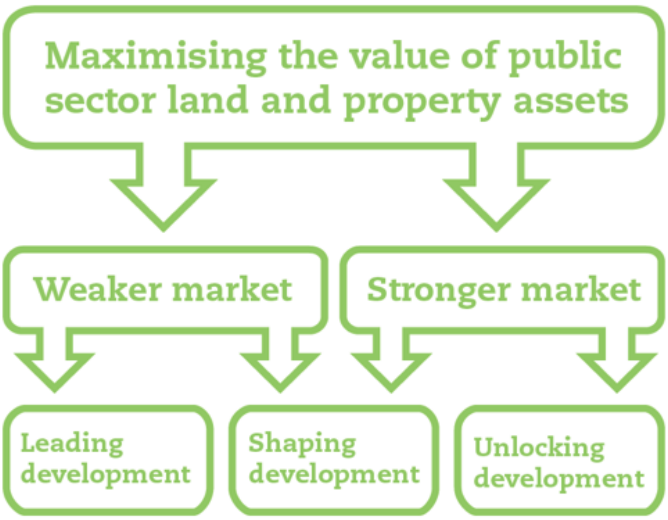
These principles align with VoG Council fiduciary responsibilities, UK Government investment regulations and recognised best practice. A brief summary of each follows.

1. Maximising the positive impact of Council assets

We will make a distinction between managed assets (which sit within a 'corporate landlord' function) and investment assets (which require a different approach in the development process – and may change according to the strength of the local property market). We recognise the latter function also requires a clear strategic acquisition policy which we will develop as part of the overall investment approach.

The asset itself may not be the direct generator of ROI (as might be the case with managed assets where sale or rental values will be returned) but will often act as the catalyst for wider return (shaping and unlocking development). There are different models to do this, with some authorities choosing a Local Asset Backed Vehicle (LABV) – which can often be market-facing and utilise private innovation more than an internal Council property team may be able to achieve. As part of the work to shape the Council's Corporate Landlord functions, we will also clarify and operationalise an investment asset programme.

Figure 2: Maximising assets



Centre for Cities, November 2015.
*(This link also includes a range of public asset investment **case studies**).*

2. Embedding maximum leverage

The Council will agree an anticipated leverage ratio across the investment plan period.

Whilst the term leverage is an obvious one in relation to investment return, we would note that this can have a number of aspects which should be considered in the overall investment approach. Leverage may be counted in different ways and have different levels of 'risk and reward' – and this is partly why it is so important to agree a set of quantitative KPIs.

The Council will consider the following as potential leverage opportunities across the investment plan:

⇒ Straight financial return which can be shown as a surplus on input costs such as borrowing or capital investment (unringfenced receipts or regular income through energy production, for example). It should also be noted that, as well as Government-based lending routes (such as PWLB), there are also more innovative lending solutions, such as that agreed by Plymouth City Council in 2020 with a high street bank.
⇒ Financial return based on the Council lending money at an agreed interest rate (particularly noting the link to Subsidy Control factors, such as the use of the Commercial Market Operator principle for example).
⇒ Shareholdings in publicly owned structures – the Council may partner with others in at scale investments (for example the Enterprise Zone and the potential to invest alongside Welsh Government). A number of legal structures to do this would need to be considered, examples are summarised here and here.
⇒ Additional public funding secured (via grant).
⇒ Additional private investment into Vale-based opportunities (leading to wider ROI such as land value uplift).
⇒ Investments which directly lead to measurable cost savings, such as service delivery efficiencies.
⇒ 'Debt for yield' - property investment to generate potential income (including use of overage).
⇒ Economic and social leverage, this may be directly created, or could be indirect through effective use of procurement for example.

3. Establishing partnerships to scale investments

The Council will pursue strategic partnerships to scale investment opportunities.

Securing a return on investment will usually be more achievable where there is scale. We note the importance of this in a placemaking context where the opportunity to 'package' investments can be tested. VoG Council will be proactive with CCR and Welsh Government on regional and national asset opportunities.

Whilst the Council is moving forward with some private partnerships (such as the recently agreed Housing Partnership with Cardiff City Council and a yet to be procured private delivery partner) more could be explored in this area linked to wider investment opportunities. Again, the Vale may need to partner with a neighbouring authority or explore the potential in more detail with the CCR (and soon to be CJC) to secure enough scale to generate private interest, but there are a variety of models to consider. The England Local Government Association has explored this in more detail, with a number of excellent case studies: Public Private Partnerships. They highlight in particular, that partnering with appropriate private entities, can lead to significant payback and results even in tough areas to address such as fuel poverty and town centre renewal.

4. Pursuing a 'Recycling' approach to funds

The Council will seek to secure a recycling of funds, where this is feasible.

Where it is possible for investments to achieve an un-ringfenced financial surplus, these surpluses will be recycled back into new investments – effectively creating a fund in perpetuity.

It is unlikely that surpluses would be created for some time. Therefore, whilst the ambition to create a 'revolving fund' should be a fundamental principle for an investment plan, in the short to medium term there are other types of revolving funds which will be considered to run alongside this wider ambition.

The first example is a revolving infrastructure fund. This effectively front-funds infrastructure to unlock development, which is then paid back via levers in the planning process. One example is the South West 'RIF' created by the South West Regional Development Agency and adopted by others such as the West of England Partnership.

Green finance is also an area of revolving investment to consider, albeit at an earlier and less tested stage of development. With mechanisms such as green bonds, revolving credit, and green HP, as well as the newly created UK Infrastructure Bank, this may be an area worth further consideration in terms of recycling funds for maximum local (and climate) impact.

5. Prudent risk management

The Council will ensure a prudent approach to risk management.

Being transparent about risk exposure is crucial for any Local Government investment fund/plan. Not prioritising risk management has caused a number of authorities to face increased debt and difficulty in recent years. Risk and reward therefore needs to be carefully balanced. Sufficient due diligence should also be undertaken not only for initial investments of capital but also where the Council is underwriting future risks such as operational costs or investment partner failure. **The Council will agree a risk profile across the emerging investment portfolio which will be managed and reported as part of overall performance**.

Whilst the Council will prioritise a low-risk approach - given the use of public funds - building an understanding that low risk will probably lead to low returns is an important part of our transparent approach to delivery. In developing the project pipeline the Council may choose to take a managed risk approach – spreading the risk across the wider portfolio.

6. Ensuring a practical approach to monitoring and KPIs

All investments within the Council's portfolio will detail quantitative/measurable indicators that allow Councillors and the public to assess the Council's total risk exposure and potential reward as a result of its investment decisions.

It is critical that all investment propositions from early development pipeline to full business case and delivery agree a set of KPIs with which to assess return on investment. For example, where the investment requires borrowing, all indicators should reflect the additional debt servicing costs taken on. Whilst we outline potential wider indicators in section 3, each investment should consider the most appropriate indicators to use, including risk appetite and project investment strategies. The final indicators used must be consistent from year to year and will be presented in a way that allows elected Members and the general public to understand VoG Council's total risk exposure for the lifetime of the investment (which may be long-term and phased in some cases).

Likewise, given the reward potential of the investment, a set of indicators which measure performance against anticipated ROI will be defined – and reported. We turn again to this issue in our section on governance and implementation (section 3).

7. Targeting investments

Given the up-front, at risk resourcing requirements of a strong investment portfolio, using effective prioritisation processes to develop a targeted and managed portfolio will be undertaken.

The danger of only going for those investments which are low risk/high return may result in an unbalanced portfolio which fails to deliver against the triple bottom line approach of financial, socio-economic and environmental ROI. The Vale of Glamorgan Investment Plan will therefore be a place-based plan, which seeks, over time, to balance investments across the Vale.

2.5. Investment Plan Values: Establishing a 'triple-bottom line' return.

Determining 'what' to invest in, establishing a clear set of values to give clarity to investment priorities is a fundamental part of achieving the breadth of returns the Council aspires to. In embedding a socio-economic and environmental ethos to the Vale of Glamorgan Investment Plan, we therefore outline the following **values** which will form part of investment prioritisation and on-going performance management. They align with Vale of Glamorgan evidence base, agreed policies and have reference to UK, Wales and regional priorities. They also link to a number of identified investment routes highlighted above, particularly linked to net zero and 'inclusive capitalism'.

We build on the 'Investing for a Brighter Future' themes outlined in the investment and Growth Fund February 2022 Cabinet paper. Any given investment may have different emphasis across the values but should seek to address them all.

Figure 3: Framing Investment Values

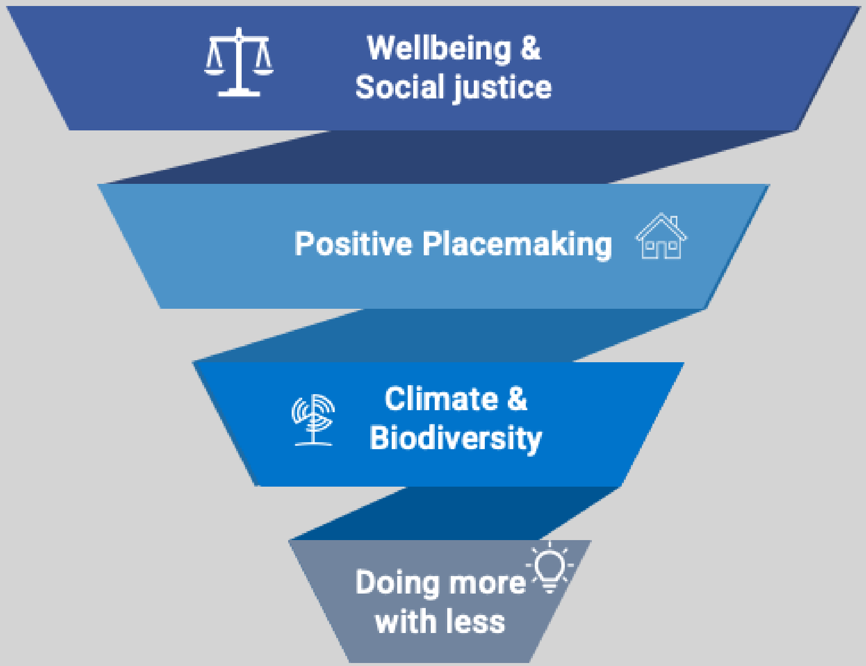
Investment Values

Enhancing wellbeing and social justice across communities. Investment projects must consider the need to reduce disadvantage, are inclusive and, where possible, work for the needs of all. Social justice is embedded across the investment opportunity.
The seven well-being goals of the Well-Being (Wales) Act should also be addressed.

Positive placemaking. Proposals must demonstrate relevance to place – and show how the Placemaking Charter for Wales has been embedded in the planning, design and development of investments (and any Vale placemaking plans already established).

An overarching commitment to tackling the climate and nature emergency. Investment opportunities should be accompanied by robust analysis as to the holistic impact of carbon emissions and mitigations from proposed investments.

Doing more with less. Projects which help increase effectiveness and efficiencies will be prioritised. This will also include assessing long-term sustainability – financial and environmental. Maximising Council leverage (including assets) and supporting additionality across the public purse.



3. INVESTMENT PLAN - MANAGEMENT

3.1. Overview

This section presents the Vale of Glamorgan Council approach to establish a strategic and tactical project and portfolio development 'lifecycle' management approach – addressing the structure, resourcing and processes that will support impactful delivery of the Investment Plan. It draws on best practice with a focus on simple models with demonstrable success.

A successful investment portfolio requires a flexible combination of internal design, stakeholder management and project organisational resourcing, overlaid with a pragmatic but robust governance structure. In the context of local government this process requires the ability to flex in line with capital and revenue requirements, associated legal compliance and to be sufficiently agile to react to short term requests with complex eligibility or private investment requirements.

This section sets out:

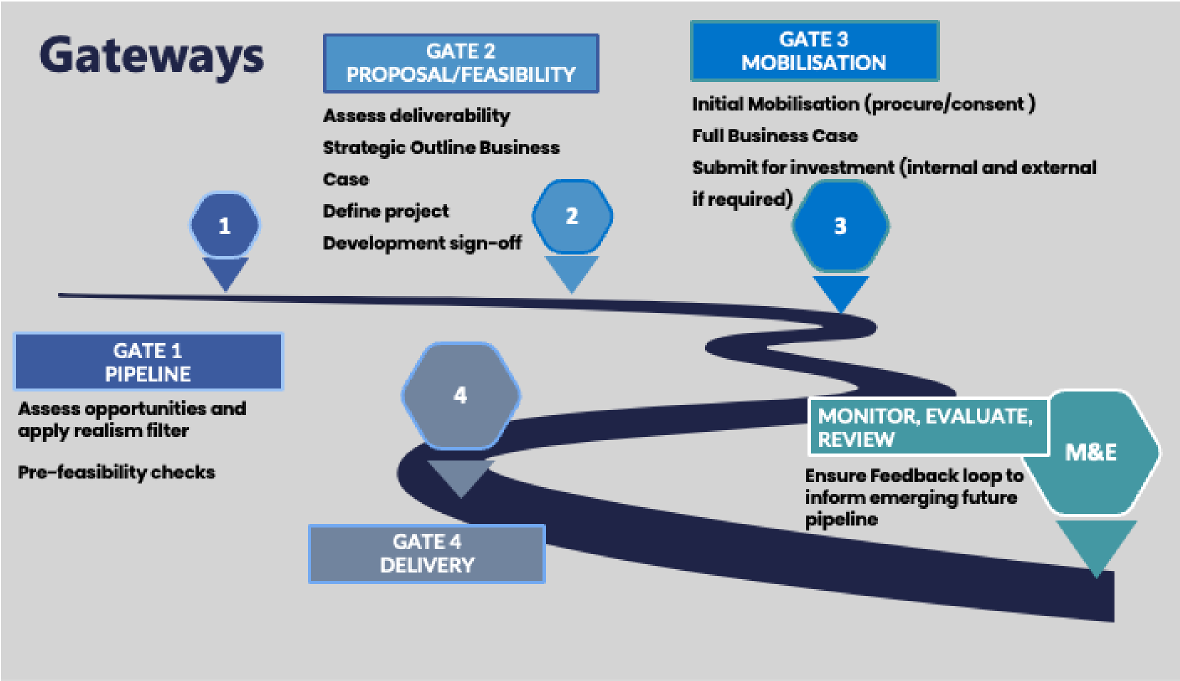
- An approach to **project and portfolio development and governance** through all phases of the governance lifecycle.
- A practical **prioritisation framework** that can be used to support the development of a pipeline of future projects – and sits within a 'gateway' process underpinning the proposed governance model.
- Establishing a fit-for-purpose **monitoring and evaluation framework** to assess future performance across delivery.

3.2. Approach to internal investment development and governance

The approach outlined here is targeted to the Investment Plan development and governance for the Vale of Glamorgan Council. Whilst there are elements of the approach which could be transferred to improve core service delivery (and this will be considered), in the main this is designed to maximise returns against an investment portfolio.

Combining a core development resource function with access to a flexible team of internal and external capacity and capability will optimise costs and performance. We aim to adopt a relatively simple 4-stage 'gating process' to ensure speed and consistency in preparation and decision making, enhanced by the early involvement of delivery focused services. A wrap-around governance is also outlined, streamlining the governance of place and investment across the Council. These mechanisms are designed to de-risk abortive and costly work, ensure relevant and effective resource and capacity are mobilised appropriately, maximising investment opportunities (as described in Section 4) and maintaining visibility of progress to Members, Council teams, stakeholders (including external public and private investors) and across the local community.

Figure 4: Four-Stage Gateway Investment Preparation Process



This section moves through this gateway process step-by-step to the point of delivery. In terms of Delivery Gate 4, we would expect that the Council will achieve a higher level of successful delivery if the simple (albeit rigorous) investment preparation process is adhered to. We do not go into detail on delivery – the Council already has an excellent track-record of delivery across major capital projects, and this best practice will be embedded further. We do, however, spend time on monitoring – and the important role it has in effective pipeline development. This is covered in section 3.6.

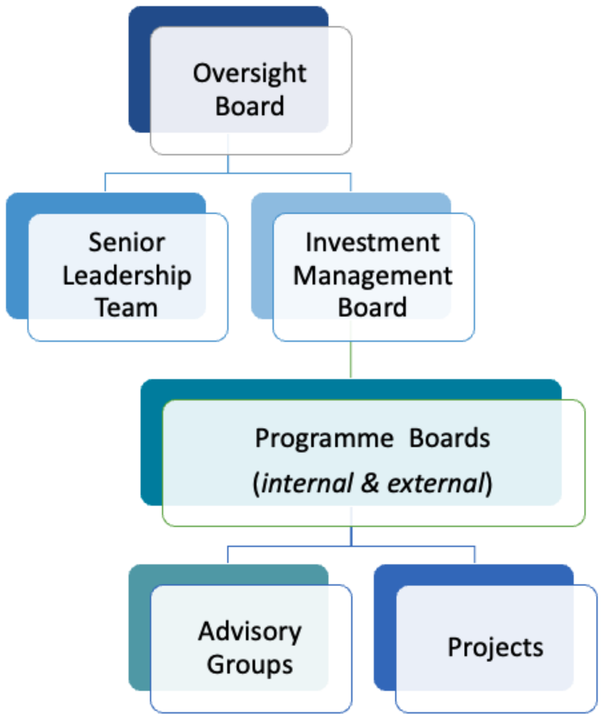
To get to the point of delivery, considerable emphasis will be placed on Gates 1 -3. Enhanced capacity will be directed to 'behind the scenes' co-ordination across the gates, including:

1) A dedicated **single point of contact** (team) to support the governance process, with appropriate administration support. Ensuring a clear audit trail across the decision-making process can be very valuable.
2) All projects (and status) will be maintained on a **central database** – with good corporate visibility.
3) **'Gate' stages will be templated** and with specified content – for example the project pipeline prioritisation framework, an agreed outline business case template and full strategic business case template (both business case templates may be linked to external funding programmes).
4) A dedicated **Investment Plan development fund** has already been agreed and will be established. This will initially utilise existing identified £200k associated with the agreed Economic Regeneration and Growth Fund (Cabinet Report February 2022) - although in the medium to longer term this will fall considerably short of realistic up-front and at risk development costs required for an at scale investment portfolio.

Use of the UK Shared Prosperity Fund is also actively being explored in this context (see section 4).

This staged process should align with an overarching governance structure. The Council is currently undertaking a review of project and programme boards led by Democratic Services. The following will be integrated with this work to ensure effective governance to support development and delivery of the Vale Investment Plan.

Figure 5: Investment Plan high-level governance



3.3. Governance in practice

Oversight Board:

⇒ Member-led Board integrated into the existing Cabinet structure, with senior officer support.

⇒ Single oversight across all investments. High level performance oversight and overarching programme decisions (including overall pipeline and live portfolio).

⇒ Full Business Case decisions will be taken here where they are above delegated authority levels.

⇒ Maintain oversight of live projects and pipeline through regular review of monitoring and evaluation dashboard information.

Senior Leadership Team (SLT):

⇒ Maintain oversight of live projects and pipeline. Regular review (quarterly).

⇒ Risk reports - by escalation from Programme Boards.

⇒ Agree overall (at risk) **development fund** and maintain performance information (quarterly). Note initial £200k investment as per Economic Regeneration and growth Fund.

⇒ Strategic Outline Business Case sign-off (Investment Management Board recommendation)

⇒ Full Business Case sign-off (Investment Management Board recommendation) ahead of Oversight Board or Cabinet decision.

Investment Management Board (IMB):

⇒ Service leads including Finance (S151), legal, corporate performance/risk, procurement, assets, project zero/environment and equality.

⇒ Review and decide resourcing requirements of agreed (oversight board/SLT) project investment pipeline against agreed (SLT) development fund.

⇒ Review all Strategic Outline Business Case – recommend to SLT

⇒ Review all Full Business Case – recommend to SLT

⇒ Delivery milestone reporting (escalated issues). Monitoring (may need sign off for external reporting).

⇒ Review project conclusions (evaluation).

Programme Boards (internal and external):

⇒ Develop concepts/projects at scale (embed the placemaking and investment principles described above).

⇒ Programme Boards are likely to be place-wide and include multiple service representatives. Depending on the investment profile, external stakeholders may sit on these Boards.

⇒ We recommend the Strategic Enterprise Zone has a revised Programme Board including CCR and Welsh Government (see section 4).

⇒ Oversee all business case work (internal/external)

⇒ Responsible for oversight of development phase as well as project delivery.

⇒ Sign-off on all reporting (internal/external).

⇒ We will create appropriate external stakeholder **advisory boards** (at programme or large project level). **Place boards** (acting in an advisory capacity for the investment plan) will also be utilised, with ward Members and key stakeholders including the community. These will be evolved over time as placemaking plans are developed.

Projects:

⇒ Feeding into Programme Boards will be individual project teams, for example, transport projects, property, housing, etc. Each project must have an identified senior responsible officer (acting as the single point of contact with overall responsibility for the identified investment projects). <u>Project capacity must be established at the development phase of projects.</u> Project teams will ‘do’ the work required for all pre-development, development and delivery activity. Team members may change over time, and specialist external support may be required.

3.4. Gateway Process

Gate 1 PIPELINE:

⇒ New or emerging investment projects will be in a standard 'Gate 1' format reflecting 'initial assessment' data from the prioritisation framework. This will be assembled by early-stage project sponsors.

⇒ Programme Boards will agree escalation of projects for pipeline decision (to the IMB), having ensured strategic alignment, high-level project plans, key milestones and approve proposed internal or external resourcing approach.

⇒ Investment Management Board (IMB) will decide inclusion or exclusion in pipeline following Programme Board recommendation. This may also include initial project development costs.

⇒ Collective pipeline review (quarterly) will identify emerging 'pinch points' or needs for additional resource capacity and identify solution approaches (review undertaken by SLT).

⇒ Individual project progress will be agreed through written and / or virtual meeting agreement with details submitted using common templates and actions recorded.

Gate 2 PROPOSAL:

⇒ Once the pipeline investment has commenced activity to work up the project, a clear project plan and associated resourcing requirements should emerge.

⇒ It should be noted that as well as a core project team, flexible access to internal capacity and capability across solution development, finance, legal, staffing and HR, stakeholder relationship, data and insight, proposal writing and administration should also be fully costed (as will likely external costs).

⇒ The core project team should fully analyse specification or investment requirements and prepare an initial solution approach and evaluation against a **strategic outline business case** for a Gate 2 review. This should include a preliminary mobilisation and integration plan with associated consideration of resourcing required – and anticipated return.

⇒ The Gate 2 review will initially be conducted by the Programme Board, who will escalate a detailed appraisal action to the IMB. <u>This is the last point at which Programme Boards can veto further progress without escalation</u>. The IMB, on completion of an appraisal, will recommend a 'go' or 'no-go' decision (with relevant conditions) to SLT. This outline business case is likely to outline additional and increased development costs.

⇒ Depending on outcome of decision, SLT will authorise a progress to Gate 3 and expansion of the outline business case to a full business case and provide guidance or conditions on final proposal content.

⇒ A full business case should then be in development. (NB*: Initial 'EOI' external funding applications might be submitted at this stage*).

Gate 3 MOBILISATION:

⇒ On approval to proceed, the project team will finalise all work within a full business case, this should include a mobilisation and delivery plan as well as expected ROI schedule/scale.

⇒ Gate 3 will include progression of all required initial consents and development work to finalise costs, risks and overall delivery issues. Some procurement may be required at this stage (potentially at risk). The Programme Board should oversee progress and support – but is unlikely to be unsupportive at this stage.

⇒ On reaching this point the joint core project and internal/external development teams will present a full business case with clarified costs, risks and timescale. The full business case should have undergone **a 5 stage 'Green Book' assessment**, which will be presented to the IMB and subsequently SLT for initial authorisation prior to final sign-off at Oversight Board (with subsequent Cabinet or Member approval if required). Flexible development team involvement will cease and delivery teams will 'ramp up'. *External funding submissions will be taken forward here.*

Gate 4 DELIVERY:

⇒ Subject to internal and/or external decision, Gate 4 will be full delivery under a 'business as usual' project management and delivery functions. Regular progress milestone reports will follow (see performance dashboard section 3.6) and reported to the appropriate Programme Board, with the full Investment Plan portfolio performance being reported to SLT and the Oversight Board.

3.5. Prioritisation framework for Gateway 1 of the project lifecycle

This sub-section outlines a prioritisation framework – a simple and practical tool that will be used to prioritise potential future investment projects. This relates to Phase 1 of the project lifecycle; establishing a pipeline of future investment projects prior to subsequent OBC and FBC phases.

There is recognition of the need for significant project development work in the future to establish a suitable pipeline of investment project for the Council. Currently, there is no sufficiently developed pipeline of potential investment projects to which the prioritisation framework can be applied. **Establishing a developed pipeline is a key priority for VOG Council in order for a suitable portfolio of projects to be achieved.**

Overview of key steps in the prioritisation process

The project prioritisation framework outlined here will enable:

1. An initial screening of prospective investment projects.
2. Qualification and validation of a short-list to establish an investment project pipeline.
3. Identification of investment projects to be taken further for business case development.

The prioritisation framework will be applied to assess the potential of identified future investment projects. This process will take the form of a high-level appraisal, based on the information available at early stages of an investment project, for suitable projects to pass a minimum scoring threshold. The goal will be to identify a portfolio of investment projects to take forward for further development – as well as ensure the most efficient use of project development resources .

Further work driven by the Council and partners will then progress these investment projects (including assessments of business models, costings for implementation and management, potential public service cost savings and full evaluations of economic, social and wellbeing benefits – all of which are elements of the Outline Business Case (OBC) and Full Business Case (FBC) aspects of the Gateway process).

Initial screening of projects

An initial screening of prospective investment projects will enable VoG Council to undertake a first sift. This will require only very basic parameters for the projects considered. The purpose will be to fulfil a 'gatekeeper role', ensuring that projects unsuitable for the Investment Plan are ruled out at an early stage, ensuring most effective use of resources. This will deliver benefits in the form of reduced risk to the Council, less costs incurred and less abortive work.

This initial test will be based on a simple yes/no compliance test against key investment criteria and objectives.

Scoring of projects to establish a potential project pipeline

Those investment projects passing the initial sift pass/fail exercise will then be considered further and scored according to their potential performance against key criteria. The following figure outlines criteria across 6 domains, each of which will be scored from 1 to 3 (therefore with a maximum score of 18 for any investment project).

This structure is broadly in alignment with the Five Case Model[3] applied in UK Government business cases and the metrics currently adopted by Cardiff Capital Region (CCR)[4].

[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749086/Project_Business_Case_2018.pdf

[4] https://www.cardiffcapitalregion.wales/wp-content/uploads/2020/12/ccr-investment-framework.pdf

Figure 6: Metrics for scoring of projects to establish a short-list

	Scoring Metric	Scoring criteria
1	**Deliverability - Risk**	Risk in terms of scale, viability, market competition, site ownership and planning: 1 (high risk) 2 (medium risk) 3 (low risk)
2	**Impact - Economic**	Potential economic impact (jobs, GVA and inward investment): 1 (low impact) 2 (medium impact) 3 (high impact)
3	**Impact - Socioeconomic**	Potential socioeconomic impact (reaching deprived/disadvantaged groups and other) - meeting socioeconomic duty: 1 (low impact) 2 (medium impact) 3 (high impact)
4	**Impact – Environmental**	Potential to contribute to Net Zero: 1 (None or negligible) 2 (some potential) 3 (strong potential) Note – Net Zero objectives are outlined in Section 2
5	**Financial Return on Investment**	Potential to deliver revenue generation or cost savings within 10 years: 1 (None or negligible) 2 (some potential) 3 (strong potential)
6	**Funding leverage**	Potential to leverage further public or private investment (directly or indirectly): 1 (None or negligible) 2 (some potential) 3 (strong potential) Note – Leverage is defined in Section 3.6

Even with the additional work to define projects, we recognise that the level of information available on each investment project at this stage is likely to be very low. The selected metrics are intended to provide a simple means of establishing the broad potential of investment projects based on the information available. For any given investment project, there are a number of ways it could be delivered, funded and scaled. To enable scoring, some assumptions will have to be made.

The aim is that those top scoring investment projects will subsequently progress from pre-feasibility to further development (and supported with financial assistance from the development pot if required). These investment projects will progress to Gateway Stage 2 which will involve preparation of an Outline Business Case (OBC).

Applying the framework

The below figure provides a worked example for a hypothetical investment project.

Figure 7: Example project scoring

Project title:
Workspace & start-up incubator
Project summary:
The project will establish a new flagship building for digital media, digital technology and creative sectors.
Workspace specification:

- **High quality space for digital media, digital technologies and creative businesses**
- **Units from 35 - 1,900 sq. m. (approx. 375 - 2,150k sq. ft.)**
- **Ultra-high-speed communications and Open Wi-Fi in public areas**
- **Secure, air-conditioned server room minimises cooling burden on companies and maximises security**
- **Heating and cooling using groundwater heat pump, heat retaining concrete ceilings, computer modelled natural lighting, natural and assisted air circulation, solar shading, and wind turbines to give environmentally sensitive and economic all year comfort**
- **More than fifty networking spaces in the building, including informal getaways, 10 breakout zones, 12 secure exterior areas, concourse area**
- **Event space available for hire**

The project will be delivered in partnership with college and be constructed on land owned by the council in Barry town centre.

	Scoring Metric	Scoring criteria
1	**Deliverability - Risk**	The project is of a medium scale. Site ownership and planning are straightforward. The site is in single ownership (by the Council). Planning would need to be gained but the site is in an established commercial/business area. There are some commercial risks in terms of operation. The project would involve an academic partner and some potential risk in terms of ongoing operational costs. A MOU is yet to be established. Score – 2
2	**Impact - Economic**	The project is expected to support a relatively small number of direct jobs (around 10). However, will support the development of a start-up ecosystem with new firms created and additional jobs and GVA generated. The

		sectors targeted are identified by VOG as being priority economic sectors and have good future potential. The development may also stimulate wider investment by the private sector – for example, in terms of move-on space for firms. Score - 2
3	**Impact - Socioeconomic**	The project is not targeting disadvantaged groups. Score - 1
4	**Impact – Environmental**	The proposal is for a BREEAM Excellent building which incorporates renewable energy sources. Score - 2
5	**Financial Return on Investment**	It is expected that revenue generated would be needed to support the ongoing operation of the facility. Some revenue support is expected to be required in early years before the facility becomes financially self-sustaining. The project will not deliver revenue generation back to the investment fund or cost savings for the Council. Score - 1
6	**Funding leverage**	Discussions need to be held with the College but it is expected that the college would make a financial contribution and that some UK Government funds may also be applicable as match. Score - 2
	SUMMARY / TOTAL SCORE	10 of 18 The project performs well in terms of deliverability risk, economic impact and ability to leverage further investment. It would not offer a direct financial return however and there are still matters to be resolved with the academic partner.

It should be kept in mind that a portfolio approach may also be desirable - i.e. to establish a mix of projects in terms of timescale, risk, impact etc. The prioritisation framework is a simple tool to appraise investment project potential. The resulting portfolio could look different depending on the weightings applied to different scoring metrics. The analysis presented here is based on an equal weighting across metrics. It may be necessary to introduce different weightings to the specific metrics over time to deliver the desired portfolio.

3.6. Establishing a fit-for-purpose monitoring framework

A clear monitoring plan will underpin an understanding of overall investment portfolio performance and will act as the justification for the progress of individual projects towards realising funds to commence delivery. Making sure these projects deliver the stated impacts and returns on investment will be necessary parts of good financial and project management. The overall approach seeks to construct a mechanism to allow a clear framework for:

- **A.** Measuring socio-economic and environmental improvements in both the local context and indicators which may impact on regional or national target improvements (**impact return**). We set these against the 4 values.
- **B.** The financial position (and overall return) for both individual projects and total portfolio (**financial return**)
- **C.** Performance management and utilising a dashboard approach to effective reporting (**progress**)

A. Measuring impact return (socio-economic and environmental)

It will provide useful context to understand how key Vale-wide economic measures are performing so that the investment pipeline can flex in response and show the scale of any contributions that individual investments generate. The following are key types of impacts that should be associated with the emerging portfolio of investments. They are set out below and aligned to the most immediately relevant values introduced in Section 2.

⇒ **Wellbeing and Social justice**

We suggest two headline impacts which would need to be reviewed against their relevance to a fuller project pipeline when available and associated smart indicators developed from these headline impacts. These impacts may help target specific communities of place or interest – with a particular focus on communities at risk of increased poverty or health and inactivity challenges:

- Increasing economic activity, (including jobs and skills/educational attainment
- Reducing social inequalities (fuel poverty & health outcomes)

The key principle should be that for every pound spent through the Council's investment programmes as many benefits as possible are generated for local residents, businesses and places. This means taking positive action to ensure that the investments generate employment and training opportunities, environmental improvements, support for local charities and the voluntary sector and money going back into the local economy through targeted spend with local businesses. Whilst not exclusively an economic investment strategy, the provision of a range of employment opportunities that give the local workforce (or those not in the workforce) the opportunity work within the area would be a contributor to reducing outward commuting to Cardiff for employment. In particular, jobs and sectors which are more productive and offer higher outputs (including higher wages) for less input (costs of energy, materials, logistics, etc) should be prioritised. The Vale of Glamorgan lags productivity levels of the region considerably.

⇒ **Positive Placemaking**

Where possible, investments will have clear spatial and place-based elements (see positive placemaking in section 4). The following should help steer the detail and delivery of these:

- Improved natural and built environment
- Addressing age structural changes (including the recent decrease in younger age groups and maximising an older workforce).

The Council's evidence suggests that both of these are important elements in securing a more sustainable future across communities in the Vale – but ultimately, <u>place-based priorities should also be shaped alongside local communities</u> (and therefore not a 'one size fits all').

⇒ **Climate biodiversity**

As part of wider work to understand and rationalise public sector assets, decarbonisation will be a useful filter for understanding where we can either make positive contributions towards reducing emissions or where a building or asset may need external funding or disposal so that it can be redeveloped or be invested in to create a pathway to reduce emissions. Given high carbon emission data, impacts which directly show reduction and mitigation should be prioritised. For example, reduction in the need to travel arising from an investment.

The provision of renewable energy capacity on key sites and buildings would be a good example of relevant added value and potential financial return on investment. Aligning energy generation to a commensurate increase in market demand/take-up over a longer term will be important factors in de-risking investment in renewable energy infrastructure.

The following impacts should be used to help shape investments:

- Improvements in air and water quality
- Increased renewable energy generation – and take-up

⇒ **Doing more with less**

All Councils (and the wider public sector) are likely to face a period ahead of fewer resources to invest – alongside higher costs of delivery. Attracting new/additional public and private sector investment to the area will be critical to deliver agreed ambitions for growth and prosperity. Leveraging maximum value against every (VoG) pound invested must be a central value to the overall Investment Plan. The optimum return will be delivering against the socio-economic values above – as well as a financial surplus, ideally to re-invest.

We think the relevant headline impacts to shape investments should be:

- Leverage - additionality funding
- Overall RoI (Return on Investment)

Figure 8: Measurable impact headline indicators

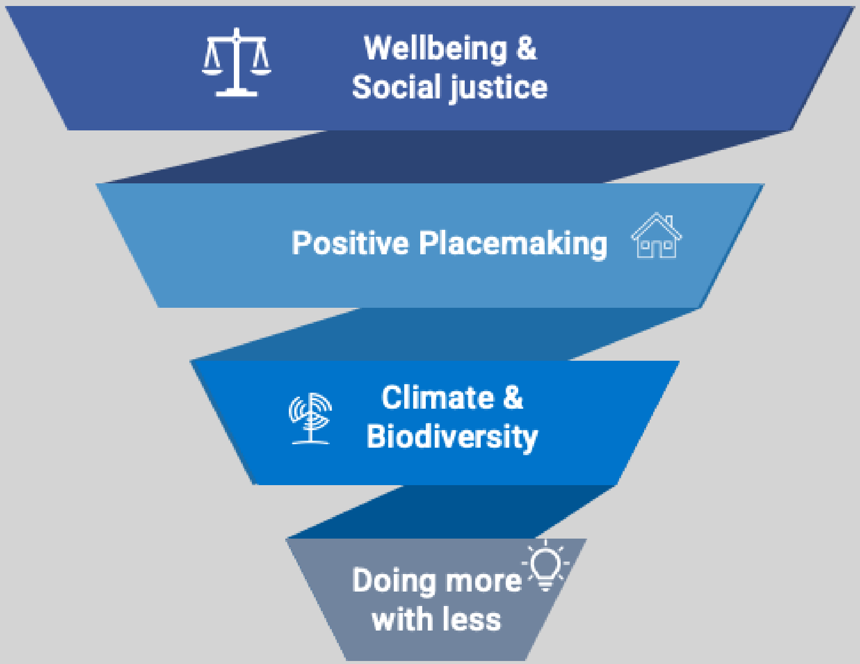
IMPACTS

Enhancing wellbeing and social justice across communities.
Increasing economic activity (including jobs and skills/educational attainment)
Reducing social inequalities (including fuel poverty and health outcomes)

Positive placemaking.
Improved natural and built environment
Addressing age structural changes (including recent decreases in younger age groups and maximising an older workforce).

An overarching commitment to tackling the climate and nature emergency.
Improvements in air and water quality
Increased renewable energy generation and take-up

Doing more with less.
Leverage – additionality of investment
Overall return on investment



B. Considering financial return

Some project types offer the possibility of generating a financial return to the Council over time. These projects are likely to fall within the categories of residential property, commercial property and certain infrastructure investments (such as renewable energy-based projects).

Taking the acquisition of commercial property as an example, such investments can enable authorities to generate income in the context of financial pressure, while also supporting regeneration. The benefits from this investment must however be considered against the associated potential financial sustainability and value-for-money risks.

The acquisition of commercial property has become a significant area of activity for some local authorities in recent years. While local authorities have held properties for investment purposes for many years, the period 2016-17 to 2018-19 saw a step-change in scale. Local authorities acquire commercial property for a variety of reasons, but yield is an important factor. In a recent NAO review of 45 authorities' capital strategies[5], all but three identified yield as a significant objective underlying their commercial property acquisitions. Data on the net yields achieved by authorities is limited but the NAO review of the 13 strategies where net yield was identified showed that 11 reported net yields of no higher than 2.6%.

Forming expectations for yield is challenging since it is influenced by individual project characteristics as well as broader macroeconomic considerations including the cost of borrowing and property market cycles. In the second half of 2022 there was a rapid repricing of market yields and a period of price stability is required to assess yield going forward. However, historically average UK commercial property yield expectations have typically been in the 5-10% range.

In terms of renewable energy-based projects, these can provide access to long-term, stable cash flows and return on investments. Recent BEIS research on district heat network investments indicates a median return of almost 7%[6].

It is emphasised that many projects will not generate a direct financial return but may offer substantial benefits in terms of economic, social and environmental impacts (and/or generate indirect financial impacts through leverage of private sector investment, for example).

Measuring financial return can take a number of forms.

Simply, return on investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment relative to the investment cost.

[5] 'Local authority investment in commercial property' NAO for MHCLG, February 2020: https://www.nao.org.uk/reports/local-authority-investment-in-commercial-property/#downloads
[6] 'UK Heat Networks: Entering the market', BEIS: https://heatnetwork.zone/documents/BEIS_Entering_the%20Market.pdf

To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment. The result is expressed as a percentage or a ratio – and can be measured at both project and overall portfolio level.

The benefits can be direct financial returns – the rent achieved from letting out a renovated or improved building – or they can include an element of future savings against current costs, for example from a new more efficient heating system and insulation thereby reducing energy costs. The financial value can also be counted in terms of overall value increase to the Council's asset portfolio - including property values and land value uplifts (noting the opportunity to make better use of mechanisms such as overage).

It is critical that all investment propositions from early development pipeline to full business case and delivery agree a set of KPIs with which to assess net return on investment.

These final indicators must be consistent from year to year and will be presented in a way that allows elected Members and the general public to understand VoG Council's total risk exposure for the lifetime of the investment (which may be long term and phased in some cases). Benchmarking the overall returns against similar local authority investment funds will also be undertaken – and is recognised best practice.

The 2022 Cabinet Report detailed a number of financial indicators to monitor risk and proportionality of investments to understand the Council's financial exposure. We don't propose to repeat them here, but would particularly note the importance of understanding the following issues across the investment portfolio:

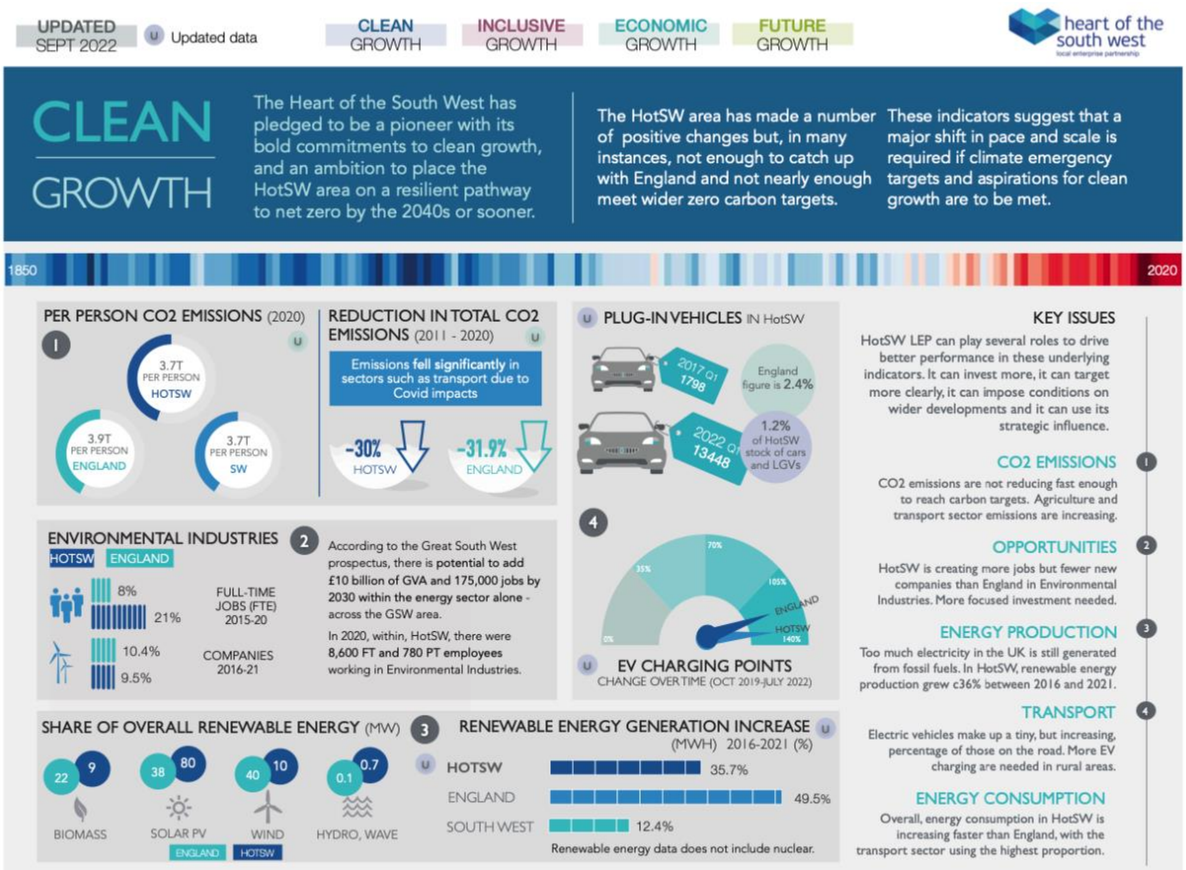
- Commercial income to service expenditure: Being cognisant of the reliance any services might have on commercially based income – and the risks any drop in income will have on future delivery.
- Investment cover ratio: Can the Investment Fund service interest (noting recent significant interest rate rises). Considering fixed and variable rates will impact on the monitoring requirements of the fund.
- Loan to value ratio: Staying on top of the Council's asset value (where investment assets form part of the portfolio) and ensuring that value remains stronger than value of debt.
- Operating costs: Regularly monitoring changes to operating costs which might impact on gross to net income values.
- Exposure to default: If loans form part of the portfolio.

C. Performance reporting and performance dashboard

A clear visual identity for monitoring and reporting on projects and the overall portfolio is important to plan in at an early stage. We will develop an overarching performance reporting tool and dashboard to do this effectively as the investment portfolio commences.

The example below shows headline changes – alongside a short focused 'so what' commentary – for an economic functional area to stimulate local debate and response, supporting focus and prioritisation.

Figure 9: Monitoring performance dashboard case study



Heart of the South West Dashboard performance reporting example.

Successful monitoring requires a balance of detail bespoke to the individual emerging project idea alongside a visual capture of the state of play overall with the emerging portfolio, which will achieve the following:

- Prompt discussion around the balance of the next stage of emerging projects proceeding to outline business case
- Awareness of and responses if necessary to any ROI or impact indicators which do not seem to be being delivered against
- A clearer test against portfolio performance and current corporate challenges and opportunities.

Whilst this work has yet to commence in detail, we outline here examples of the type of simple reporting that will help nuance the portfolio level progress and issues arising for the Council.   We include examples of templates to consider how the information is presented to allow for the most efficient assessment and consideration. The detail of these will be shaped by the investment portfolio as is develops.

Monitoring individual projects as they progress through each Gateway will be the primary tool of portfolio management. It will be important to resource and allocate time to understand the expected impacts and return for each project and the portfolio overall, so that any adjustments to future focus can be communicated and acted upon in a timely way.

The process as set out would apply to all projects for Gateway Stages 2-4. There may be benefit in understanding the reasons (and logging these) for why certain projects do not pass through Gate 2 after consideration.

The key principle here is that detailed assessment increases in proportion to the appropriate stage – outline and full business case (Gateways 2 -3).

Figure 10: Example portfolio reporting management - volume

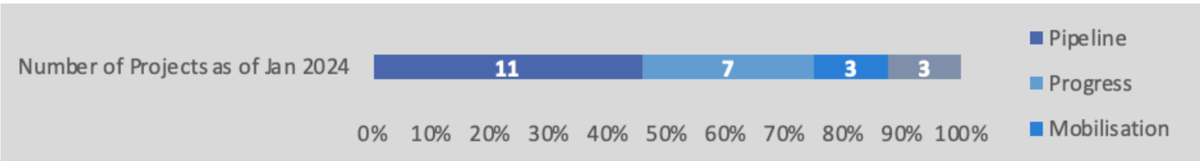
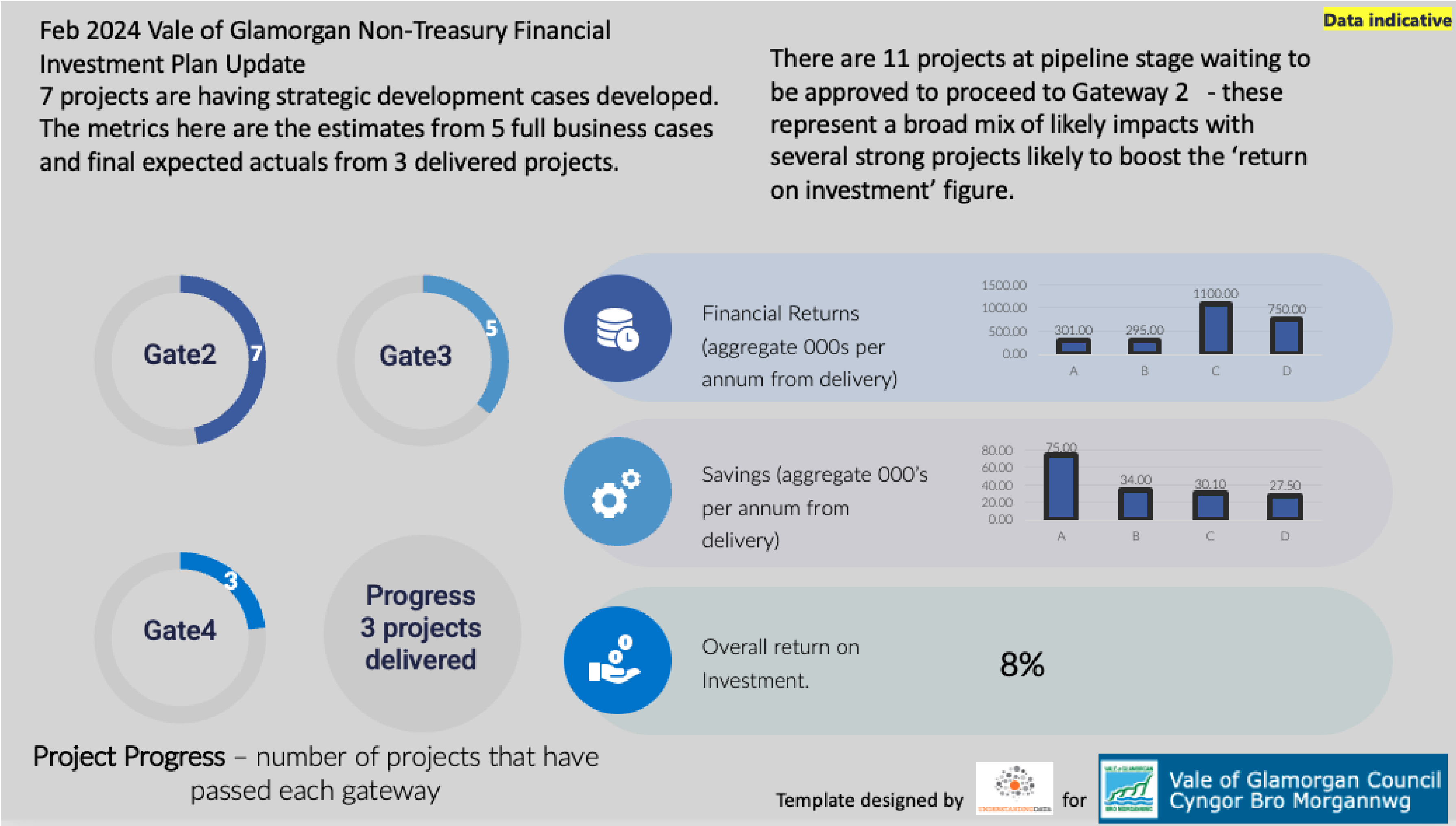


Figure 11: Example Reporting templates x 2

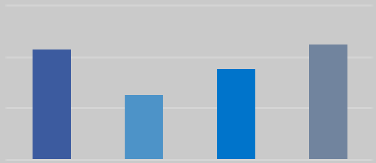


Feb 2025 Vale of Glamorgan Non-Treasury Financial Investment Plan Update Projected **Impacts**

Data indicative

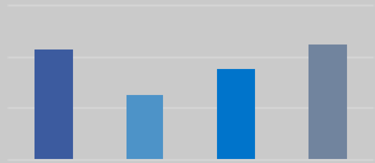
Jobs

+1,420



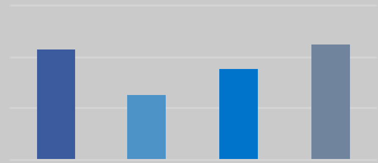
Leverage

+£27m

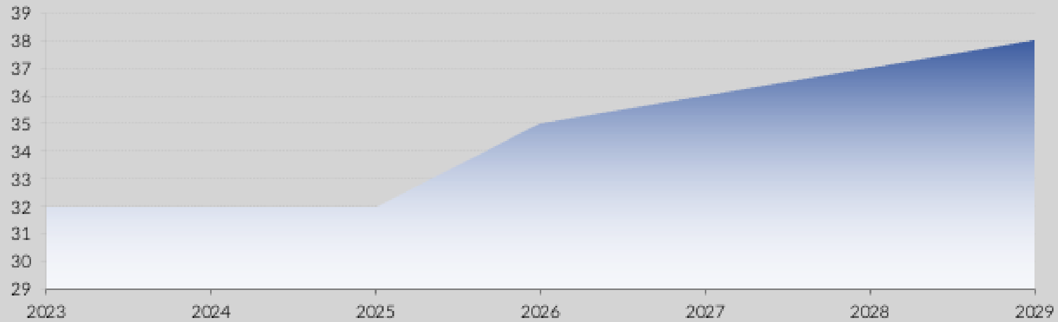


16-64% population share

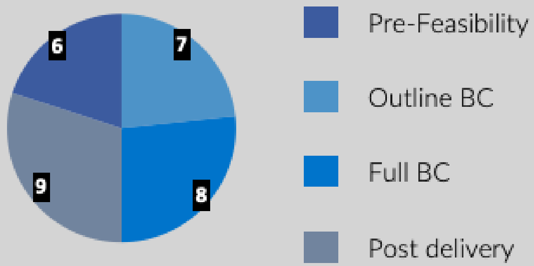
+2%



Projected renewable energy generation



Climate Co2 emissions saved (estimates & final

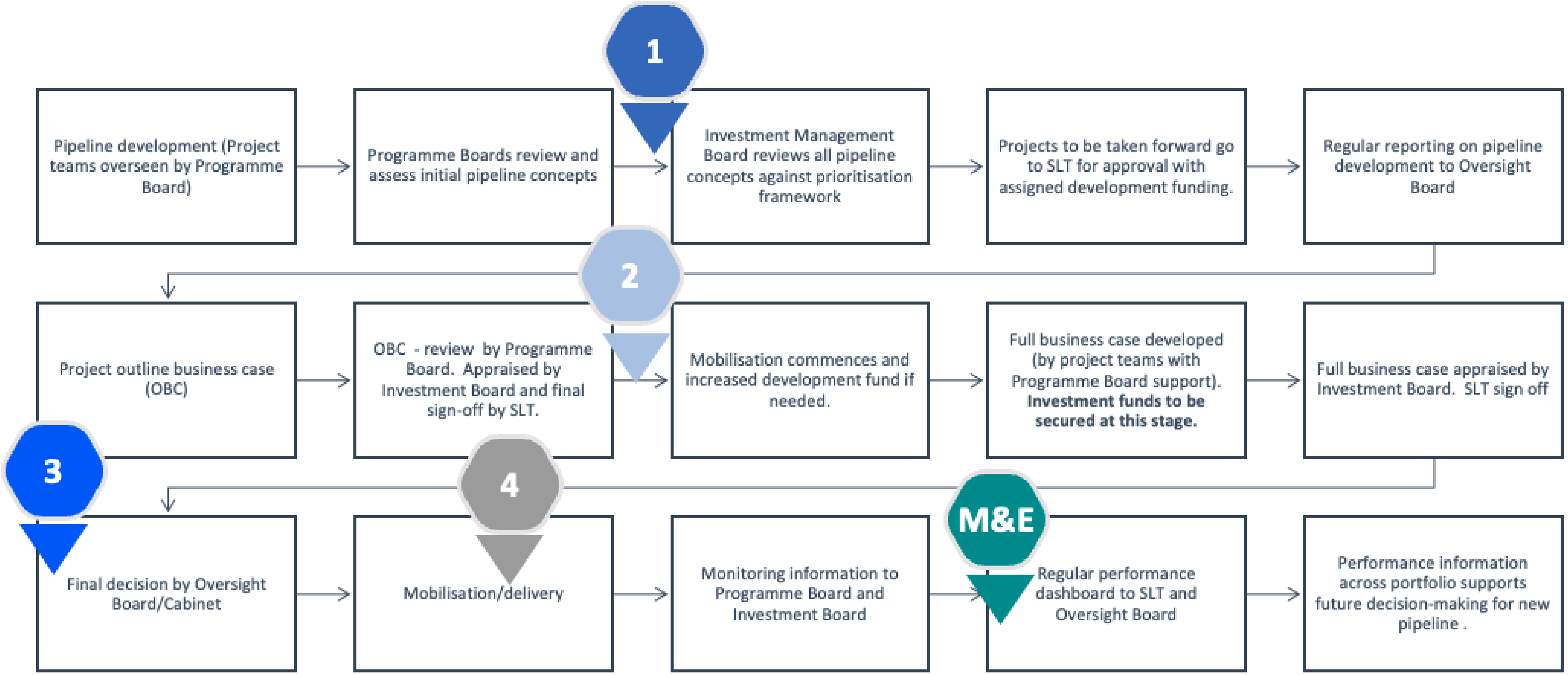


Template designed by for Vale of Glamorgan Council Cyngor Bro Morgannwg

3.7. Conclusions

The following forms a headline flowchart for how the Vale of Glamorgan Investment Plan could be successfully operationalised.

Figure 12: Vale of Glamorgan Investment Plan Management Summary



4. VALE OF GLAMORGAN COUNCIL NON-TREASURY INVESTMENT PLAN

4.1. Overview

Whilst a detailed ready investment pipeline is not yet in place for VoG Council, there is a recognised broader list of investment opportunities emerging, set alongside the current LDP and Council core service capital investments such as Sustainable Communities for Learning (previously 21st Century Schools).

The purpose of this section is therefore to develop the first steps in taking forward the **Vale of Glamorgan Non-Treasury Investment Plan**. We outline key moves and actions to support preparation of an investment portfolio, primarily based on a potential initial investment of circa. £12m (as agreed in February 2022). The Plan headlines a broad strategy in terms of intervention types and spatial strategy for maximum investment impact (across the domains highlighted within the prioritisation framework detailed in section 3). It suggests a mix of types of return on investment, spreading both risk and opportunity. It also offers case studies which could help frame the opportunity to add value to projects. In some cases, the focus is on a drive for financial return with the potential to reinvest for wider benefits, but on the whole **we aim for a balanced ROI delivering against local impact to maximise a broad return and minimise risk as far as possible.** As individual projects develop, a set of smart indicators will be established, building-on the headline impacts referenced in section 3.6.

This outline also takes account of current capacity and resources. Whilst there is potential to ramp these up over time as returns are generated, we have adopted a realistic approach to current resource in the short to medium term.

Over time we will develop a portfolio approach across the whole Plan, operated via the processes described in our management plan (section 3). Whilst decisions will be made against individual investments/projects, the Council will take a ‘managed portfolio’ approach which balances different returns against the totality of Council investment. So, for example, an overarching risk register which supports a balanced risk profile and a performance dashboard which ensures gaps in investment content and RoI are proactively addressed.

With this in mind, we introduce the Investment Plan, including the following sub-sections:

A. **Positive placemaking:** How positive placemaking can support investment prioritisation and a smart approach to delivering investment return.
B. **The Investment Plan:** Initial priorities, actions and key moves.
C. **Investment approach (internal)**: Outlining a range of investment levers and overall Council corporate approach to support implementation and maximise returns.

4.2. Embedding Positive Placemaking

Historically much of the approach to economic growth and regeneration has been driven by the focus on delivery of national and European funding programmes, such as EU Structural Funds and Communities First, with a more reactive and competitive remit to project development. This was often accompanied by restrictive funding criteria and rules which prevented a more bottom-up approach to investment and made it difficult to align with core or mainstream funding such as education, social services and housing. With the move to a more devolved approach to funding via Local Authorities from the UK Government, the emphasis on placemaking in Wales and the creation of the new Place Directorate in the Vale of Glamorgan Council, there is an opportunity to now re-focus attention onto place and priority communities across the Vale, developing a stronger co-design approach to sustainable development and growth alongside local communities.

Positive placemaking is at the heart of this Investment Plan.

Ensuring investments align with already agreed strategies and plans, as well as using the opportunity to *road test* delivery ideas with the local community, will give a clearer, proactive steer to investors about local requirements which in turn will give confidence to those investors on likely appetite for growth. With the timing of the review of the Local Development Plan to ensure alignment with planning processes, this creates excellent conditions for future investment and growth in key locations across the Vale of Glamorgan.

So what might this mean for targeted placemaking in the context of the investment plan?

We will apply a 'whole place' approach across:

- **Town/key settlement investments:** Develop placemaking plans for all key settlements and identify an investment pipeline using the prioritisation framework in section 3.5. Prioritise those opportunities closest to investment readiness (Gate 2). Additional strategic investment opportunities may be identified and taken forward in collaboration with regional and national partners.
- **Rural investments:** We recognise that there is a significant gap in a rural investment priority theme at this stage. Whilst officers recognise the importance of rural communities, at this stage a pipeline of future investments at scale is not yet in place. This gap will be addressed by the Council through the development of a future rural investment plan. It should be noted that there are also significant investment sites in rural locations – and these are noted below.
- **Strategic Enterprise Zone:** In partnership with Welsh Government and Cardiff Capital Region we will investigate directing additional capacity and resource to a refreshed approach to a reinvigorated and revised Strategic Enterprise Zone.

Taking the investment principles and values above (section 2) into account, the current embryonic stage of VoG pipeline investment projects, through our research and wider engagement we will be adopting a **whole-place investment approach**, but based on following priorities:

1. ***Short to medium term focus[7]:*** **Barry** - priority town, with a focus on driving community-wealth generation, improved built and natural environment - as well as financial return where viable. This also reflects the work to date on placemaking in Barry.

2. ***Medium to long term focus[8]:*** **Key settlements and rural development.** Unlocking investment opportunities to embed sustainable growth and resilience across the Vale of Glamorgan economy, aligned to LDP and settlement data:

   ⇒ *Penarth*
   ⇒ *Cowbridge*
   ⇒ *Llantwit Major*
   ⇒ *Rural communities*

In addition to specific place-based investment, we would highlight a ***short-term priority[9]*** **opportunity site – <u>The Vale Strategic Enterprise Zone</u>**. Recognising the fact the Vale is home to nationally significant assets at Aberthaw, St Athan and Cardiff Airport, adopting an at-scale approach to commercial-driven investment.

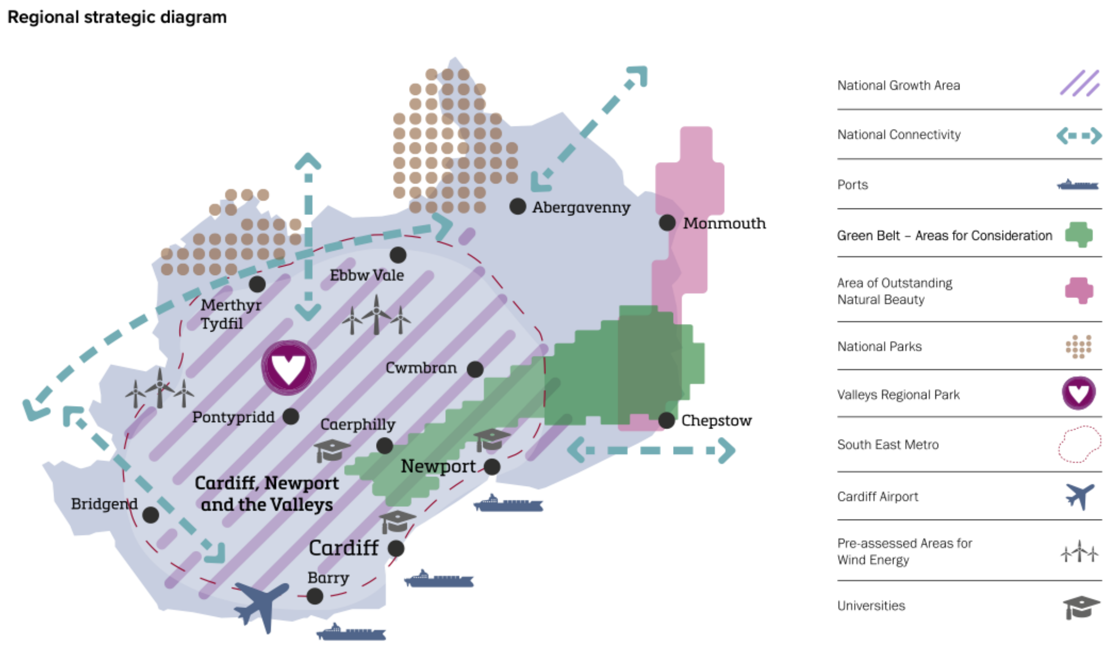
4.3. Place in the Capital Region

As well as a comprehensive approach to placemaking in the Vale, the focus on centres of population will be balanced with activity targeted to strategically important sites.

These may have strategic significance at a hyper-local, Vale level and/or be of regional or national importance. In our review of Vale activity to date on these sites, which are already recognised as strategically important assets, we recognise the Council might be taking a somewhat passive and reactive stance – where a more proactive and engaged approach could generate a greater degree of local return and push harder on the 'regional dividend'. If, for example, the place hierarchy described above was achieved, VoG Council would be ready for a strategic dialogue on growth which maximised return for the Vale. The 'west' is clearly an important part of the growth ambitions of the region and this relationship will change as the CCR evolves into a Corporate Joint Committee and its associated statutory functions:

[7] 1 – 3 years targeted development activity
[8] 1 -3 year preparatory work (placemaking concept planning). Investment development, 3 years +
[9] Immediate priority.

Figure 13: South East Wales Strategic Development Plan



Future Wales, The National Plan 2040

In our discussions with the Cardiff Capital Region (CCR) team, there was a strong desire to see a collaborative approach to maximise local and regional partnership working at a strategic site level in order to gain additional local return. For example, working together to ensure an increase in local labour supply and aligned supply chain opportunities. For some of these opportunities the expected long lead in times could provide the space to create clear and exciting pathways for young people in new employment sectors, such as environmental technologies. Working together with local education providers will also be an important dynamic.

Whilst both Welsh Government and particularly CCR have detailed clear priorities for place-based investment, VoG Council have not yet clearly articulated an equivalent prioritisation. These are highlighted now in our 'key moves' section - as well as some shifts in governance to maximise active collaboration.

4.4. Whole place investment – Vale of Glamorgan

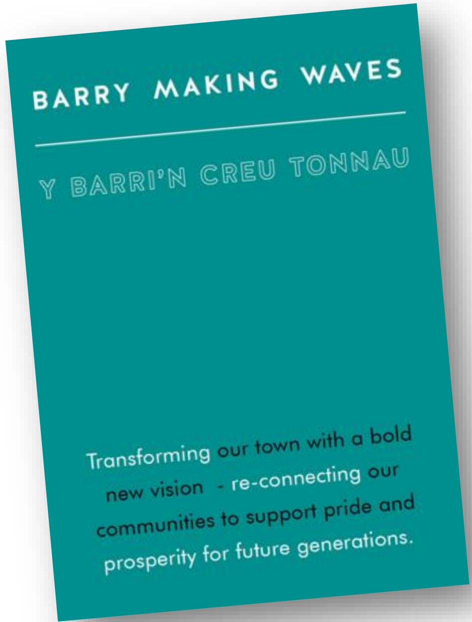
Whilst a 'long list' of existing, pre-development and early-stage project concepts are in place, few of these have been developed as investment projects and are at pre-pipeline stage[10]. Rather than an in-depth analysis for each place, the following section headlines current 'state of play' across the recommended place priority areas and explores (in brief) suggested **key moves**[11] to begin to take forward a place-based approach to investment. We also outline potential areas of ROI and KPIs to supporting monitoring and evaluation.

[10] A 'geo-plan' of all projects and potential investment areas form part of the Investment Plan.
[11] NB: Project development was not within the Rothwell brief.

4.5. Investment Plan Priority Town and Community: Barry

A significant amount of work has already been achieved in Barry to develop a placemaking approach. From 2014 the Heritage Lottery Barry Making Waves 'Great Places' pilot has engaged the community in a dialogue about the future of the town – with a clearly expressed aim to support pride and prosperity for future generations, with an emphasis on connecting town, seaside and quayside. Recent work has seen the Barry Growth Plan and Barry Placemaking Plan bring some of this local ambition into clearer focus, although there remains a recognition that there is still much to do[12].

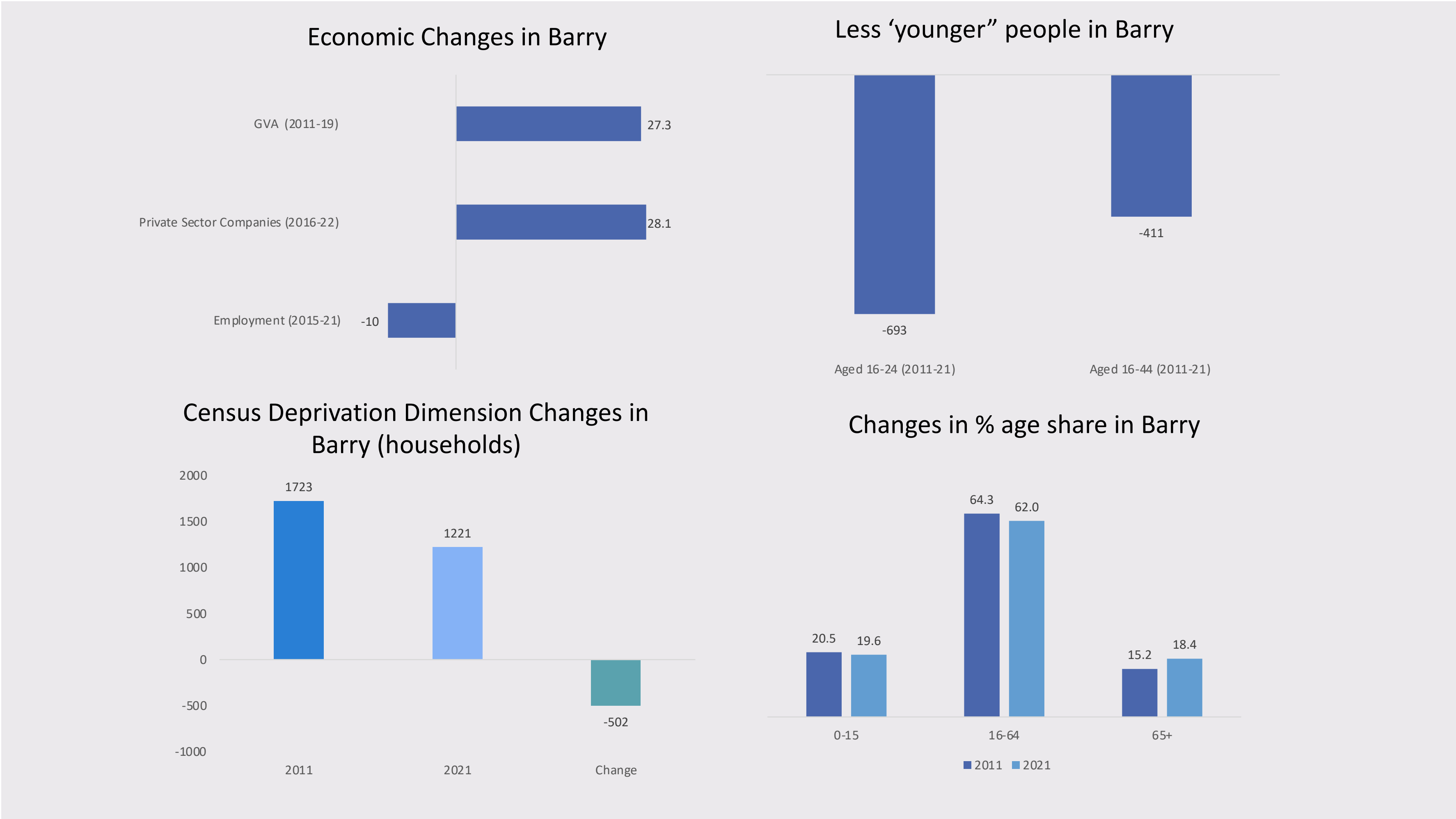
As the largest settlement in the Vale of Glamorgan and one of the largest towns in Wales, Barry has both communities experiencing high levels of deprivation as well as significant areas of opportunity and strength in terms of the approach to investment and development. Better aligning need and opportunity to target the big issues of the area (such as economic inactivity, high rates of out-commuting and high carbon emissions) should be a focus on the work to both finalise the Placemaking Plan – and deliver it. Adopting a collaborative approach across a range of Council Departments, as well as with stakeholders, will also help to ensure investments reach those communities who might benefit most from investment.



This headline 'dashboard' shows comparison figures across the last two census periods. It shows that the population of Barry is getting older – with a decrease in working age people. Fewer people are living in households with a breadth of deprivation issues – although less people are working.

[12] A full evidence analysis is available in the Rothwell Lot 1 Report.

Figure 14: Barry evidence changes 2011-21



Existing projects, project ideas and gaps

Of the pipeline investments for Barry, the following is a broad overview of project type.

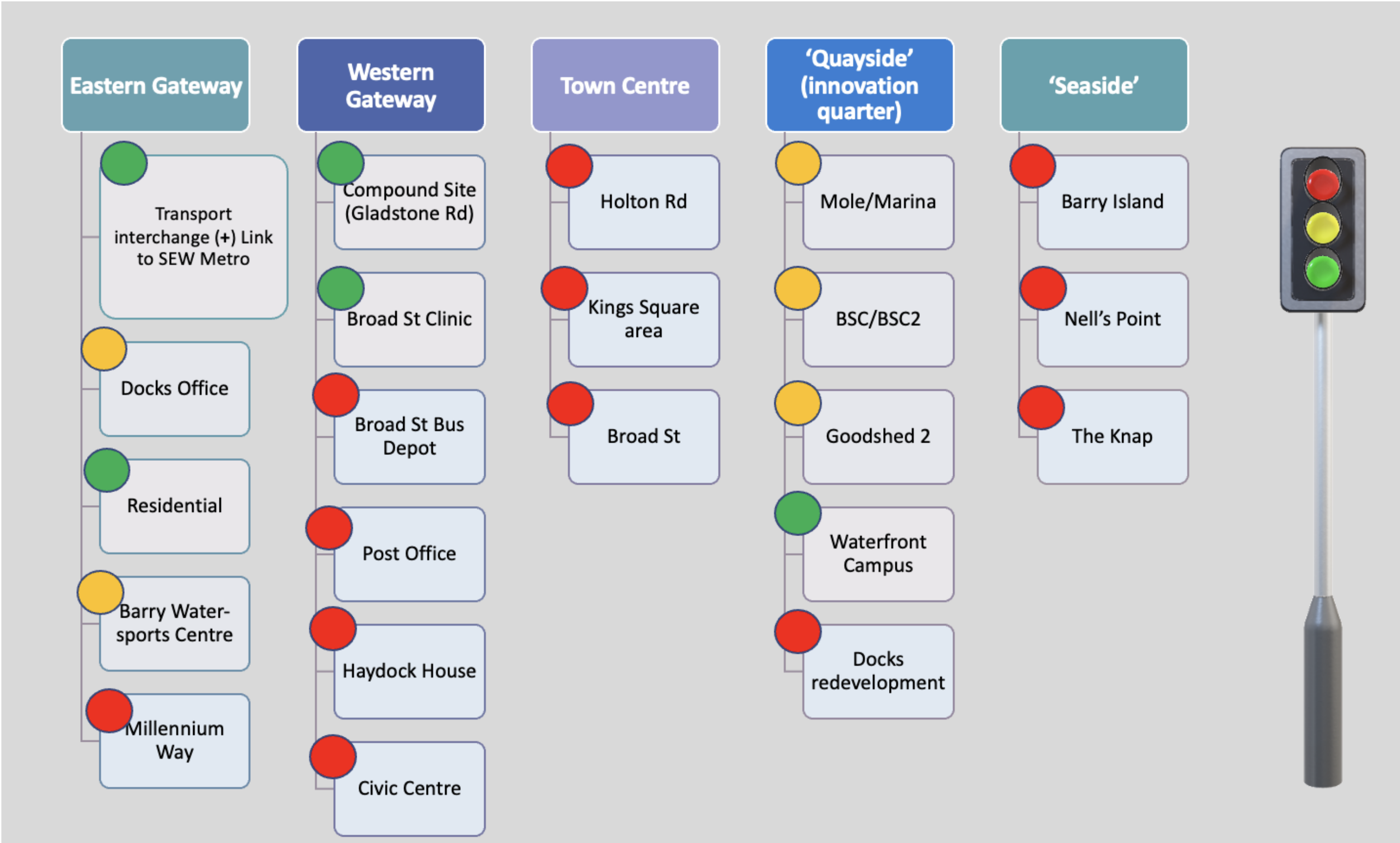
(i) **Existing**: There are a number of existing Council-led (non-core services) schemes currently in development, including older people's residential and health care at the Western Gateway and an integrated transport interchange at Barry Docks. There are also private sector schemes which are looking to expand, including the successful Goodshed phase 2 and Waterfront College Campus. Finally, two significant schemes, co-ordinated by the Council, form part of a Levelling Up bid to the UK Government (at Barry Docks). Whilst these were not successful at Levelling Up Round 2, there remains opportunity to apply for Round 3. There is also potential to add investment value to a number of existing schemes – with areas for review detailed below.

(ii) **Pipeline**: There is a long-list of potential ideas in consideration – including Council-owned assets such as the Dock Office and the Business Service Centre (BSC) as well as expansion of the current Eastern Gateway scheme. These are still at concept stage.

(iii) **Gaps**: There are a number of key locations in Barry that have investment potential and feature in discussion, but with no defined pipeline. These include the town centre and Barry Island – fundamental locations in the town in terms of opportunity and community priority.

Given the already agreed emphasis by VoG Council on investment in Barry, there are more potential pipeline projects than at other locations in the Vale. So, for Barry we have broadly grouped project types in **location packages** and traffic-lighted progress. These are mainly large, Council-led or strategically significant projects. Those projects in progress equate to a budget of around £100m.

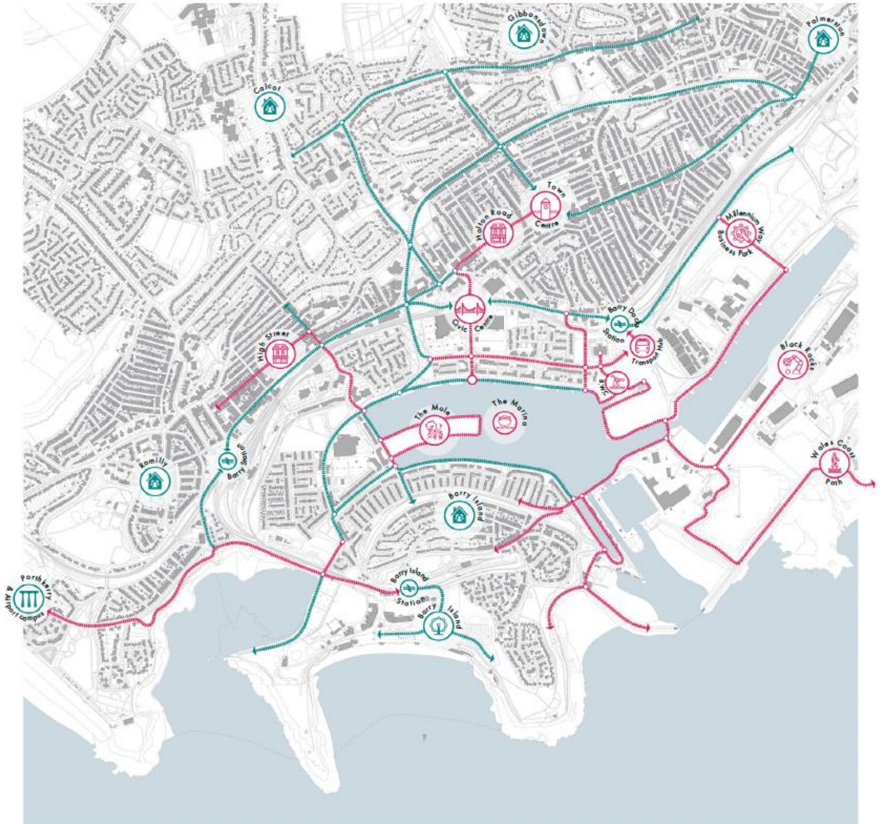
Figure 15: Potential Barry investment packages

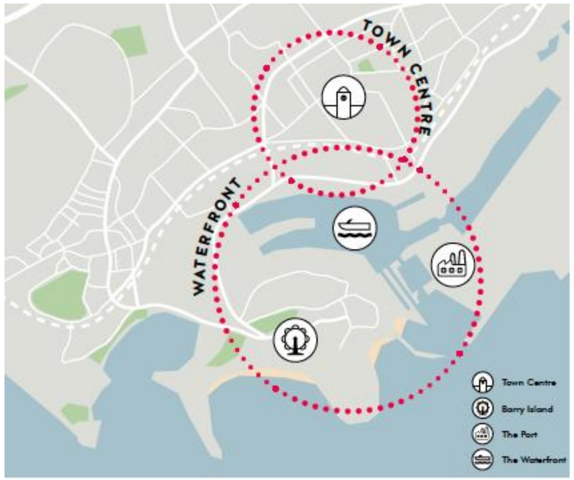


Key moves

There are a significant number of potential investment projects in this summary – although for those that are developed, few have been structured in this way given their funding or outcome focus. To date the various projects have largely been maintained as a disparate list (with the exception of the Western Gateway and Innovation Quarter to some extent). A number have been on a 'to do' list for some considerable time, without the clarity and impetus to move them forward (in lieu of suitable external funding programmes).

We therefore outline a series of 'key moves' as first steps to creating a proactive Investment Plan with a focus on Barry. These are headlines only and require further work and detailed consideration. All moves are linked to the Barry Placemaking Plan (FCB Studios 2022).





Barry

WHAT	INTERVENTIONS / TIMESCALE	ROI POTENTIAL
Review Council Office (rationalisation) accommodation plans – consider enhancing Civic Centre and review ownership of Dock Office.	An immediate priority ahead of decisions linked to future uses of the Dock Office and Western Gateway (alignment to Civic Centre). Potential market test could also be conducted (Dock Office) to secure private development partner. **Undertake within 6 – 12 months.**	*Suggest private partner approach rather than straight sale to achieve maximum return (not just financial).* *Offers cost savings via rationalised accommodation* *Potential for rental yield (commercial and residential)* *Case Studies:* *Plymouth City Centre Council Offices and Urban Splash* *York Listed Building Mixed use redevelopment*
Assemble Eastern Gateway projects into a cohesive programme (and agree overall impacts) – secure extent of programme on north side of line. Review Millennium Way and potential acquisition as well as Dock Office.	Explore potential to use the Eastern Gateway package as a 'pilot' for placemaking delivery and Investment Plan catalyst. Consider land assembly options and best use of Council assets (including potential strategic acquisition). This strategic opportunity has the best chance of medium term ROI and is a catalyst development scheme across strategic sites. Add value to assets to generate increased financial return and additional socio-economic value. Review private sector 'stalled' schemes which could act as a pull.	*Creating scale and a better value offer may increase values.* *Note proximity to existing waste facility – options to reconsider waste to energy.*

	18 months. *Potential to form new 'hub' and gateway linked to Barry Docks Transport Interchange – a 'transit-orientated development'.*	
Understand current and anticipated future commercial demand in Barry (deep dive beyond 'call for sites' work undertaken for LDP refresh). Align to sector/cluster plans to ensure future pipeline of tenants/buyers. **Consider extending terms of Housing Partnership to commercial construction.**	Use to develop a 'grow-on space' strategy for Mole Incubation Centre – and align to future commercial development in Barry in next 5 years. Note links to BSC2 and Goodshed 2. NB: This could be aligned with a similar exercise recommended for the Strategic Enterprise Zone. **Start next 6 months.**	*Ensure commercial development meets demand and maximise yield. Prioritise bespoke development not speculative where Council leading. Ensure displacement minimised - especially with EZ. Consider different models of development to maximise return, including JV or extension of house building opportunity.*
Use findings of commercial demand and LDP info to reframe the 'innovation offer' for Barry (and align to potential investment fund from UKSPF). Create a clear innovation plan for Barry (and potential extension to the Vale) and link to cluster/sector development, particularly in green technology and renewables.	Use findings to proactively target growth areas (rather than generic approach). Utilise resources from SPF and CCR/WG and align with future growth at EZ. Bring Higher Education into the mix – and explore potential for a presence in the Vale (potential part of College growth plans). Re-frame the 'Innovation Quarter' in Barry – particularly developing pipeline for Mole incubation space. Review options for Local District Heating. **Start next 6 months (align to revised LUF round 3).**	*Maximise rental and sale values through business growth and quality. Seek anchor tenants to drive further interest. Growing higher productivity sectors will improve local earnings and support decrease in out-commute. Ensure 'added value' of EZ stays within the Vale (i.e. supply chain and grow-on) and maximise alternative investment for Vale business growth.*

		Case Study: District Heating 1 Gateshead Green Investment Bank – district heating finance. Key Document: Heat Networks BEIS
Review 'waterfront development' approach.	***Post Levelling Up Round 2*** Consider round 3 LUF. Complete all development work and de-risk the project as far as possible (including planning). **3-6 month review and revised full business case for LUF Round 3.** If no LUF 3 bid, or a future bid is unsuccessful, review the approach to Barry waterfront. Mole investment could be better aligned to the Innovation Quarter, with consideration on purchase of Mole gateway properties and even the Mole site. Utilise the work completed for Watersports Trust and ABP projects to secure alternative finance (and maximise ABP investment if still on the table). OWT could still stack up as a property investment – and add value to the Eastern Gateway package. Explore potential to align with future of Barry Yacht Club site to extend reach/demand and therefore income potential. **c.18 months if no LUF 3 bid.**	*NB: LUF grant will preclude significant financial return due to subsidy control.* *Current LUF bid has limited Council ownership – therefore alignment to adjacent land and assets to drive value should be considered.*

Review purpose, outputs and future impact strategy for Western Gateway.	Review position on original Western Gateway package. Currently a housing/wellbeing project – but the wider opportunities should be maximised with a full review. NB: Test whether officer time be minimised and repurposed on other investments. **6 month rapid review.**	*Major review could assess potential to acquire additional sites/assets to realise increased return.* *Additional scale could make renewable energy impacts viable.*
Assemble town centre plan for improvement	Prioritise option review for Barry town centre. Utilise SPF feasibility. As well as review on investment options, also consider Business Improvement District approach to add levy to business rates (low empty shop rate could provide helpful re-investment fund with limited Council capacity required). Driving forward a plan for town centre renewal. **12 – 18 months (within SPF timeframe).**	*Potential for indirect returns via improved footfall/vitality – in terms of both inward investment and revenues from Council assets* *BID case studies*
Commence review of Barry Island	Utilise SPF feasibility – and include The Knap area. Review and reinvigorate sale of Nell's Point (and options for the Knap). These sites should be framed with a clear vision for Barry Island. **12 months – 18 months (within SPF timeframe)**	*Potential for indirect returns via improved footfall/vitality – in terms of both inward investment and revenues from Council assets*
Focus on next steps ABP – Docks Development.	To ensure pace is kept on the wider development of Barry Docks (and we note there may be contractual commitments from ABP if the Levelling Up Fund scheme progresses) we recommend some kind of 'task force' approach is initiated to directly engage the council in future opportunities. The scale	*Council to review and explore financial return opportunities on adjacent sites (and potential to strategic land acquisition such as Millennium Way).*

	and impact of this development should not be underestimated, and taken alongside the Strategic Enterprise Zone concept below, could form one of the largest investment opportunities in Wales (for example taking advantage of the significant growth of floating offshore wind in the adjacent Celtic Sea). **Progress action plan for development in next 3 years.**	
Quick wins	Target key UKSPF interventions on Barry as 'quick wins' to give confidence to both investors and the local community. In particular, the following interventions resonate with the investment plan emerging content (not including the feasibility projects already highlighted): W1: Town centre/high street investment W7: Transport enhancements (particularly where they improve site viability) W13: Cost of living – explore potential for at scale future renewable energy options (is there potential to pilot initiatives?) W19/W23: Utilise investment to enhance the competitiveness of the overall offer – in particular innovation and cluster activity. People and Skills: Align investment in skills and training with future employment opportunities (to enhance the local labour market) **Immediate activity.**	

4.6. Investment Plan: Key settlements and rural development

Whilst initial focus will be on developing the Barry investment opportunities, over the medium to longer term the Council will explore routes to unlock investment in key settlements and rural opportunities, expanding our investment portfolio and enabling sustainable growth and resilience across the Vale of Glamorgan economy.

At this stage, there are few projects emerging outside Barry that are at a scale or concept suitable for this Investment Plan.

We recognise that a comprehensive suite of **Placemaking Plans** should be developed in key settlements – and that these should link to the existing (and emerging refreshed) VoG Local Development Plan. We will commence this work in additional areas from 2023 and where work has started, such as Penarth, be expanded. The LDP and associated evidence base, as well as the regional Strategic Development Plan, would suggest the following settlements are considered:

- ⇒ Penarth
- ⇒ Cowbridge
- ⇒ Llantwit Major

We also recognise that there is a current gap in the articulation of rural development ambitions for the Council – partly as a result of the end of the significant Rural Development Programme *Creative Rural Communities* (funded by EU Structural Funds). There is an excellent legacy to build-on from this programme, and we will prioritise this work in 2023/4.

Whilst it will be important to develop a wider approach to supporting ‘communities and place’ (in key settlements and rural areas), in the context of the Investment Plan we need to be realistic about the potential number of initiatives which will realise the type of returns required to integrate into the Plan. Thinking about ‘scaling-up’ investment potential will be an important part of this. For example:

- ⇒ Which investments could align to the CCR spatial growth agenda?
- ⇒ Can new partnerships be formed to deliver those – including alignment to the emerging Housing Partnership.
- ⇒ How can the economic potential of the ‘M4 corridor’ be realised?
- ⇒ Re-thinking rural development in terms of Natural Capital and energy production, as well as food resilience.

Existing projects, project ideas and gaps

Of the information which was received on project pipeline in the wider Vale during the development of this Plan, the following provides a broad overview:

(i) **Existing:** There are currently no, at scale, funded investment projects across the area (although the c.£15m Penarth Older Persons Housing Complex is close to going live with planning submitted).

(ii) **Pipeline:** There are a number of projects at concept stage, including Cowbridge Cattle Market, Penarth Promenade/Pier and Council-owned land at Hensol, adjacent to the M4. There are also potential 'future opportunities' being actively considered, including an agri-food hub, Llandow industrial estate, unlocking cultural and heritage assets for the visitor economy at Dunraven Bay and maximising proximity to the existing Enterprise Zone.

(iii) **Gaps:** When considering wider Vale investment opportunities, there is a more obvious lack of a co-ordinated approach across the Council and with stakeholders. Given scale and context, greater innovation will be required to actively create investable propositions for much of the Vale.

Key moves

Many of the outlined key moves build on the immediate priority to create placemaking plans across the area. A scatter gun approach to projects will not deliver the investment ROI ambition of the Council. Learning from 'what works' in the Barry priority area alongside recommended governance and implementation actions (section 3) should support a faster paced response to investment in these areas once placemaking plans are established.

Settlements/Rural

WHAT	INTERVENTIONS / TIMESCALE[13]
Undertake place making plans in identified key settlements.	Using the Placemaking Wales Charter, emerging priorities in the refreshed LDP and the local model developed in Barry and Penarth (initial activity linked to Promenade/Pier) – engage local communities and stakeholders in local plans for recovery and growth. These will help give focus and confidence for future investment. NB: A range of Council Departments should also be engaged directly in this activity (see section 4.8). Additional 'quick win' pipeline projects may also emerge in this process – although balancing the need for action with fully considered options for investment. For example, ensuring that the Cowbridge cattle market site is taken forward with the optimum utilisation for measurable return. Align placemaking processes with a review of Council land ownership, place by place (including identifying any potential strategic acquisition sites). **1 – 3 years to complete all towns.**
Align refreshed LDP and emerging Placemaking plans into high level strategic growth plan for the Vale of Glamorgan	Complete work already started (in-house) to articulate a strategic growth plan for the Vale of Glamorgan setting out the ambitions for sustainable and inclusive growth. This should secure full Member approval if possible. This will help shape a set of aligned, complimentary placemaking plans and avoid unnecessary internal competition and displacement. Use this work to respond to the Capital Region's growth opportunities – and the priorities in the Strategic Development Plan. This will frame the overall ambitions for

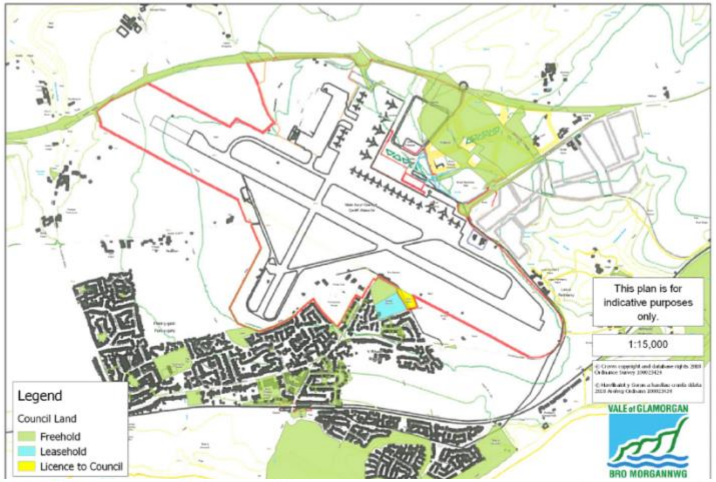
[13] Given the limited project pipeline and information, it has not been possible to add a 'RoI' column to this table.

	the Investment Plan, giving confidence to investors and the opportunity to create a more compelling and competitive offer for Vale-wide investment. **Complete within 6 – 12 months.**
Review investment uplift potential of M4 corridor.	Undertake a review of the M4 corridor (and junction) impacts. Articulating the benefits of both the M4 corridor (and associated rail improvements) will enhance the overall competitive offer of the Vale for investors. In terms of sites, re-engage with the Renishaw development to fully understand impacts and align to next steps on Hensol. Whilst renewable energy may be a preferred use for the site, all options in an investment context should be explored (including links to RCT land on other side of M4/Jc.34). **Quick turnaround on Hensol site review: 6 months.** **M4: Next 2 years (alongside CCR)**
Vale of Glamorgan Rural Prosperity and Investment Plan	Whilst there are specific refences to 'diversification' in a rural context within the emerging refreshed LDP, further work should be undertaken to explore rural investment opportunities (what and where). There may be linkages to the above M4 Corridor strategy and with the Strategic Enterprise Zone (including labour market and wider connectivity and access issues). The concept of the cluster/sector approach outlined above could also be considered – particular in relation to technology and renewable energy, as well as the emerging concept of an 'agri-food hub' in the Vale of Glamorgan. **1 – 2 years for completion.**
Explore opportunities for net zero return.	Review 'project zero' in light of the investment approach and identify additional net zero investments. Note balance between socio-economic, environmental and financial returns

	e.g. balancing land 'with potential for employment growth' alongside land with potential for renewable energy (assessing the RoI balance on putting solar panels on prime development land for example). Note wider alignment to property and the current Corporate Landlord review. Explore additional areas of alignment to generate renewable energy and other zero carbon-based returns, including tenant farm land. Articulating the balance between land for energy, food and biodiversity should be explored and clarified in the Rural Plan above. **Review Project Zero in next 18 months.**
Quick wins	As well as maximising the Vale of Glamorgan UKSPF programme, we also recommend fully exploring the investment potential of the £227m and Welsh Government Rural Economy Programme. In terms of UKSPF, we would suggest the full gambit of interventions is explored. **Immediate activity.**

4.7. Investment Plan Opportunity Site: Strategic Enterprise Zone

In considering the creation of this Investment Plan, we also aligned a 'deep dive review' across VoG Council-owned land (Gateway Development Zone - GDZ) at the Cardiff Airport Enterprise Zone. It has quickly become apparent that in order to maximise the investment potential of the 190 acre GDZ site, clear alignment to the wider Enterprise Zone and adjacent strategic locations must be clarified. Equally, until the new College development is resolved one way or other (in terms of Welsh Government funding package) then the GDZ is effectively stymied.



Despite the recent impacts of Covid, activity has been progressing across the Enterprise Zones and adjacent strategic locations. In particular at Bro Tathan (Welsh Government), moving ahead with the planning process at the L&G Model Farm site, the funding process for the College on the GDZ and, via CCR, enabling works on the Aberthaw site.

Whilst this is positive, our view is that the full investment potential across some 1,000 hectares is not being realised.

Taken together, these key strategic sites form a significant national scale set of assets:

⇒ *Aberthaw: 489 acres*
⇒ *GDZ: 190 acres*
⇒ *Cardiff Airport: 500 acres*
⇒ *Bro Tathan: 1,200 acres*
⇒ *Model Farm: 111 acres*

Totalling c.2,500 acres/ c.1,000 hectares with a significant accumulative sunk investment budget.

However, the sites are currently being taken forward as a disparate set of assets, with duplication, potential displacement impacts and a lack of proactive drive (with limited governance in place). Performance management has not been widely articulated across the Enterprise Zone sites since 2018 and the current Business Plan is somewhat out of date.

Recent discussions across the Council, Welsh Government and Cardiff Capital Region have recognised that this disparate approach is not maximising the assets and future potential. As a priority, Welsh Government will be re-visiting the overall strategy for the Bro Tathan and Airport Enterprise Zone sites. Following this, improving alignment to the Aberthaw site will be undertaken.

Key areas of focus will be:

- **Sector/cluster targets**: Re-assess the value proposition for the Enterprise Zones – and alignment to Aberthaw. The original prioritisation on aerospace was helpful – but now feels less relevant and certainly recent activity at Bro Tathan has been focused across wider sectors (including security and renewables).
- **Soft landing package**: There is the potential for duplication and 'competition' between the sites for new inward investment . Increase emphasis on active marketing to drive inward investment and foreign direct investment – FDI opportunities. We also recognise that there is no wrap-around strategy to support additional added value across the sites (including people and skills, R&D and future expansion plans).

For the Vale of Glamorgan Council to gain most advantage from its ownership of the GDZ, we will therefore explore the creation of **a single Strategic Enterprise Zone - or Strategic Growth Zone** - across all of the above sites. The following **key moves** reflect that ambition.

Strategic Enterprise Zone

WHAT	INTERVENTIONS / TIMESCALE
Review and revise the Vale of Glamorgan Enterprise Zone Strategy.	Led by Welsh Government, but with active input from VoG Council officers. Align with the emerging Vale-wide strategic growth plan (and Vale-wide sector, skills and economic growth plan prioritised above). For maximum investment opportunities at scale, clarity of overall offer and to avoid displacement and unnecessary competition between sites, the Council will be advocating for a single strategic enterprise zone (or growth zone) across all 1,000 acres noted above (Model Farm site dependent on planning status). **6 months (tbc).**
Revise governance	Review the current ad hoc governance arrangements into a single strategic process for the Strategic Zone. Create a single Board to oversee progress with site-based operational Boards in parallel. Ensure all key stakeholders form part of this governance. *NB: The addition of the L&G site will be dependent on planning and views from L&G.* **12 months.**
Review priority actions and capacity	Working with Welsh Government and Cardiff Capital Region, support development of a detailed 3 year action plan based on the revised strategy (above). Review capacity and resourcing requirements and respond accordingly. *NB: This should be proportionate for VoG Council land holdings in the first instance.* **18 months.**

EZ Plan for VoG Council	VoG Council to refresh their approach to the GDZ land. Push for a Q1 2023 decision on the College site. Until this is resolved, no further work can take place without the potential for abortive costs. Once this is clear, undertake small scale masterplan across plots. Review the current arrangements at Bro Tathen/Aberthawe and assess potential to become an investment partner in these developments. Consider economic and other returns if not a direct financial partner. These will influence future capacity/resourcing requirements. **12 – 18 months.**
Review cluster approach	Re-assess market demand for MRO and aerospace sector and consider better alignment with Aberthaw Green Growth Hub. Note energy requirements of all sites (including Model Farm depending on future use (e.g. Data Centres). **18 months (part of collaborative action planning above - but from VoG perspective)**
Procurement, labour and supply chain	Work with WG and CCR to develop comprehensive approach to maximise wider benefits. Note – this will drive demand for future housing and commercial sites – as well as energy. **18 months (part of collaborative action planning above - but from VoG perspective)**
Marketing material for inward investment	Where there are additional incentives (such as the lower interest rate opportunity at the Development Bank of Wales) then these should remain in place for the original zone, with negotiation to extend over time. Once the revised strategy is in place, finalise the value proposition for the Strategic Growth Zone – work with WG/CCR on appropriate inward marketing materials. Ensure alignment of soft landing approach and adopt a 'Team Vale' approach to co-ordination and communication within the revised governance arrangements. **18 – 24 months.**

4.8. Investment approach – internal culture

It is important to note that the Investment Plan is not the same as a wider economic growth plan. Our focus is on those investments which deliver a specific ROI, albeit against a wider set of indicators including financial, socio-economic and environmental.

Delivering a return on public investment is hard – and accessing investment routes is highly competitive. We are therefore committed to assemble a pipeline of the right quality investments which will 'stand out' and punch above their weight in such a competitive environment. Whilst the appetite of investors will undoubtedly return, the cost of investment in today's economic climate is challenging. The Council will therefore need to consider a range of key levers that could be utilised and considered during the investment development phase to improve the chances of external leverage.

We recognise that we need to affect a cultural shift within the Council to deliver a successful Investment Plan.

Therefore, as well as the agreed investment principles, values and outline actions above, we will adopt a set of *investment levers* to support implementation.

Our key internal Council levers underpinning the Investment Plan are as follows:

1) We will adopt **a 'department neutral' approach** to investment planning – i.e. prioritise the place and overall corporate impacts/corporate ROI rather than individual team plans. Bringing the right teams together to support delivery of placemaking priorities which will frame the opportunities and needs to coalesce a corporate approach. And, crucially, that this is co-created with direct community and relevant stakeholder involvement. A dedicated 'placemaking team' within the Place Directorate will co-ordinate this approach.
2) Linked to this, **the current Council land and property audit will be targeted to the place and site priorities outlined – with a set of investment assets agreed and ringfenced to sit as part of the investment plan collateral.** Undertaking this exercise may also flag land where strategic acquisition might prove beneficial to deliver the wider aims of the investment plan. The attached is an interesting overview of the good, the bad and the ugly of Council asset investment plans. Performance management of the investment and development property portfolio will form part of the overall investment plan performance dashboard. The work to undertake the Corporate Landlord function will form part of this alignment, but clearly distinguishing between corporate management of development assets and an agreed managed portfolio of investment assets, taken forward through a dedicated place development team[14].
3) **Developing a competitive and compelling offer to secure better returns**. We recognise that investment in the Vale of Glamorgan will be a competitive process – for both public and private investment. **Creating a high-level growth strategy for the Vale of Glamorgan will help to frame the content for investments in both places and sites** – (led by the Place Directorate). Supporting a Vale response to specific regional

[14] See section 4.9 for capacity review

opportunities, including priority sectors, will create scale and momentum for the additional economic and social returns that the Council is seeking from the Investment Plan. Developing opportunities which create an anchor or 'pull' for high growth, high value business will deliver better results in terms of decreasing outflow of the workforce through better skilled, higher paid jobs. *The findings of this work and a high level overview of the Investment Pan (and placemaking plans) could be developed into a 'Vale of Glamorgan investment Prospectus' to better market opportunities.*

4) **Taking an 'at scale' approach where possible.** The Investment Plan will prioritise strategic initiatives with highest leverage, rather than a set of disparate smaller projects. We will explore the potential to package smaller 'quick wins' to balance strategic investments and give confidence to both local communities and other investors. Utilising the UK Shared Prosperity Fund and articulating it alongside the investment plan might be helpful (see place-based actions below). Likewise, connecting success of the transport interchange investment with wider plans for the Eastern Gateway in Barry will be important.
5) **Ensuring that capacity and other resources form part of decision-making from the 'get-go'.** We recognise that the right capacity and resource go hand-in-hand with successful investments – creating confidence in investors (public and private) by ensuring a more efficient and effective approach to investment development and delivery. Being realistic is also key. Do resources meet the ambition – or might things need to be scaled back to minimise risk? Taking a realistic and transparent view of the timeframe and costs required to deliver the investment plan (and any return) is crucial – as is making sure officers, Members and the community fully understand this. Establishing a trajectory against KPIs over an agreed timeframe is also fundamental to success.

4.9. Capacity

Whilst we do have significant in-house expertise and capacity across the agenda, we are cognisant that there are different skill requirements needed to deliver a successful investment portfolio in terms of the breadth of ROI. Following a high level review of our current capacity, over the short to medium term we will support the 'gearing-up' of our investment capacity. Corporately, this will include:

⇒ A clear and well-understood strategy and implementation plan across the Council – prioritising developments rather than a scatter-gun approach.
⇒ Committing to effective corporate performance monitoring and management.
⇒ Ensuring we use the right expertise at the right time – recognising that this might not always be in-house.
⇒ Adopting a 'can-do' approach to partnership and joint initiatives/ ventures.
⇒ We recognise that we will need to support learning and understanding in new investment approaches for officers, Members and communities.
⇒ Member and community involvement will be central to success, as well as proactive communications and engagement – locally and beyond.

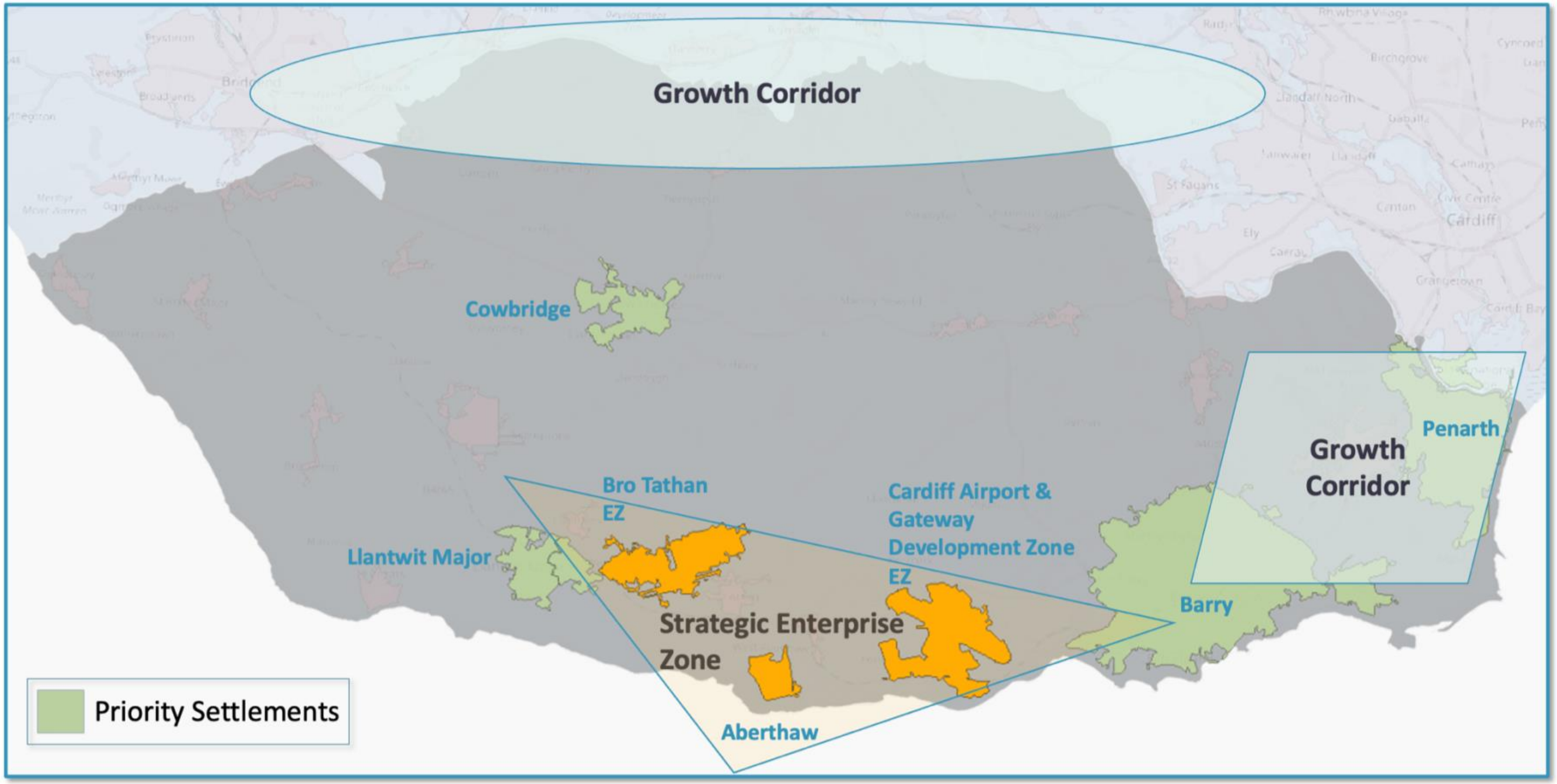
Specifically, the following headline capacity requirements will be addressed in the **short term**:

⇒ Setting-up a revised place approach as outlined in 'Investment Plan Management' – including streamlined governance and implementation of the gateway approach (in partnership with corporate services).
⇒ Resourcing the Investment Plan secretariat (including managing meetings and all templated administration – aligned with performance reporting).
⇒ We note the impact of possible future Levelling Up Fund delivery within the next 12 months at both programme management level and direct delivery. The scale of this project will have a significant capacity impact.
⇒ Resourcing programme management and direct delivery of the UK Shared Prosperity Fund (e.g. feasibility to link to the Investment Plan).
⇒ Project pipeline: Commencing development activity - direct and in partnership.
⇒ Placemaking plans in priority towns (Barry, Penarth, Cowbridge and Llantwit Major)
⇒ Initial capacity support to refresh the Enterprise Zone – including close working with Welsh Government and CCR.

In the **medium to longer term** and particularly as early pipeline investments and return materialise:

⇒ Gearing-up dedicated placemaking capacity supporting our key settlements and emerging pipeline investments.
⇒ Ensuring co-ordinated stakeholder and community engagement functions across the Council.
⇒ Developing a clear, single 'voice' across strategic place and investment growth.
⇒ Increasing emphasis on investment opportunities relating to climate and renewable energy with commensurate capacity requirements.
⇒ Creating 'major project' development (as well as delivery management) capacity with appropriate skills-sets.

4.10. Summary plan



Designed by **Rothwell** created by **Understanding Data** in QGIS using licenses from OS & ONS