Cardiff Capital Region

Agenda item 5

Powering the Welsh Economy

Contents

Foreword

This report directly addresses the challenge the Cardiff Capital Region Board was set by the Welsh Government Minister for Economy, Science and Transport, Edwina Hart, MBE, CStJ, AM, in November of 2013.

Our challenge was to advise the Minister on how best "to provide the leadership, vision and strategic direction for the City Region", setting priorities in the context of an "innovative Region of distinction, connected communities and places planning their future together to maximise the opportunities of their people".

The Board has met every month, during which we have visited all ten local authority areas in the Region. We received and discussed numerous presentations and papers from a variety of individuals and organisations. In addition, we engaged with a wide range of stakeholders, held workshops and events (as outlined in the appendix to this Report), met with all of the Local Government Leaders in the Region, and taken advice from their officials. This process informed the delivery themes that we have identified and focussed upon in this Report, and which sit within the broader context of developing and communicating a positive identity for our Region:

1. Connectivity
2. Skills
3. Innovation and growth

We have been transparent in our work. I have appeared before the Enterprise and Business Committee of the National Assembly for Wales to assist with their inquiry into City Regions, and I took comfort from the cross-party support, at the Committee, for the City Region concept. We have published notes of our Board meetings on-line.

In this report, we show that a Cardiff Capital Region has the qualities and characteristics to power Wales forward. This is not about the Region pursuing its own interests at the expense or exclusion of the interests of wider Wales. We believe a Cardiff Capital Region, strategically-aligned and with an overarching unity of purpose, has the potential to fundamentally transform the lives not only of the people living within the Region, but of all of the people throughout Wales.

We need to unite the people, the resources, and the opportunities of the Region. Time is of the essence, and developments in relation to the Planning Bill and public service reform mean that it is opportune to drive strategic and transformational change.

"We believe a Cardiff Capital Region, strategically aligned and with an overarching unity of purpose, has the potential to fundamentally transform the lives not only of the people living within the Region, but of all of the people throughout Wales."

This is particularly true in terms of the pressing need to better align transport, economic development, and land-use planning.

The Planning Bill recognises that some planning issues need to be tackled at a larger than local level and require a more strategic approach that embraces local authorities, community, environmental and business interests. We also acknowledge the Welsh Government's ambition for local authorities to drive change by coming together to share powers and responsibilities. These moves are very much in tune with the strategic agenda for change in this Report, and which requires collaborative working across administrative boundaries. We begin from a sound base, recognising that there is already a good working relationship between Welsh Government and Local Government – but that there needs to be greater clarity in understanding roles and responsibilities. Local Government already has existing economic development powers – and these need to be used for the Region as a whole to deliver improved efficiency and impact.

Our case for change is compelling. The drivers are both external and internal to the Region, international and domestic. These are set out in chapters two and three of this Report on the 'Global Perspective' and 'Cardiff Capital Region Today'. Modern communications and technology mean that we can compete with other city regions that may be thousands of miles away, not just a couple of hours by train. In this global economy, size is important and so the critical mass, influence, and economies of scale we can create through harnessing the collective power of a Cardiff Capital Region of 1.5 million people is key to our competitive position. The focus upon cities as drivers of economic growth is a global trend, and the challenge is to spread their success. The increasing role of cities as wider economic drivers, as demonstrated in successful city regions in the UK, Europe and further afield underpins our case for change.

The Region has a rich history and heritage. It was the iron cauldron of the industrial revolution, and with its mining and export of coal, it was the world's first 'Energy Region'. Looking to the future, harnessing the tidal regime of the Severn estuary may provide new opportunities for the Region. Whilst we respect and pay tribute to that proud history, we must not allow our ambition for the future to be constrained by it. Our Report highlights that the seeds of our future prosperity are already being sown in education, the private sector and with a global sporting and cultural offering.

Our centres of learning in our schools, further education colleges, and universities are already delivering a skilled work-force and are creating valuable intellectual capital. The University of South Wales and Cardiff Metropolitan University have growing reputations and Cardiff University has recently been ranked in the top 5 Universities in the UK for the quality of its research. The Cardiff Internet Exchange and BT Nexus Node support high quality and rapid data transfer to London and beyond, and the Region's already installed fibre is comparable to leading countries globally.

While economic growth is spatially uneven, economic development can be socially inclusive if the Region is well connected. Good connectivity is the hub around which all other activity is dependent and connectivity is critical to ensuring that all parts of the Region have the equality of opportunity that they need and deserve. That is why, in this Report, we have identified that the delivery of a world-class, integrated and strategic transport system will profoundly transform the economic potential of the Region, advance social inclusion and protect and enhance our environment. The pivotal role of integrated transport to these three pillars of sustainable development (economic, social and environmental), provide the rationale for our belief that the Region's governance journey should begin with transport. The Economy, Science and Transport Minister's recent announcement to establish a not-for-dividend subsidiary of the Welsh Government, initially advising upon electrification, the rail franchise, and plans for an integrated transport system in the Region, is significant in this regard.

The watchwords of our Board and our work over the past year have been ambition, connectivity, skills, innovation, transformational growth, sustainability, inclusivity and opportunity for all. The publication of this Report is the product of that sustained effort and fulfils our remit "to provide the leadership, vision and strategic direction" for the Region. Now the hard work has to begin. As a Board we have been consistent in our messaging that our role is advisory in helping to set the vision, mission, and strategy for the Cardiff Capital Region. This reflects our 18-month term of appointment as a Task and Finish Board.

With the publication of this Report, the advisory phase of the Cardiff Capital Region journey is drawing to a close. We now find ourselves on the cusp of the implementation and delivery phase. The job of implementing operational delivery must be undertaken by a different and appropriately accountable structure or structures. This brave new model of strategic regional delivery will need to build trust and confidence and forge a renewed private and public sector relationship at local and national levels.

I sincerely thank my fellow Board members for their hard work and patience, the Welsh Government for their constant support, advice, and guidance, and the PwC team who skilfully assisted us to assemble this Report. I also thank all of those stakeholders who attended the series of workshops that we held last November which have helped frame and inform the content of this Report. I also pay tribute to Welsh Government, Cardiff City Council and Cardiff University for their resourcing and housing of the Cardiff Capital Region Support Unit, and to so many people who gave us their time and advice which helped shape our thinking.

The Cardiff Capital Region has what it takes to be great – it is already a fantastic place to live and work for many. Let's make it significantly better for all. I commend this Report to you.

Roger Lewis
Chair, Cardiff Capital Region Board
February 2015

Our vision

“A globally-connected, great place to live and work — powering the Welsh economy.”

Ambitious
Capitalise on our unique identity and our ability to power the Welsh economy. We are a proud Capital City Region in the United Kingdom which gives us a platform to think big.

Confidence and lifestyle
Building on the Cardiff Capital Region’s reputation as a great place to live, work and play. We are proud of our quality of life, our culture, and the natural beauty we have on our doorstep.

Collaborative
To make the most of the opportunities our combined size gives us, we must all work together - public sector, private sector, education establishments and our communities – for the benefit of all.

Sustained success
A Cardiff Capital Region that is successful economically, socially and environmentally and which benefits all our communities.

Well-connected
Realising the potential of our excellent people through world class communications and transport – regionally, nationally and internationally.

International and national stage
Attracts people and investment from global markets, as well as from other parts of the UK.

Mermaid Quay, Cardiff Bay

Our mission

“Be an ambitious, collaborative and well-connected Cardiff Capital Region with the confidence and lifestyle to deliver sustained success for our people and compete on the national and international stage.”

Delivering the vision

Four delivery themes emerge from this vision. These delivery themes represent the foundations of growth for the Cardiff Capital Region.

Connectivity

Deliver an integrated infrastructure which allows an effective, efficient and sustainable movement of people, goods and information, regionally, nationally and internationally.

Innovation and growth

Support a thriving business community with international recognition, driven by an entrepreneurial culture and leading academic research.

Skills

Our Region and our people are recognised globally for having the skills for life that meet the needs of our businesses and our communities.

Identity

Build a vibrant and internationally recognised Cardiff Capital Region synonymous with quality of life.

01. Background and context

THE BACKGROUND

In 2011 the Welsh Government Minister for Economy, Science and Transport, Edwina Hart MBE CStJ AM set up a task and finish group, Chaired by Dr Elizabeth Haywood, to consider the evidence for city regions as economic drivers. The report issued 22 recommendations, the first of which was:

"The group strongly recommends that a city Region be recognised in South East Wales on the basis of existing patterns of movement and the potential for increased interconnectivity together with the tradition of both social and economic interdependence."

In response to this report, the Cardiff Capital Region Board was established in November 2013. The initiative brought together a group of individuals, drawn from the public and private sectors as an advisory Board. The Cardiff Capital Region Board has had at its heart, the objective of improving the economic performance of the Region by providing leadership, vision and strategic direction.

The Board has met regularly and has pursued an intensive work programme. This has seen it receive, discuss and consider a wide variety of input from a range of private and public sector stakeholders. The publication of this Report is the product of that endeavour.

THE CASE FOR CHANGE

The drivers for a city region approach are both internal and external to the Region. These are set out in sections two and three of this Report.

The external drivers include the Global Financial Crisis and the changing environment of global connectivity, driven by technological advances and transformed business practices. The traditional sources and destinations of money and people have changed. This means that competition between locations is ever more intense, our Region is no longer simply in competition with our near neighbours, but also with places thousands of miles away and in different time zones. This changing global environment places an onus upon us to become ever more strategic in harnessing the forces of agglomeration to build critical mass, economies of scale and attract further investment.

The internal drivers relate to the economic performance of the Region, and the urgent need to align ourselves to the growing global trend for cities to act as drivers and catalysts of wider regional economic development. We need to up our game so that the economic performance of our Region punches above its weight.

10 local authority areas of The Cardiff Capital Region

“The key arguments for a city region approach are based around the benefits that can arise through scale, shared risk and reward and efficient and coordinated investment decisions.”

City regionalism is a concept that reflects the idea that most people and businesses operate beyond the local authority boundaries in which they live (i.e. functional economic areas). These facts coupled with the Region’s economic performance are driving a need for change.

The key arguments for a city region approach are based around the benefits that can arise through scale, shared risk and reward and efficient and coordinated investment decisions.

City regions are not unique to the UK – they are driving economic growth in Europe and further afield. Many continental regions have operated as city regions for a long time. Stuttgart, Cardiff’s twin city, has operated a city region for a number of years as have cities such as Oslo, Auckland and a number of major US cities. The rapidly growing Asian cities are also increasingly operating as city regions. City regions have also been recognised by the European Commission and connectivity and cohesiveness are key themes in the new funding programme.

Admiral Insurance, Central Cardiff Enterprise Zone

02. A global perspective

GLOBAL OUTLOOK

The global market for capital, skills and resources is changing rapidly. The Global Financial Crisis has shown that the traditional sources and destinations of money and people have changed, meaning that the Cardiff Capital Region is operating in a more competitive environment, on a UK, European and global level. To succeed in this new world we must ensure that competition for projects within the Cardiff Capital Region is put aside in favour of the wider competitive environment.

First, people and capital are more mobile – and have more choice – than ever before, meaning that cities and economic regions are now competing with other cities that may be thousands of miles and several time zones away, not just a couple of hours by train. Big companies have operations all over the world, and can choose which location provides the best environment to meet their needs. A business with its HQ in the UK might choose to have manufacturing in China, suppliers in North America, R&D in India and call centres in Ireland, for example. Similarly, it is estimated that over 230m people[01] worldwide now work outside the country of their birth, demonstrating that people are willing to relocate to find the best opportunities.

In addition, the traditional sources of skilled people and capital – developed markets – no longer have a monopoly. Large cash surpluses are being generated in emerging markets, for example in India, China, Malaysia and the oil-producing countries in the Middle East. In some cases, the domestic economies are too small or under-developed to absorb this money, meaning they are looking for suitable investments in other countries. This is giving rise to Sovereign Wealth Funds and fast growing businesses that are looking to expand or invest, often outside their home market. Other countries are producing skilled people at an increasing rate – for example, India now produces over 800,000 graduate engineers per year.

It is becoming harder for developed market cities to compete. Cities in the developing world often benefit from 'state-directed capitalism', where governments – for example those in the Gulf or South East Asia – build infrastructure and pursue economic strategies at a pace that cannot be matched by western democracies. Modern Doha, for example, has been built in ten years.

The Global Financial Crisis has also highlighted the difference in economic performance between developed and emerging markets. Asian and African economies are forecast to grow at 6% per year over the next 5 years, and the Middle East at over 4%. In contrast, the Eurozone is forecast to grow at less than 2%. Even the UK, which is currently the bright star of Europe, is forecast to achieve only 2.5% per year[02].

So why would anyone invest in the UK?

Fortunately, there are still some very good reasons, including:

— The UK is a stable, well-regulated economy. This means it is viewed as a safe place to invest;
— The UK still has skills and capabilities that are in demand elsewhere in the world;
— The UK corporation tax rate will be lowered to 20 percent in April 2015, the lowest rate in G7 and joint lowest in G20;
— The UK was ranked second among G20 countries for ease of doing business in the World Bank's 2013 Doing Business survey.

The above reasons mean that there are many investors globally who view the UK as an attractive market. Indeed, there were 1,773 new Foreign Direct Investment projects recorded in 2013/4. But the investors are not the same ones as before, and they are looking for different things. We are seeing fewer major 'greenfield' investments into new manufacturing facilities, for example, as there are parts of the world that are more attractive for these than the UK. We are seeing a demand for infrastructure investments, skills-based investments and investments into existing UK businesses.

Infrastructure investments include China's proposed investment in a new nuclear reactor at Hinkley Point, Abu Dhabi's investment in the regeneration of East Manchester, and Dubai's development of the London Gateway container port.

Skills investments include the trend of 'near shoring' support functions to lower-cost locations in the UK and Ireland. Etihad Airways has chosen to establish one of its global call centres and its global online support operation in Manchester, for example.

Investments into established UK businesses include Tata's investment in Jaguar Land Rover which has enabled a UK business to expand into new markets, funded by Indian capital.

02. A global perspective

What does this mean for the Cardiff Capital Region?

We believe that if we are to compete in this new global market, we must develop the capabilities, resources and critical mass to give us a competitive advantage. We must also present and market these globally in a compelling and consistent way. Investors from new markets may not know much about the Cardiff Capital Region at the moment, so we need to actively promote it, rather than expect them to come to us. We need to make investors aware of our skilled workforce; and exciting mix of businesses across the region – which range from aerospace and defence, to life sciences, to marine business services. We are home to:

— The world's leading contract manufacturer of semiconductor wafer products for wireless components such as mobile phones;
— The servicing of BA's long–haul aircraft fleet at Rhoose;
— Leading e-commerce companies including Confused and Go Compare;
— A University which is ranked in the top 5 UK Universities for research;
— The production of leading TV series such as Dr Who, Sherlock and Casualty and shortly a significant new BBC Wales National Broadcasting Centre;
— The Cardiff Internet Exchange, one of only 5 exchanges in the UK.

For certain types of investors – for example Sovereign Wealth Funds – we also need to help identify specific opportunities for them to invest in, and provide support to help make it happen. This global perspective does not mean turning away from our important role as the economic engine of Wales, or as one of the UK's four capital cities. Rather, it means that our horizons and aspirations should be aligned to the new world market and not just to the competition between UK cities. The Cardiff Capital Region needs to be economically relevant on three levels: to Wales, to the UK and to the global market. Our 'value proposition' will explain why people and investors should come to the Cardiff Capital Region – whether they are from Bangor, Birmingham or Beijing.

Looking to the future, building on the past

Cardiff Capital Region has a long and proud history in the global economy. In the 19th century, coal from our valleys fuelled the industrial revolution. It powered ironworks, factories, trains and steamships all over the world. As a result, people flocked to Cardiff, which grew from a small village of 1000 people in 1801 to a city of nearly 200,000 by 1950[03]. We were the world's first Energy City Region.

At the start of the 20th century, a new industrial revolution saw the advent of the internal combustion engine and mass production. This revolution was powered by oil. As oil took over from coal, the Region's economic prosperity plateaued and its growth stagnated.

Now, at the start of the 21st century, many people believe that we are on the cusp of a third industrial revolution. Western countries are reducing their dependency on oil and other fossil fuels, replacing them with renewable energy. Instead of a few large power stations burning oil or gas, the new energy system will consist of a large number of smaller generators harnessing the power of the sun, wind, waves and tide supported by a smaller number of larger facilities using a range of technologies. Households and communities will start to generate their own power, and this multitude of generators will be connected together by a 'smart grid' that can allow the flow of power from any source to any user, in the same way that the internet allows the limitless flow of information.

Communications technology is underpinning this change. The first industrial revolution was aided by the powered printing press, which allowed the mass distribution of ideas and information. The second industrial revolution was aided by the telephone, which enabled immediate direct contact over long distances for the first time. The Region played an important role in the early development of telecommunications – Marconi carried out the first transmission over water between Flat Holm Island and Lavernock Point. Now, the third industrial revolution is being aided by the internet, which is enabling new ways of working and radically changing many industries and ways of life. We have a strong installed fibre optic network – 96% of homes and businesses will have access to fibre broadband by 2016, we house the Cardiff Internet Exchange one of only 5 in the UK, we are home to Europe's largest Tier 3 Data Exchange, we have a direct Nexus Node link into London and aspire to establish direct links with the major transatlantic fibre network. This will give us an unrivalled digital platform compared to other competing UK Regions.

This third industrial revolution provides Cardiff Capital Region with an opportunity to reclaim its global economic relevance. A new style of business is emerging, which is more distributed, more collaborative and more social. As new communications and manufacturing technologies drive down the cost of business, more and more of us can become entrepreneurs and collaborators, producing our own energy, information and products for highly targeted markets. As a beautiful Region with a high quality of life, Cardiff Capital Region is well placed to attract the people and entrepreneurs that will drive this new economy. Businesses can locate here and provide their products, services or information to customers anywhere in the world.

This is what we mean by 'looking to the future, building on the past'. We have inherited a proud history, rich culture, landscape and natural resources. Our challenge is to make this inheritance relevant for the new economy, and to use it to attract people, businesses and organisations that are investing for the future.

Brecon Beacons, Northern border of the Region

03. Cardiff Capital Region today

An economic profile

The Cardiff Capital Region has a diverse economy comprising a vibrant capital city, important market towns and cities, industrial heartland, a fabulous countryside and coastal belt.

The Region is formed of 10 local authority areas covering the South East Region of South Wales spanning c.60 miles of coastline from Bridgend to Monmouthshire. The Region has a population of 1.5m (2013) which equates to almost half of the total population of Wales. The total population of the Region grew by 2.4% from 2008-2013, with Cardiff itself growing by 5.7% over the same period.

The Region is economically significant for Wales, generating more than half of the total Gross Value Added[04] (GVA) in Wales in 2012. However, on a per-head basis, the Region lags behind the UK average, generating only 80% of the UK average GVA per head, meaning that our Region is less productive on average than the rest of the UK. This gap has increased over the last 8 years, meaning we will have to do things very differently in order to close the gap.

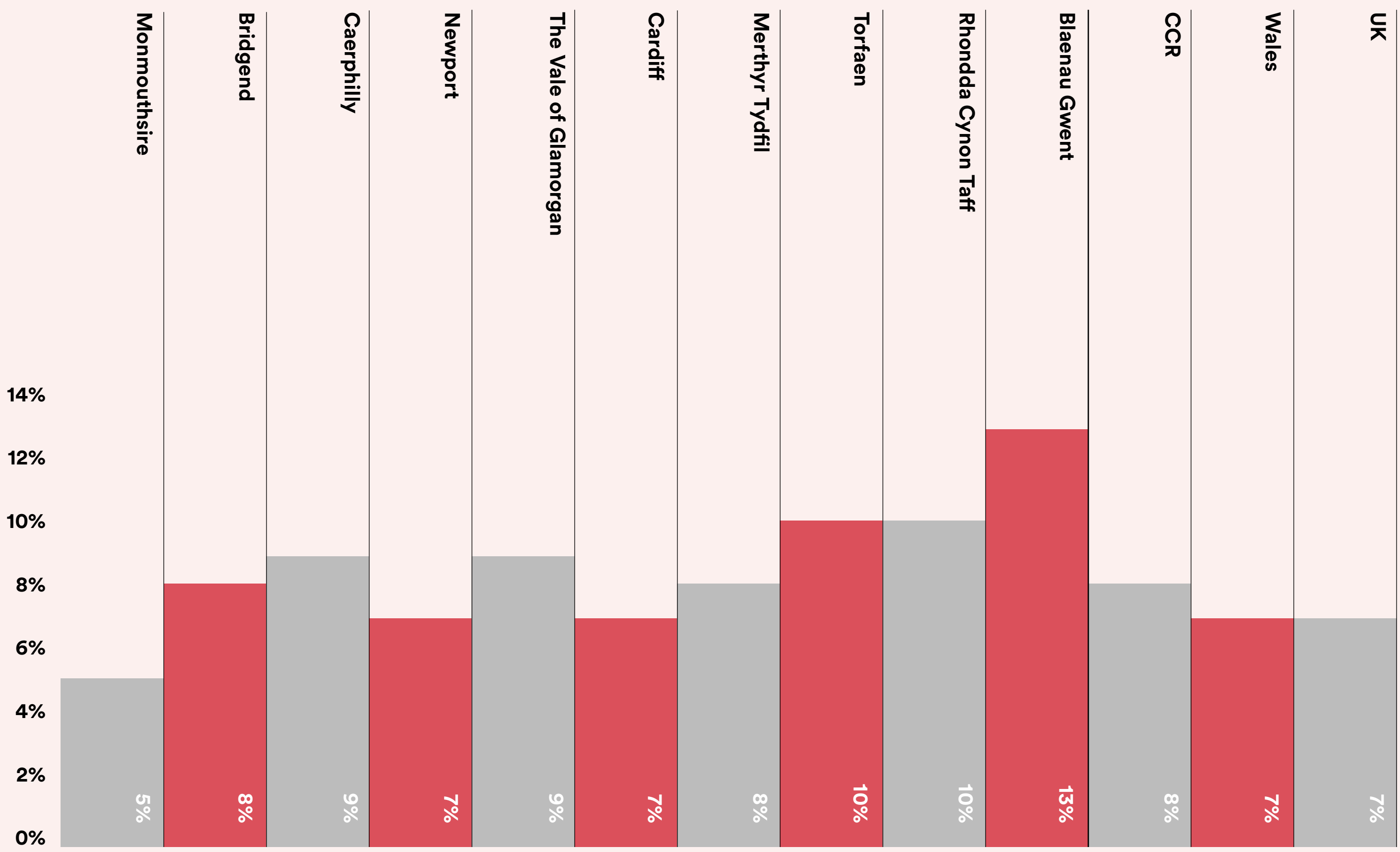
Within the Region, there is a disparity in economic performance between the more prosperous coastal areas and the less developed Heads of the Valleys Region, with a wide variation in unemployment rates and average wages.

Unemployment in the Region as a whole is 8%, slightly higher than the rest of Wales and the UK. Within the Region there is significant disparity between 5% in Monmouthshire and 13% in Blaenau Gwent. Unemployment for those under 25 is 15%, compared to a UK average of 13%. This is driven by very high youth unemployment rates in Blaenau Gwent (26%), Rhondda Cynon Taff (22%) and Torfaen (20%).[06] Average wages also show a wide variation across the Region. Monmouthshire residents earn on average £578 a week, whereas in Blaenau Gwent the average wage is only £398, compared with a Great Britain average of £518 per week.

Average gross wages in the Region are lower than the UK average. In the short term we must use this cost benefit to our advantage and promote the cost advantage of our skilled, productive and loyal workforce to attract new investment. This economic disparity is not acceptable if we are all to be proud of the Cardiff Capital Region as a modern, thriving Region. Our vision for the Cardiff Capital Region is inclusive, and it must be as meaningful to the Heads of the Valleys as it is to the City of Cardiff itself. Our aspiration is to make a step change to both GVA and gross wages and bring these in line with the UK average (excluding London).

Where people live is not the same as where people work. Our Region sees 210,000 people move from one local authority to another every day to get

Overall unemployment rate 2013[06] by location of residence

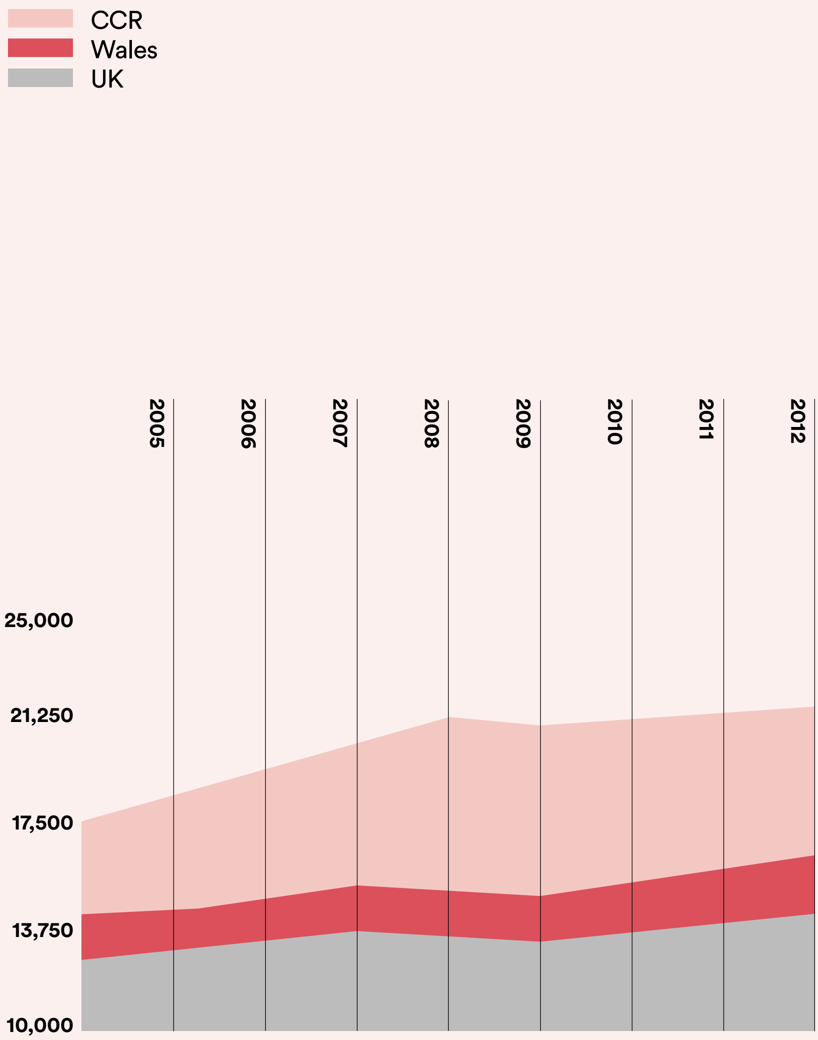


to work. For example, over 100,000 people move in and out of Cardiff daily, with significant migration from the neighbouring local authorities such as the Vale of Glamorgan, Rhondda Cynon Taff and Caerphilly.

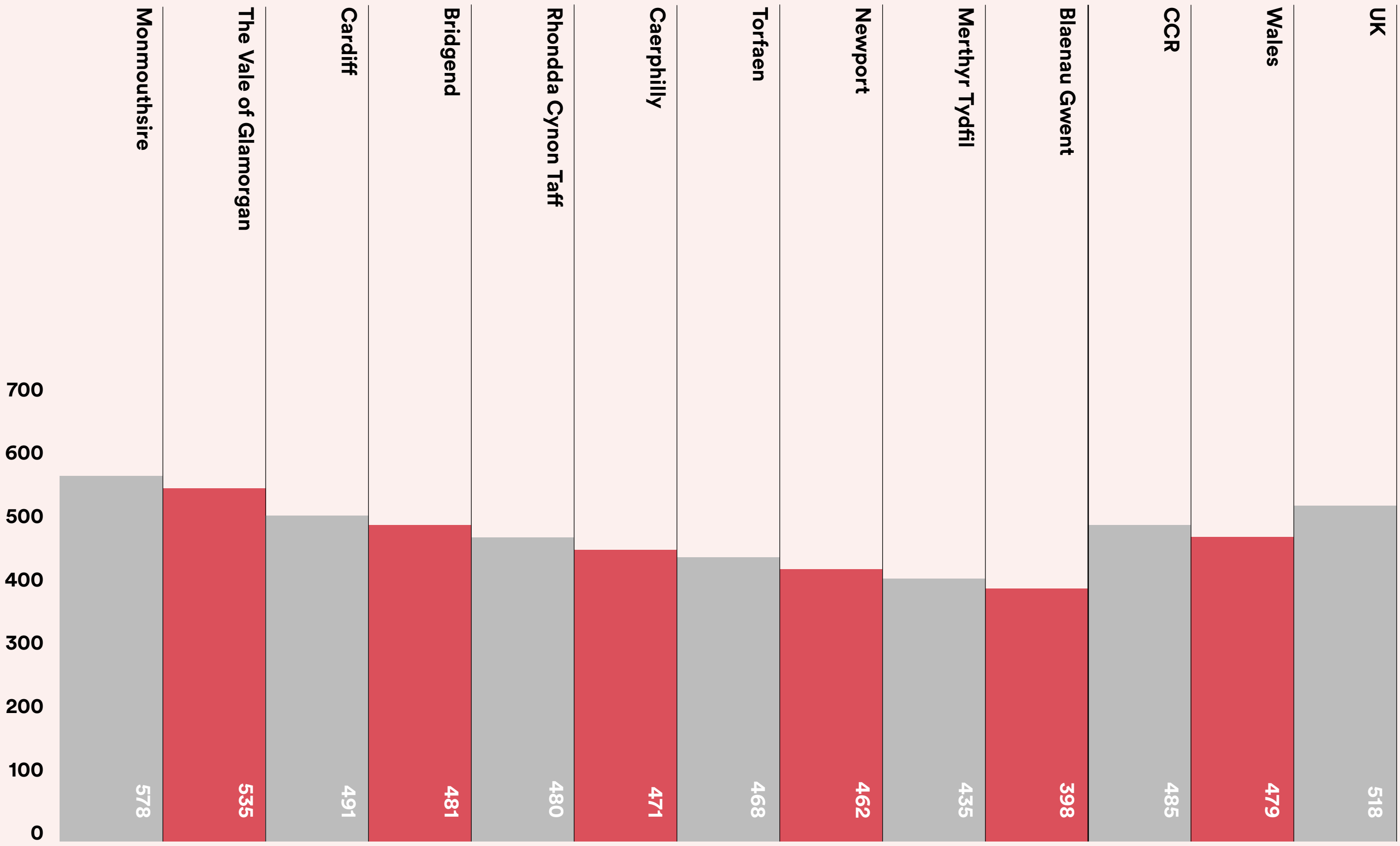
In 2012 the Region had c.34,000 businesses and c.659,000 jobs. 35% of all jobs are in public sector administration, education and healthcare. We are underweight, relative to the UK as a whole, in jobs in sectors such as Financial and Professional services, Transport and Logistics, and Information and Communication.

Drawing from its industrial heritage, the Region has expertise in manufacturing both in the south as well as in the Heads of the Valleys including an established MRO[11] base in St. Athan, offering services to aerospace and defence companies, as well as automotive component expertise in Blaenau Gwent, serving world class OEMs. The Region's anchor manufacturing businesses include BT, Ford, Airbus, GE Aviation, General Dynamics, Sony, IQE, Doncasters, BA Maintenance, Meritor, TRW etc. The Region is also home to several high quality educational institutions, including three universities, which are developing new Intellectual Property (IP) across a number of fields, ranging from urban planning to alternative fuels and life sciences. Underpinning these strengths is a strong base of human capital that, if effectively deployed, can propel the Region towards greater prosperity.

GVA per head by place of work, 2004 — 2012[05] £000, current prices

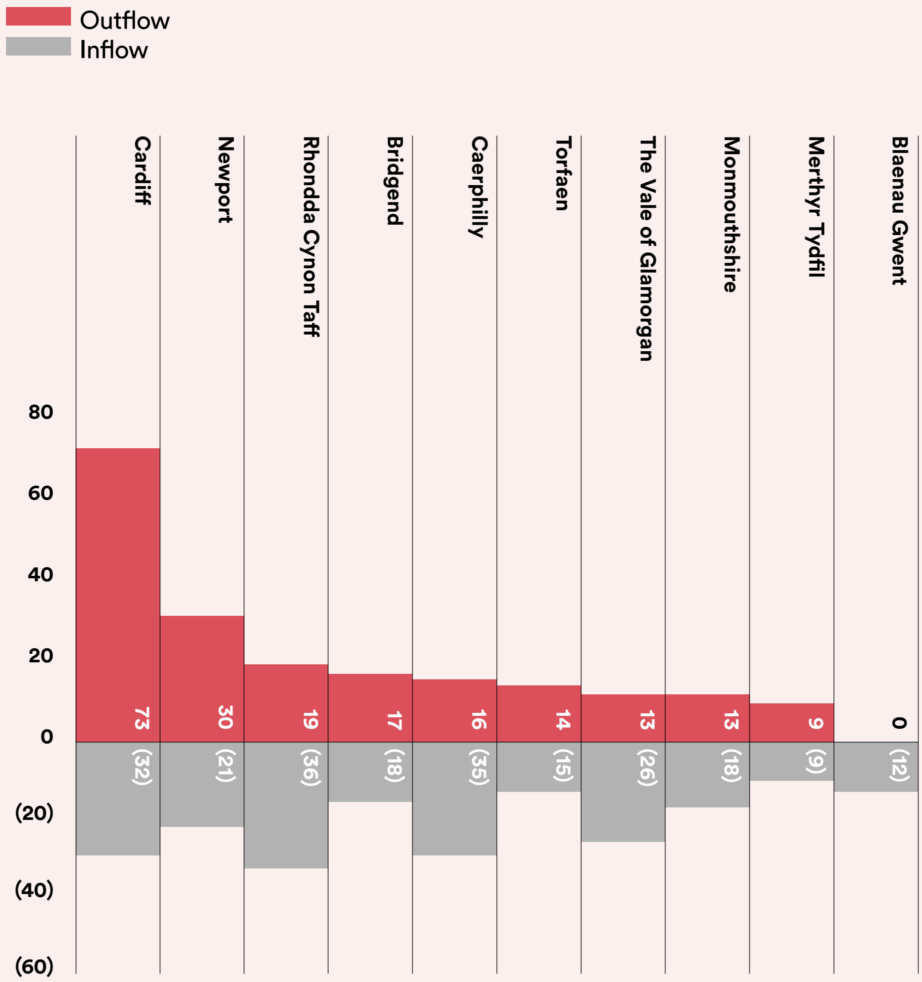


Gross wages by place of residence 2014[07] £ per week, by location of residence



03. Cardiff Capital Region today

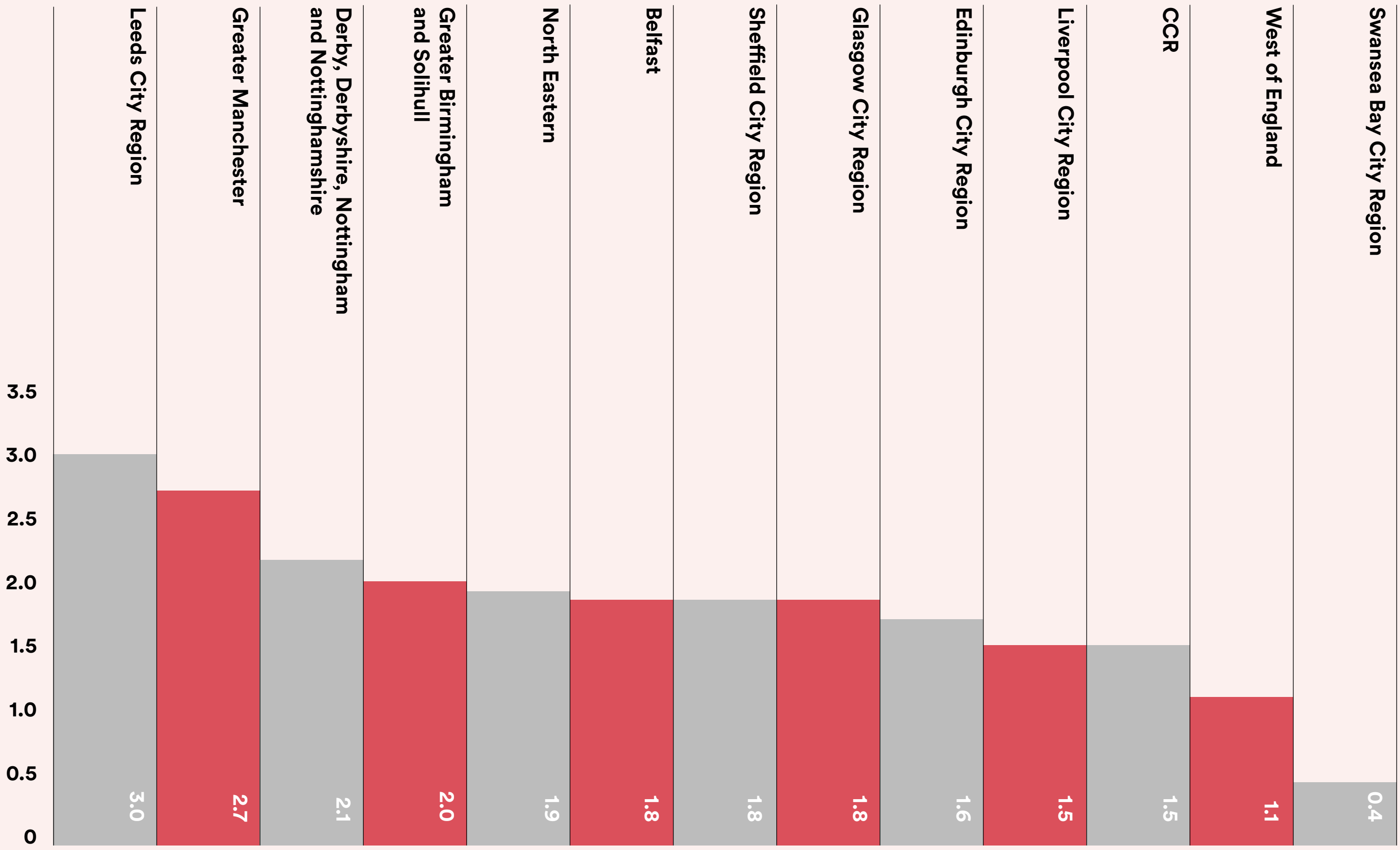
Daily commuter movements in the CCR, 2011[08] Net movement, (000s people)



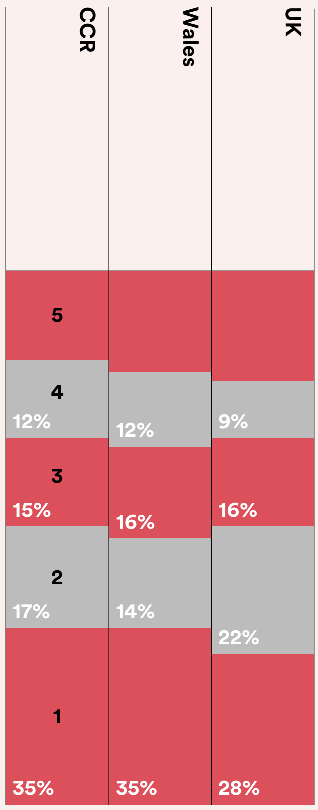
However, in many sectors there is a lack of critical mass in the private sector to retain the talent being developed in our Region. In order to generate this critical mass of business activity, the Region needs to encourage businesses, both small and large to set up and remain in the Cardiff Capital Region. Small and medium sized businesses are important for generating disruptive new innovations and cultivating a vibrant entrepreneurial spirit, but need to be complemented by large anchor businesses which form the pillars of job creation and stability. Our Region is home to a number of multinational companies, many of which are global leaders in their sectors. These, along with our larger, indigenous businesses are our Region's "anchor businesses". However, the Region suffers from a shortage of large, locally headquartered businesses employing in excess of 1,000 staff. The Region needs to increase the size of the private sector to help rebalance the economy.

In addition to driving private sector employment, the Region should continue to encourage infrastructure investment. The last 25 years have seen significant regeneration activity across the Region with many major investments to redevelop heavy industrial areas and the creation of new business parks, housing and recreational initiatives. Projects have included the Cardiff Bay regeneration and the reintroduction of a passenger rail service to Ebbw Vale, in addition to major road infrastructure works. A number of these projects were delivered using public private partnerships (PPPs), supported by European funding. The Welsh Government recent announcement of the creation of a not-for-dividend company, as a key part of its approach to delivering a more effective integrated transport system in Wales, further evidences this approach.

Population of Major UK Major Urban Conurbations, 2013[09] millions



Share of total employment by sector 2013[10]



5 Others
4 Manufacturing
3 Wholesale and retail, incl. motor trades
2 Financial and other business services
1 Public admin, education and health

Despite the investments made over the last 25 years, large elements of the Region continue to be defined as some of the most economically deprived areas in Europe and therefore remain eligible for the maximum level of financial support from European Funds. This support will remain in place until a minimum of 2020 and the Region needs to ensure that it maximizes the economic potential of this funding to drive growth.

Our economic performance needs to improve if we are to achieve the growth and equality we desire. However, the population of Cardiff and the Cardiff Capital Region is modest when compared to other competing UK cities and regions. If we try and compete on large metrics we will not succeed – we need to focus on areas of competitive advantage. Cardiff is one of only four capital cities in the UK – it offers capital city attributes without the drawbacks. At the table with London, Edinburgh and Belfast, Cardiff has an economic, political and social role in representing and leading Wales.

This represents our starting point, our platform for growth. Combined with our history, culture and natural environment, it gives us an opportunity to be different and so to punch above our weight. Our vision for the Cardiff Capital Region describes how we will build on this platform by focusing on what makes us stand out, offering something distinctive to entrepreneurs and organisations. Further, by making an investment in our infrastructure today, particularly transport, we can actively prepare for the inevitable movement of people, goods and information associated with economic growth.

We have the opportunity to collaborate more closely beyond our boundaries on key initiatives to counter the critical mass of other UK regions for the mutual benefit of the Region and Wales.

04. Delivering the vision

“Deliver an integrated infrastructure which allows an effective, efficient and sustainable movement of people, goods and information, regionally, nationally and internationally.”

Four delivery themes emerge from this vision. These themes represent the foundations for growth for the Cardiff Capital Region.

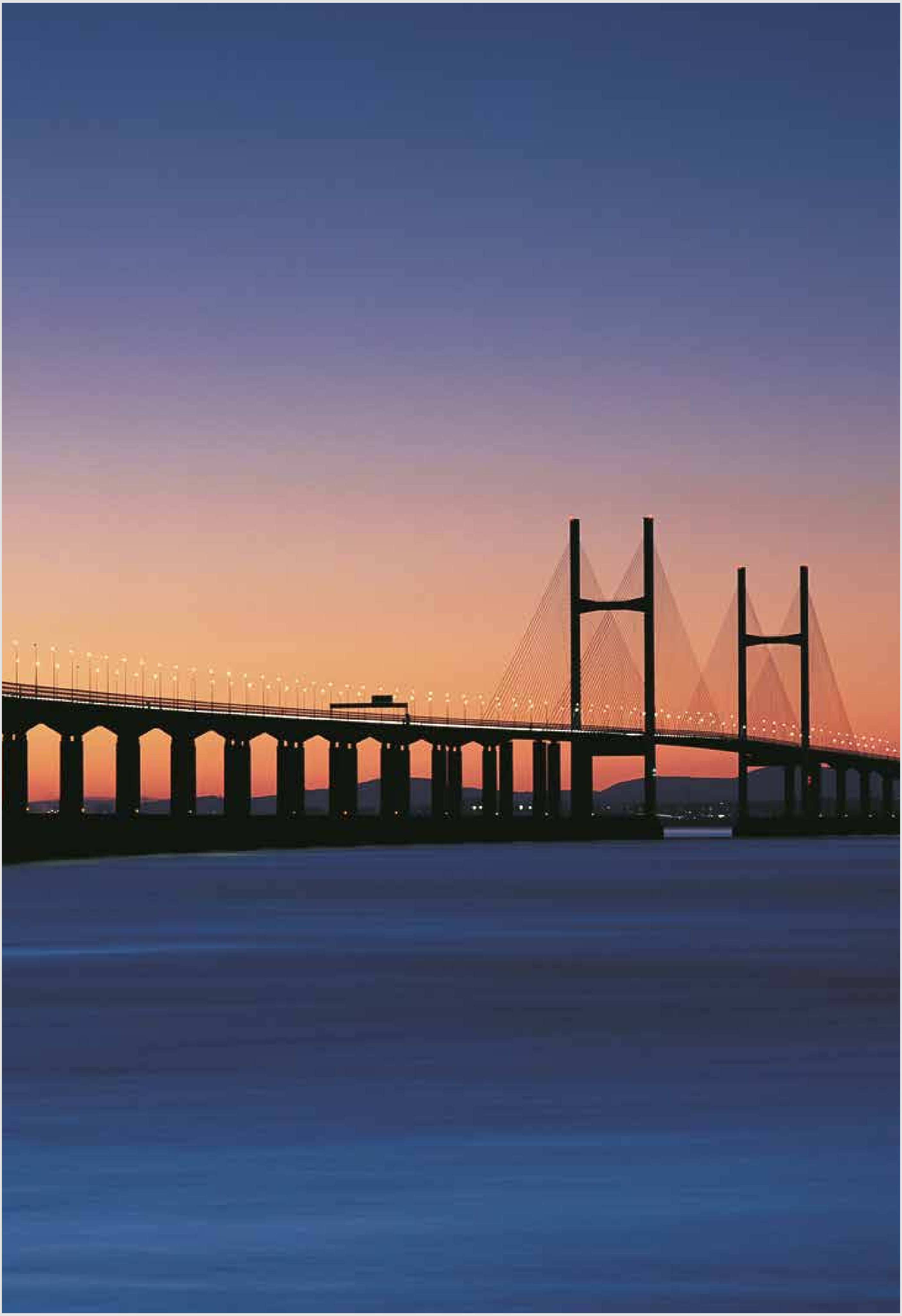
Connectivity
Deliver an integrated infrastructure, which allows an effective, efficient and sustainable movement of people, goods and information; regionally, nationally and internationally.

Skills
Our Region and our people are recognised globally for having the skills for life that meet the needs of our businesses and our communities.

Innovation and growth
Support a thriving business community with international recognition driven by an entrepreneurial culture and leading academic research.

Identity
Build a vibrant and internationally recognised Cardiff Capital Region synonymous with quality of life.

Second Severn Crossing, Eastern border of the Region



04a. Connectivity

TRANSPORT

Successful city regions have high performing integrated transport systems that allow for the seamless and efficient flow of people and goods, feeding key hubs (employment, residential and recreational) effectively and supporting sustained economic growth. Those regions with global aspirations are also supported by national and international transport gateways fully connected to their transport infrastructure. The Cardiff Capital Region has the building blocks necessary to develop a game changing integrated transport infrastructure offering ease of use to travellers and economic benefits to the Region and Wales. This economic, social and environmental benefit will only fully be achieved if transport planning is more closely aligned with land use planning. An integrated transport system aligned with land use planning could be a catalyst for economic change across the Region. At the heart of this aspiration is the Metro vision for a modern high quality multimodal, integrated public transport network; offering rapid, frequent and reliable services; linking communities together and supporting economic development; to create a dynamic, sustainable and liveable city region. The Metro has been subject to a number of studies commissioned by Welsh Government and further detail on these are available at:

http://wales.gov.uk/topics/transport/public/metro/?lang=en

INTRA-REGION TRANSPORT

With a growing population and increasing levels of commuting – especially into Cardiff - the pressures on our Region’s transport network, particularly the road network, will increase. 65% of commuters to Cardiff rely on cars as their primary mode of daily transport, compared to comparable cities with well integrated public transport systems such as Edinburgh (40%) and Manchester (56%). Our position is not sustainable and if unaddressed will be an inhibitor to economic growth and quality of life in our Region. The Region has a number of excellent Sustrans cycle routes, but use of bicycles for daily transport is below leading green cities. Increased bicycle usage could enhance quality of life in our Region.

The settlement for financing the Valley Lines Electrification (“VLE”), electrification of the Great Western Main Line (“GWML”) and the creation of a pan Wales not-for-dividend transport company is positive news for our Region. Our challenge is to maximise the opportunity this presents as part of an integrated transport solution (rail, road, bus, cycle and walk) that extends beyond the Region.

We need to ensure that the electrification investment is a catalyst for further investment with an ambition to provide a fully connected region providing a 45 minute, minimum 4 times an hour service from the Valleys into Cardiff via a seamless transport system supported by smart ticketing and overcoming current infrastructure capacity constraints. An integrated transport solution will be symbolic of the transformation of the Cardiff Capital Region, uniting the

Potential Metro smartcard

Region and enabling it to raise its profile and compete more effectively in today's global market, ensuring an equality of opportunity across the Region.

An integrated transport system linking key employment, entertainment and residential hubs will provide new investment opportunities. We need to be innovative in how we develop and package these, supported by European Funds and Welsh Government monies, to be investor ready and use them to unlock external funding sources such as Sovereign Wealth Funds. We also need to be proactive in taking these opportunities to investors globally. The potential significant benefits are economic, social and environmental.

The Region will need to give further consideration to housing development and in particular what, where and for whom such developments are taken forward. The Region requires an appropriate mix of housing that is well served by transport connections. This further underscores the need to align transport and land-use planning.

INTER-REGION TRANSPORT

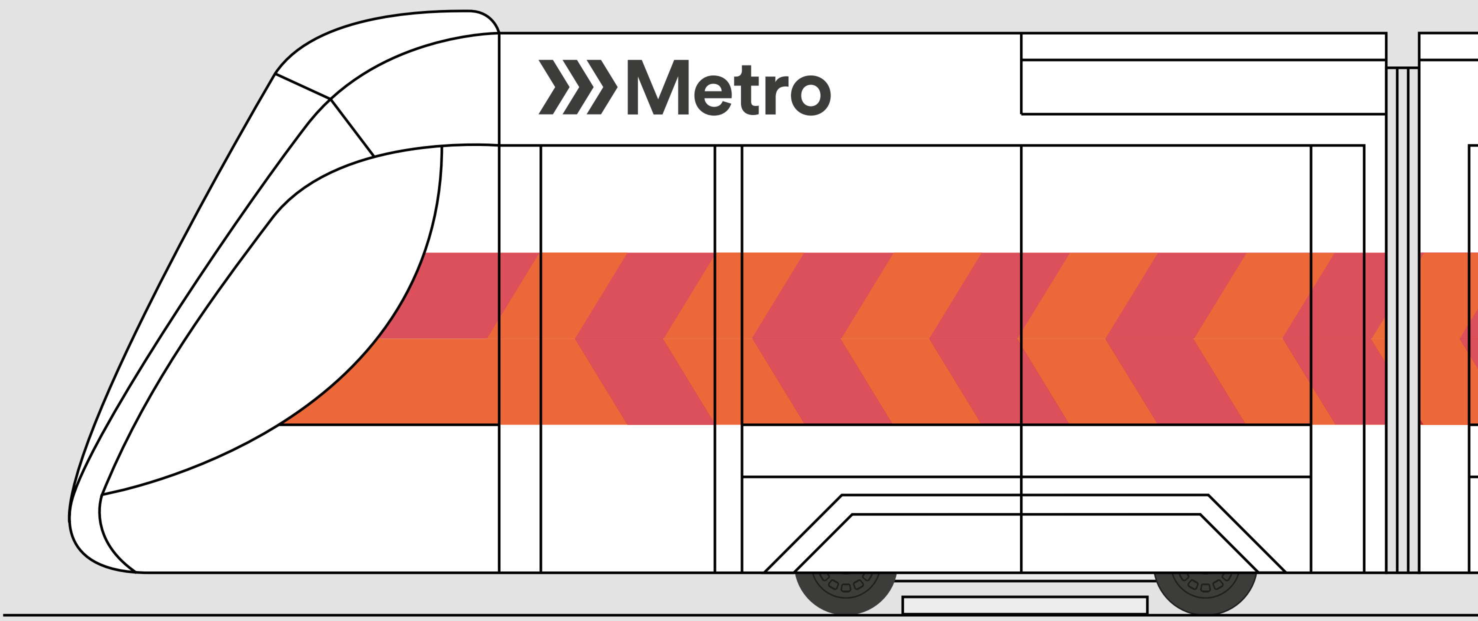
To drive economic growth and maximise the economic impact, it is essential that we improve the Region's connectivity both internationally and to key UK centres including, for example London, where the combined impact of Crossrail and electrification will make a significant impact on journey times.

Currently road access in and out of the Region is largely based on the M4 to the south of the Region and the A465 to the north, or through train travel, particularly to London. The M4 and A465 connect the Region to the national road network however, their effectiveness is limited by existing known bottlenecks, particularly the Brynglas tunnel in Newport. There has been significant recent investment in improving the Heads of the Valleys (A465) and the Welsh Government has identified the M4 relief road as a priority. The future economic growth of the Region and Wales is dependent on these investments being delivered.

The second Severn Bridge provides a spectacular road gateway into the Region and Wales however, it comes with a cost. With the bridge reverting to public ownership later this decade, there is an opportunity to review the emotive issue of a significant toll charge to enter Wales.

There is a regular 2 hour travel journey to London Paddington, and with electrification, this journey time is expected to reduce to 1 hour 45 minutes, the same journey time as the mid 1980's. A number of our competitor cities in England have already seen reduced journey times and these are set to reduce further. We must have an effective dialogue about a more direct London service with fewer stops. A minimum twice an hour, sub 90 minute direct train service from Cardiff to Paddington and Heathrow is a must, along with sub 40 minutes travel time to our near neighbours in Swansea and Bristol.

In addition to improving the frequency and journey time, we also need to improve the experience. Communication on the move is a requirement of business life. The current mobile and Wi-Fi provision between London and the Region and within the Region is inconsistent. We need to ensure that there is a consistent and reliable mobile and data service on all public transport into and across the Region.



Potential Metro branding and transport livery

04a. Connectivity

INTERNATIONAL TRANSPORT

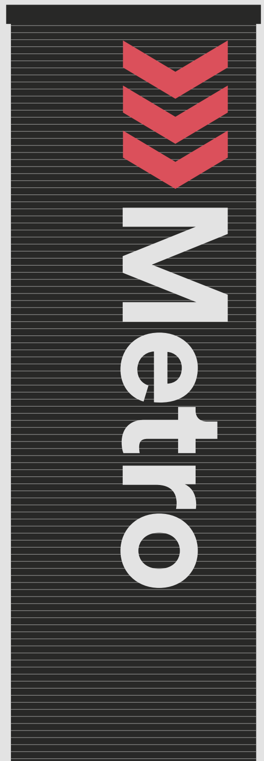
The Region has its own airport situated next to the Severn in the south west of the Region, which the Government acquired in 2013. The airport boasts a long runway, capable of taking the A380 jet, offers an “over water” approach and is the base for BA’s long–haul aircraft maintenance facility. To be considered as a globally connected, investor ready Region, we must have an accessible, thriving international airport operating as a “Gateway to Wales”, hosting major carriers and serving the major global business and tourist destinations.
All the world’s major capital cities are supported by international airports they can be proud of and numerous studies have demonstrated how increased air travel increases business investment. Significant investment is ongoing to improve airport access, infrastructure and route development and these must continue to ensure an international gateway into the Region.

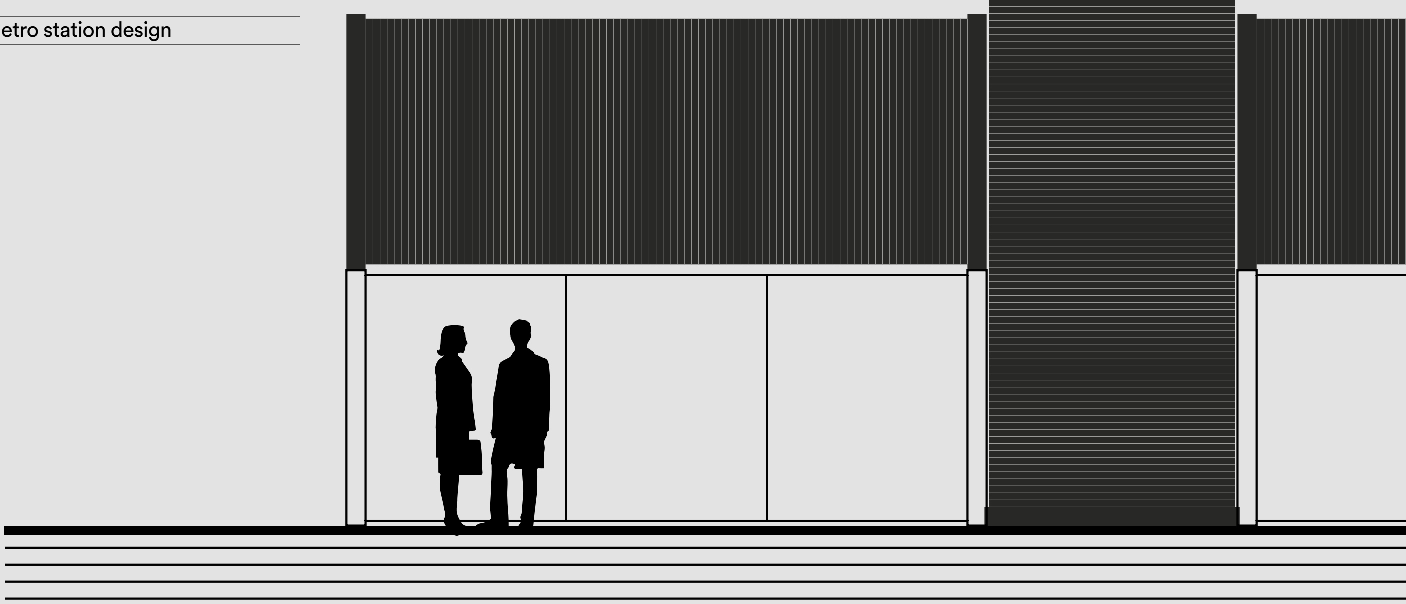
DIGITAL

Digital technology has transformed the way we live and the way businesses operate and will continue to drive change as the third industrial revolution progresses. Leading modern countries and regions offer high speed, reliable and cost effective broadband to support the flow of information. This is now a ‘must have’ for any city region with global aspirations and is critical for economic growth. For example, Japan and South Korea, two leading nations that embody innovation, manufacturing excellence and world class communication, have high speed broadband covering over 90% of their premises. Wales compares favourably with these and other leading nations - by 2016 96% of homes and businesses in Wales will have access to fibre broadband. Wales is leading the way with the roll out of superfast broadband in the UK. Superfast Cymru is proceeding at pace across the Cardiff Capital Region with large parts of the Region already covered, providing reliable and high speed broadband access. We need to ensure that this and future investment provides a resilient, diverse and price competitive broadband service to all users, be they business or consumer.

The Region needs to capitalise on the significant fibre backbone already deployed, and a number of key digital support capabilities to drive economic growth, including:

— Cardiff Internet Exchange offering direct access to the world wide web;
— The Next Generation Data Centre, Europe’s largest Tier 3 data centre;
— The BT Nexus Node supporting highest quality and high-speed data transfer to London.





Potential Metro station design

We need to expand the intelligent use of fibre and ensure that business and consumers understand the benefits and take full advantage of this fibre capacity to deliver measurable economic benefit.

Our installed fibre base is comparable to leading countries globally and ahead of most UK and European regions. We have an opportunity to build on this investment and become known as a leading European digital region, offering business and individuals' unrivalled digital connectivity.

The Cardiff Internet Exchange is one of only 5 internet exchanges in the UK. Given our location to the West of the UK we are situated close to the major transatlantic data cable access points in the South West of England. A direct connection between Cardiff and transatlantic data cables would make us the closest Internet Exchange to the East Coast of the US and provides the opportunity to become a major internet exchange and London's preferred "back-up". This, coupled with our existing infrastructure, would also enable the Region to become a destination of choice for global e-commerce companies looking to serve the UK and Europe.

The Region is supported by the major mobile operators however, there are coverage black spots. Continued investment is required to eliminate these and ensure that current 3G and the new 4G mobile coverage is available from all the major operators across the Region.

Opportunities

Transport:

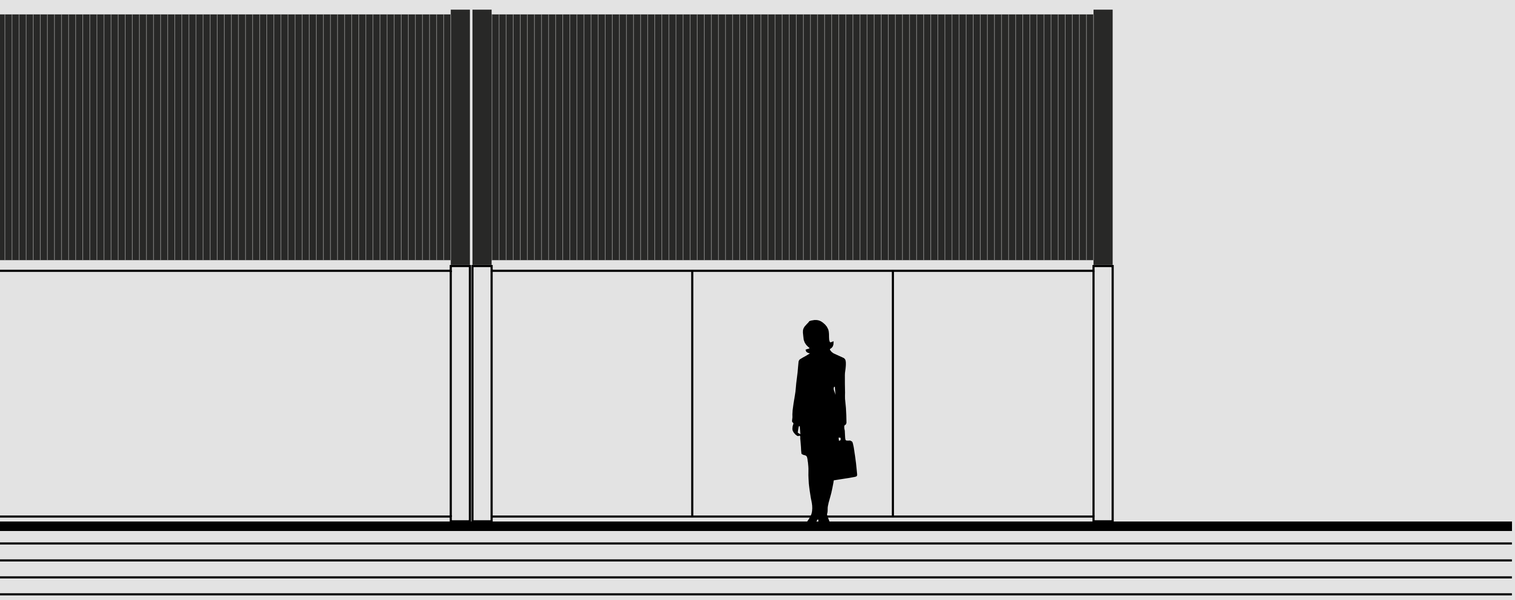
- Augment the Valley Lines Electrification programme to deliver more frequent, reliable and affordable rapid transit services across the Region;
- Build on the electrification of the GWML to provide services to London with journey times of ninety minutes or less and a direct rail link to Heathrow from Reading;
- Strategic road improvements to address known "bottlenecks", for example M4, A470 and Heads of the Valley;
- A public transport system, including cycleways and cycle facilities, that encourages their greater patronage as a preferred mode of day-to-day transport;
- Work with other regions to leverage the demand to improve train access between Wales, Bristol, London and the Midlands;
- Establish a seamless, multi-modal transport system that allows the user to travel on public transport anywhere across the Region using a single smart ticket;
- Encourage the airport to develop its commercial propositions to airlines serving major business destinations.

Digital:

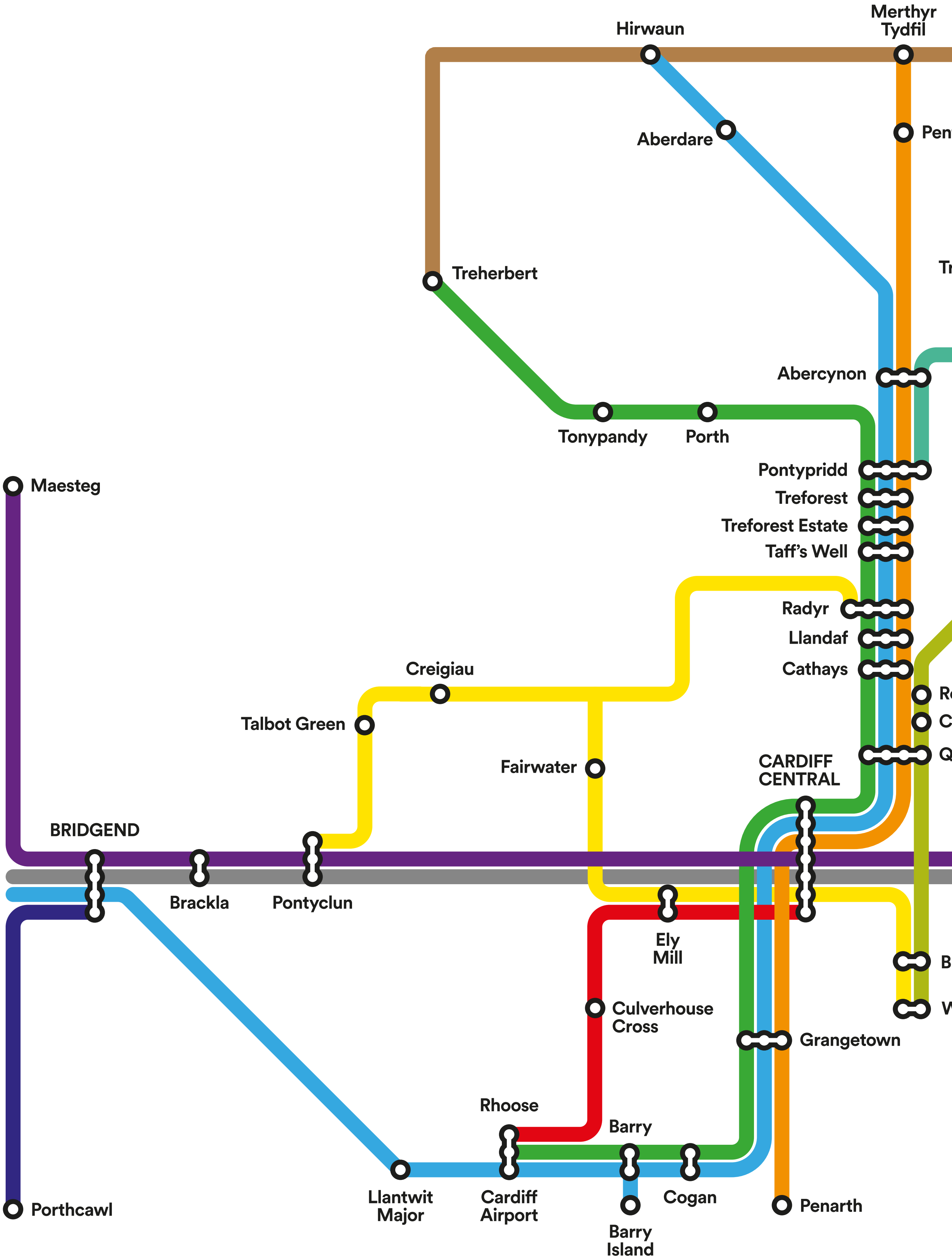
- A direct link between the Cardiff Internet Exchange and the transatlantic telecommunications cables landing in the South West of the UK thereby providing direct data access to the US and other global markets;
- Consistent and reliable mobile and Wi-Fi service on all public transport into and throughout the Region;
- European leading broadband and mobile services offering a reliable, diverse, resilient and price competitive provision to business and consumers alike;
- Consistent data access in all our major towns and cities;
- Actively leverage the Region's digital strengths, for example the Cardiff Internet Exchange – one of only 5 in the UK and the closest to the major centres in the US;
- Continue to support the development of initiatives to actively encourage the take up and use of broadband services for SME businesses and consumers for economic benefit;
- Increase the availability of 4G across Wales as part of ensuring consistent and ubiquitous mobile coverage.

What it could look like

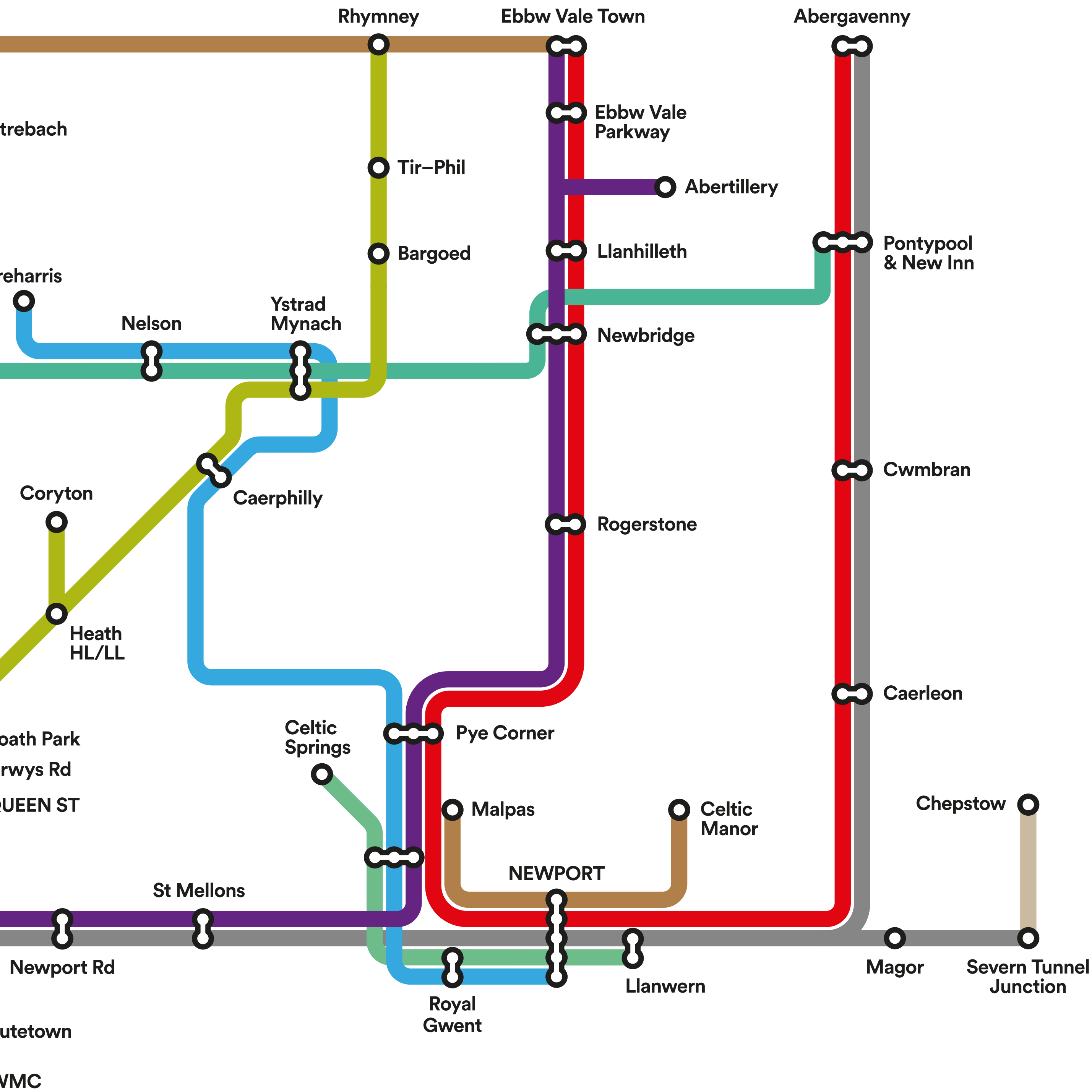
- Regular sub 45 minutes journey times from the Valleys to the urban centres of Cardiff and Newport;
- A public transport infrastructure that links key employment, entertainment and residential hubs;
- An international airport, linked to the Regional transport infrastructure, supported by major carriers and serving the major business destinations;
- A UK-leading transport infrastructure offering an unrivalled passenger experience with reliable mobile and Wi-Fi access on journeys into and within the Region;
- A leading e-commerce infrastructure with direct data connections, via the Cardiff Internet Exchange, to major transatlantic and other global cable networks making us the Region of choice for global e-commerce companies;
- An environmentally-friendly transport system incorporating a network of cycleways that allows easy use of bicycles as an integral part of the network;
- Secure and consistently rapid Wi-Fi and 4G mobile access across the Region;
- Reliable road journey times across the Region.



Metro



Hirwaun
Merthyr Tydfil
Aberdare
Treherbert
Abercynon
Tonypandy
Porth
Pontypridd
Treforest
Treforest Estate
Taff's Well
Maesteg
Radyr
Llandaf
Cathays
Creigiau
Talbot Green
Fairwater
CARDIFF CENTRAL
BRIDGEND
Brackla
Pontyclun
Ely Mill
Culverhouse Cross
Grangetown
Rhoose
Barry
Llantwit Major
Cardiff Airport
Cogan
Penarth
Barry Island
Porthcawl



Rhymney
Ebbw Vale Town
Abergavenny
trebach
Ebbw Vale
Parkway
Tir–Phil
Abertillery
Bargoed
Llanhilleth
Pontypool
& New Inn
reharris
Ystrad
Mynach
Nelson
Newbridge
Cwmbran
Coryton
Caerphilly
Rogerstone
Heath
HL/LL
Caerleon
Celtic
Springs
Pye Corner
oath Park
rwys Rd
UEEN ST
Malpas
Celtic
Manor
Chepstow
NEWPORT
St Mellons
Newport Rd
Llanwern
Magor
Severn Tunnel
Junction
Royal
Gwent
utetown
VMC

04b. Skills

The opportunity for the Region is to develop a globally-recognised,responsive education and training system which is closely aligned with the needs of local and inward investing businesses.

Historically, we have been known for our skilled and committed workforce with a focus on traditional heavy industries. Today, we continue to have a focus on key industry sectors such as bioscience, advanced manufacturing (including aerospace, defence, engineering and automotive) and newer ventures in the creative industries and financial and professional services sectors.

Our Region has above UK average unemployment, lower than average wage costs and areas of high deprivation. Our Region also suffers from higher than UK average youth unemployment with areas of particular challenge. Whilst this provides a challenge, it also provides an opportunity – our Region offers a broad skill set and competitive cost base within the UK. However, there is a clear and consistent message from businesses across our Region that the skillset, particularly from school leavers, is not always aligned to business needs, with some individuals lacking basic practical skills. Upskilling the local workforce and matching skills with opportunities, will bring numerous benefits for both individuals and the local economy.

The Region has a high density of higher education institutions with three universities, one of which is research intensive, with a number of departments recognised for their excellence. There are more than 70,000 students at the Region's universities, nearly 15% of which are international students, and nearly 100,000 students in our further education colleges. Tapping into this rich pool of talent is vital – we must ensure that we retain our value – creators, make the area the Region of choice for the ambitious and enable all our people to build their careers in the Region. We need to build on the existing links between business and the education sector to ensure that students are fully aware of the local opportunities. We also need to expand the opportunities for our youngsters to work within our anchor businesses and larger SMEs including internships and apprenticeships.

Education and training providers need to continue to develop their programmes and curricula based on the skills that businesses actually require. The Region needs to champion recognising the value of both academic and vocational routes into employment. The Region will only achieve its potential if we have alignment between education and training providers and the business community. Education and training providers must work with the commercial sector to understand their needs and in turn, businesses must articulate their demands early and clearly enough so that education and training can be adapted accordingly. This will require education establishments to become more focused on key sectors, for example software in Newport, financial services in Cardiff and manufacturing in Ebbw Vale thus making it easier to forge strong links with anchor businesses. The Region needs to create an environment which enables people to flourish, irrespective of their background and ability. The Region should aim to be recognised as a leading location for the provision of employment–ready people supported by a world class education and training system aligned to the needs of the business community and thus become the envy of other regions.

The Region's further and higher education providers have a role in bridging the supply-demand gap, talent spotting and actively supporting the marketing of the Region as the place to build a career. There is an opportunity for the Region to build on existing academic expertise through targeted investment, to enhance international recognition in key fields. Any such investment must be in fields that are capable of generating business growth in the Region. We are supportive of the Welsh Government's Skills Implementation Plan, the outcome of the Donaldson Review and the framework for co-investment in skills which aims

"Our Region and our people are recognised globally for having the skills for life, that meet the needs of our businesses and our communities."

to rebalance the responsibility for skills investment between government, employers and individuals. We are also supportive of the creation of the regional Employment and Skills Board to engage with business and other stakeholders to develop an Employment and Skills Plan for the Region.

The current European funding programme includes a number of themes targeted on skills growth and youth employment. The Cardiff Capital Region education providers, working in partnership with the business community, need to capitalise on the opportunity provided by European funds in developing additional programmes aimed at meeting business needs. Devolution has granted us powers over education and training and the current European funding programme has a number of themes targeted on skills, growth and youth employment. We need to capitalise on the opportunity this provides and develop a synergistic partnership between Government, education and training providers and our anchor businesses to develop a world class education and training system, which is recognised globally, and equips our people with skills for life and meets the needs of business and the community.

Opportunities

— A role for regional oversight of priorities in continuing to develop an education and training system that is recognised globally for its excellence and innovation;
— Public and private sector to work together to determine current and future business needs, supported by the Employment and Skills Regional Board;
— A more active role for the private sector to engage with education and training providers to prioritise funding, explore co-investment models and deliver quality improvements;
— Enabling people, particularly in disadvantaged areas, to take advantage of existing education and training opportunities;
— Retain the existing knowledge and skills base more effectively within the Region by actively promoting opportunities and by exploring incentive schemes, such as bursaries for graduates choosing to remain for work in the Region;
— The Region has the educated and qualified workforce to take an active role in the building of the proposed major infrastructure projects.

What it could look like

— Highly-skilled workforce that meets the needs and aspirations of our businesses and our communities;
— A Region which is truly aligned between its education outputs and business needs;
— The Region of choice for students;
— Targeted investment for the development of globally-recognised academic and vocational expertise in key fields linked to priority sectors;
— A new and innovative funding model that aligns funding closer to the needs of business;
— Ongoing process to explore international best practice of innovative training strategies;
— A world class education offering that is at the leading edge and high performing, for example using an internship "clearing house" to drive the use of internships in the Region.

University of South Wales, Newport City Campus

04c.
Innovation and growth

"Support a thriving business community with international recognition, driven by an entrepreneurial culture and leading academic research."

Like the rest of the economy, the Region was hit hard by the global downturn and our Region's output continues to be below previous levels. However, there are signs of recovery and we must continue to drive improvements in productivity. The recession and the advent of digital technology has changed the landscape. The world is smaller with emerging markets increasingly prominent, driving growth and making it more difficult for the developed markets to compete. Successful regions are increasingly focused on core sectors where they develop national and international recognition and create a virtuous circle of growth and entrepreneurship.

The Cardiff Capital Region is home to a number of globally recognised companies, but few of these are headquartered in the Region. These companies are leaders in their respective sectors and we need to work with these to develop our skills, maximise the supply chain opportunities for our SMEs and drive growth in our priority sectors. Key anchor businesses include BT, Ford, Admiral, General Dynamics, Airbus, GE Aircraft Engine Services, Boom Cymru, BBC, Sony, TRW, BA Maintenance, GE Healthcare, Penn Pharmaceutical, Convatec, Pinewood Studios. The Region needs to celebrate the business success displayed by these companies and rediscover its entrepreneurial spirit.

Alongside rediscovering its entrepreneurial spirit, the Region has a real opportunity to build on its strengths in innovation. The exciting development of the Cardiff Innovation System is the latest example of the Region's strengths in this regard. This development stands to establish Cardiff University, the Region and Wales as international leaders in innovation, helping to better connect industry, business, and the expertise in our universities. Innovation is a key driver of productivity, growth and long-term well-being. The Region must harness the undoubted expertise within its universities and colleges and work with these and business to develop the commercial opportunities of innovation and research.

Priority and emerging sectors

The Welsh Government has identified a number of priority sectors for Wales and the local authorities in the Region have also identified their priority sectors. The table below focuses on the sectors which we consider most relevant to the Region on a global, national and regional basis.

	Global	UK National	Regional
Advanced Manufacturing, Aerospace, Defence & Security	✓	✓	✓
Digital, ICT and Creative Industries	✓	✓	✓
Energy/Environment	✓	✓	✓
Entertainment, Leisure and Retail including tourism	✓	✓	✓
Life Sciences	✓	✓	✓
Professional and Financial Services		✓	✓

04c. Innovation and growth

Top: Raspberry Pi, Bridgend
Bottom: General Electrics, Nantgarw

Two of these sectors are supported by the three enterprise zones in the Region. The sectors are also supported by pan-Wales dedicated advisory groups and funds, for example the Life Sciences Investment Fund, the Creative Industries Advisory Panel and the Financial and Professional Services Panel. For each of our priority and emerging sectors, we need to work with the existing pan-Wales sector teams to develop a clear vision and a proposition for investors, which clearly articulate our strengths and global position. We also need to ensure that there is continued alignment between our universities' leading research capabilities and our priority business clusters.

For many of these sectors we need to collaborate with our near neighbours in Wales and further afield to effectively promote them. For instance for the aerospace, defence and security sector, we must work more closely with Bristol and develop a real critical mass – Wales and the South West of England has the largest aerospace and defence cluster in the UK providing over 59,000 jobs, revenues of £5.5billion and is home to the MoD's Defence Equipment and Support (DE&S) operations and the Government Communications Headquarters (GCHQ). For the Energy and Environment sector, we need to work closely with Swansea, Bristol and the rest of Wales, particularly around harnessing marine resources, whilst Life Sciences will benefit from collaboration with the Institute of Life Sciences at Swansea. With the development of its new campus, Swansea will offer leading engineering facilities which the Cardiff Capital Region must recognise and support.

Financial and Professional Services is an important growth sector. We need to develop a distinct Financial Services offering that plays to our strengths, targeting areas such as innovative business processing outsourcing and genuine high-value advice and skills-based operations, and not simply low-value, back office functions. Our priority and emerging sectors must be aligned to our universities and colleges and capitalise on their skills, for instance the "trader training" at the Cardiff Business School.

Construction remains an important sector for the Region. As our economy grows and we undertake major infrastructure projects – railway electrifications, transport improvements, and building developments, we need to ensure that our construction companies and people have the skills to benefit from these opportunities.

ENTREPRENEURIAL ENVIRONMENT

Our Region is home to c.35,000 small to medium size enterprises ("SME"), which form 99.5% of total businesses. We cannot underestimate the importance of SMEs to the vibrancy and entrepreneurial culture of our Region. Growing the number of start-up businesses and SMEs will create employment and drive economic competitiveness. We need to ensure that start-ups and SMEs have access to financing and mentoring initiatives consistently across the Region, to support survival rates and help these businesses to grow. Additionally, effective mechanisms need to be developed to capture and deploy the IP generated at the Region's universities and thus develop a collaborative and innovative culture.

PROPERTY INFRASTRUCTURE

The global financial downturn had a major impact on the commercial property market in the UK. A notable trend since 2007 has been the reduced levels of speculative development of new employment floorspace.

The UK property market is now enjoying a period of recovery, particularly in London and the south-east. However, recovery elsewhere has been patchy. In Wales there remains a lack of speculative development and little or no investment in the promotion of key strategic development sites. The lack of new floorspace and investor-ready development sites, combined with our ageing building stock, has the potential to become a structural weakness in the 'Wales offer' to the economy. Indeed, the availability of the right site or building can be fundamental to winning, or retaining, a project in competition with other UK regions and our international competitors. In this regard, it is important to recognise that a key deliverable of the Central Cardiff Enterprise Zone has been an improvement in the availability of Grade A office space.

To support the continued growth of our private sector and attract new inward investors, we need to ensure that the Region can offer a balanced portfolio of employment land and buildings to support all employment opportunities. There should be a strategic focus upon those property sectors where the greatest impact upon the Welsh economy can be made and property types included range from city centre offices through to sector specific requirements and traditional industrial markets. Any such strategy should principally be drawn from a demand perspective. However, this should also recognise the needs of our more disadvantaged communities. The portfolio should focus on a limited number of key high-quality sites and facilities that are attractive to occupiers and investors alike. We also recommend developing a commercial proposition for the refurbishment of our existing building stock.

Opportunities

— The identification, marketing and exploitation of industry and sector-based agglomeration of businesses across the Region. These will generate opportunities for investment and employment growth focused around the sectors and enterprise zones;
— Create an environment that allows all our private sector enterprises to prosper and is conducive for entrepreneurship;
— Continue to attract high-quality UK and international businesses to Wales;
— Capitalise on the leading academic research undertaken at the Region's universities to incubate and grow new businesses housed in the Region in exciting sectors, including life sciences, advanced engineering and digital;
— Ensure continued growth of our SMEs by co-ordinated and targeted support that meets their needs, such as infrastructure, skills and finance;
— Delivery of a balanced portfolio of premises that supports our existing businesses and inward investors, including the development of key strategic sites and premises focused on areas of greatest impact for our Region and the Welsh economy;
— Development of an economic baseline for the Region so that progress and outcomes can be consistently measured;
— Establish the Region as a recognised renewables region and capitalise on the energy opportunities offered by the Severn tidal flows.

What it could look like

— A thriving private sector with an environment conducive to:

–strong partnerships between universities/colleges and businesses to promote knowledge transfer and support commercial exploitation of ideas;
–improved collaboration between large anchor businesses and SMEs in the Region to maximise supply chain opportunities and develop innovative locally sourced solutions;
–further collaboration between SMEs to exploit new market opportunities and the creation of local sourcing frameworks;

— A growing private sector driving a rebalancing of the Region's economy, supported by a steady flow of high quality inward investors;
— Unemployment at or below UK average;
— Wages at or above UK average;
— Facilities and technologies which harness the tidal power of the Severn Estuary for the generation of electricity and supporting the development of a thriving renewables sector with global recognition.

Penderyn Whisky Distillery


B2

“Build a vibrant and internationally recognised Cardiff Capital Region synonymous with quality of life.”

Potential campaign collateral

We are a savvy, confident, enterprising Region at the sharp end of Welsh culture. We work harder, think bigger and adapt faster to deliver a confidence and feel good factor that leads to sustained success. Respectful of our heritage and traditions but with a keen eye on contemporary culture, future innovation and far-reaching opportunities, we are inherently Welsh with a global outlook. Quality of life is an important differentiator for us. The Cardiff Capital Region boasts many attributes that allow us to compete with some of the world’s most ‘liveable’ city regions. Our heritage, our culture, our language, our venues and our natural environment all contribute to the Cardiff Capital Region way of life.

The Region is a relatively small geographical area that can be covered by car in less than an hour, yet within the Region there are vast green belts, a large coastline, rivers and walks. Around 60 miles of heritage coastline, the Brecon Beacons National Park and the Gower Peninsula are all within easy reach. The Region therefore allows our people to work in vibrant towns and cities but access these natural resources on a daily basis, not just on weekends. The Region has a passionate sporting and cultural history, and offers a quality of events and iconic venues that belies our size. We:

— hosted the NATO Summit, the UK Investment conference and WOMEX;
— have the Millennium Stadium (hosting Olympic and FA football and rugby World Cups), a Ryder Cup Golf Course, the Wales National Velodrome, BikePark Wales and have hosted Test Match cricket;
— have the Wales Millennium Centre, a World Heritage site, a distinct historic environment, the National Orchestra of Wales, the Wales National Opera and a number of museums;
— are home to a number of leading TV and film productions including Dr Who, Sherlock and Casualty.

Cardiff is the highest ranking UK city in the European Union 2014 perception quality of life survey. Internationally, cities such as Barcelona, Geneva, Vancouver, Sydney and Auckland are well known for their quality of life, and attract people and businesses as a result. There is an opportunity for the Cardiff Capital Region to claim a position as the UK’s most liveable capital city region.

We cannot take this for granted, and there is more we can do to secure this position. This means investing in areas that are consistent with the Cardiff Capital Region’s identity.

Opportunities

— Major events influence the way we see the world and the way the world sees us. We need to further develop and enhance the range of cultural, sporting and leisure venues, events and activities of national and global significance to position the Region as the UK’s most liveable capital city region and deliver a return on investment;
— Establish the area as the region of choice for ambitious youngsters and entrepreneurs;
— Capitalise on all our assets to promote the Region. For example, our position as makers and locations for significant TV and film production companies is a great selling opportunity and must be exploited;
— A continuing programme of investment in infrastructure and regeneration to enhance a modern progressive outlook;
— Promoting wellbeing and healthy living, including work-life balance and encourage innovative working practices, allowing employees to take advantage of the Region’s distinct environment;
— Investing and promoting our leisure and tourism sector; for example, encourage further investment in hotels and restaurants considered “best in class”.

Top: Torfaen **Bottom:** Extreme Sailing Series, Cardiff Bay

What it could look like

- Attracting the 2026 Commonwealth Games to the Region;
- Win European City of Culture status;
- Secure the 2018 Rugby World Cup 7s tournament;
- A European soccer cup final to the Region before 2020;
- Our own leading music theatre production company to compete with the major West End theatres;
- Further iconic buildings, venues and activities to support our identity e.g. a leading convention centre, major sporting facilities including water and motorsports;
- New commercial buildings of character and distinction e.g. Callaghan Square and the new BBC headquarters;
- Capitalise on the opportunities for water-based events to take advantage of Cardiff Bay and our coastline such as the Volvo Ocean Race;
- Major mountain bike events such as EPIC Cymru;
- Internationally recognised hotels and restaurants of distinction.
- A signature event which captures the Region's spirit and gains national and international recognition.

05. Way forward

Successful regions have an identifiable brand supported by a shared narrative that is globally recognised and is utilised for the promotion of opportunities with potential investors and visitors.

The Region is home to a number of leading multinational companies, a vibrant education sector and punches above its weight in relation to hosting global events, for example, the recent NATO summit, the Ryder Cup and the European Super Cup. Each of these was a significant event, attracting global attention and promoting positive perceptions of the Region.

The Region needs to refine its own unique brand which showcases the Region's identity as synonymous with quality of life. It must unite, excite, engage and most importantly be relevant and memorable to those who call the Region home and to those who visit for business and pleasure. This brand must then be adopted and used in consistent messaging by business, education, sport and culture to increase the impact for the Region as a whole. It will also allow representatives of the Region, whether public or private sector, to take a story of the Region and its future to potential investors and visitors.

This proactive approach will change perceptions and provide a springboard for the Region to move forward with confidence. The communication with potential investors, and particularly the creation of a steady flow of investable opportunities, will be vital if the Region is to take advantage of new funding streams including Sovereign Wealth Capital. The narrative must demonstrate the Region is investor-ready.

Making it happen

The creation of the Cardiff Capital Region Board brought together the public and private sector to provide leadership, vision and strategic direction for the Region, setting priorities in the context of an "innovative region of distinction, connected communities and places, planning their future together to maximise the opportunities of their people". This Report marks a new phase in the development of the Cardiff Capital Region – it is a start of a wider conversation with partners and communities across the Region, and members of the Board will be seeking to play a key role in this.

We believe a Cardiff Capital Region, strategically aligned and created with an overarching unity of purpose, has the potential to fundamentally transform the lives not only of the people living within the Region, but of all of the people throughout Wales. As a matter of urgency, therefore, we need to unite the people, the resources and the opportunities of the Region, recognising that it can be a single and functional economic area, and that its interests are best served by working together to drive growth, prosperity and equality across the Region and power the economy of Wales. This will require a new way of doing things, capitalising on the Region's core assets to drive growth and recognising that different parts of the Region will contribute in different ways.

The Region must build upon the expertise that exists within its universities, with the aim of increasing innovation, research and development, and commercialisation. Key to this

"Actively build and promote Cardiff Capital Region's strengths internationally, showcasing a steady flow of opportunities for investors and visitors within the context of the Wales brand."

is developing an environment and infrastructure that encourages innovative activity to grow and flourish – the Cardiff Innovation System is a key development in supporting that environment.

The Board was established as an advisory board to help set the vision and strategy for the Cardiff Capital Region. The challenge of delivery and implementation is a different task. To take the Region forward will require a different structure. This Report is published at a significant time of change – particularly in the context of public service reform, the Planning Bill, new borrowing powers and the next round of European Funds. For the Region to deliver the vision outlined in this Report, it must capitalise on the opportunities arising from these initiatives.

The Welsh Government Minister for Economy, Science and Transport, Edwina Hart MBE CStJ AM recently announced the creation of a Welsh Government not-for-dividend transport subsidiary to consider transport projects in Wales, including reviewing integrated public transport in the Region, rail electrification and the rail franchise. The inclusion of Statutory Strategic Development Plans in the forthcoming Planning (Wales) Bill will establish a tier of regional planning, incorporating more than one Local Authority which will be important for economic development, the future provision of housing and the provision of employment sites. The Williams Commission has also called for greater collaboration between Local Authorities in Wales in the delivery of services. In addition, newly-acquired borrowing powers will allow Welsh Government to borrow to fund large strategic infrastructure projects, and the next round of European Funds will bring additional funding.

We also recognise the emergence of a regionalism agenda at a UK level. This promises to empower business and civic leaders to invest in infrastructure, skills, and economic development. Much of this movement is encapsulated in the agreement of City Deals driven by a wider city region agenda. The Region needs to embrace these developments for its own advantage in the context of a devolved Wales, particularly given the challenges around financing aspirations, and the need to maximise all possible funding streams.

A number of different structures have been adopted by city regions across the globe to drive economic growth and associated infrastructure investments. A number of these, including the governance arrangements in the Verband Region Stuttgart (the Stuttgart City Region) and Greater Manchester, are covered in depth in Professor Kevin Morgan's metro governance report (http://wales.gov.uk/topics/transport/public/metro/?lang=en). Whilst the models used have varied, recognising Local Government structures, practices and needs, what is clear is that whatever the structure used, successful models have a number of common features.

These are:

— Strong leadership supported by delivery capacity and capability;
— Clear and agreed vision and responsibilities;
— Strong governance with appropriate powers, authority and accountability;
— Buy-in by key stakeholders;
— Ability to transcend political cycles and so attract ongoing cross-party support.

We believe our city region journey should begin with transport. This is because good connectivity provides the foundation and catalyst for the positive economic, social, and environmental changes that we want to see. In this regard, the recent announcement of a not-for-dividend subsidiary of the Welsh Government to initially provide advice on the rail franchise, rail electrification and an integrated transport solution is significant. In time, this development will need to be aligned with economic regeneration, and in particular with land-use planning. The challenge now, for Government and others, is to consider the most appropriate and accountable arrangements that can enable change and seize the opportunity around one vision and one plan – powering the Welsh economy.

The vision outlined in this Report emphasises a shared destiny for all parts of the Region – a destiny which hinges upon progress being made across all of the delivery themes we have outlined. These themes – connectivity, skills and innovation and growth are mutually reinforcing, with interrelationships, interdependencies and interaction which are fully recognised.

We cannot have innovation and growth without skills, we will not retain the skilled people we develop here without the growth that will provide them with the opportunities they desire. Connectivity is required to link our people with the jobs that our skills and innovation and growth agenda can provide. The shared destiny of the Region is dependent upon developing this virtuous circle of connectivity, skills, and innovation and growth. It is this aspiration that provides the common and unifying thread throughout the Report and upon which the Region must mobilise.

Cardiff Castle with the Millennium Stadium in the background

Appendix

BOARD MEMBERS

Name	Title	Organisation
Roger Lewis	Chair	Group Chief Executive Officer, Welsh Rugby Union
Prof. Colin Riordan	Vice Chair	Vice Chancellor, Cardiff University
Cllr Russell Goodway	Vice Chair	Councillor, Cardiff Council
David Stevens	Member	Chief Operating Officer, Admiral Insurance
Matthew Hammond	Member	Regional Chairman, Senior Partner, PwC
Dan Langford	Member	Group Marketing & Communications Director, Acorn Recruitment
Ann Beynon	Member	Wales Director, BT
Cllr Bob Wellington	Member	Leader, Torfaen County Borough Council
Cllr Brendan Toomey	Member	Leader, Merthyr Tydfil County Borough Council
Cllr Peter Fox	Member	Leader, Monmouthshire County Council
Cllr Bob Bright	Member	Leader, Newport City Council
Prof. Julie Lydon	Member	Vice Chancellor, University of South Wales
Prof. Brian Morgan	Member	Professor of Entrepreneurship, Cardiff Metropolitan University
Prof. Kevin Morgan	Advisor	Dean of Engagement & Professor of Governance & Development, Cardiff University
Phil Jardine	Observer	Cardiff Business Council

BOARD MEETINGS

The Cardiff Capital Region was established in November 2013 as the South East Wales City Region Board by the Minister for Economy, Science and Transport. The first Board meeting was held in Merthyr Tydfil in December 2013. Early in its deliberations the Board changed its name to The Cardiff Capital Region Board. The Board has met monthly since then within each of the 10 constituent local authorities. The meetings have been as follows:

Date	Location
December 2013	Merthyr Tydfil
January 2014 – Board Strategy Day	Cardiff (Cathays Park)
February 2014	University of South Wales, Pontypridd
March 2014	Newport
April 2014	Cardiff (Millennium Stadium)
May 2014	Cardiff (Cardiff University)
June 2014	Barry (Vale of Glamorgan)
July 2014	Cardiff (Cardiff Metropolitan University)
September 2014	Usk (Monmouthshire)
October 2014	Cwmbran (Torfaen)
November 2014	Ystrad Mynach (Caerphilly)
December 2014	Bridgend
January 2015	University of South Wales, Newport

The Board wishes to express its gratitude and thanks to:
— all the Local Authorities and universities who have hosted Board meetings and supported the work of the Board.
— the various individuals and organisations who have attended and presented papers to the Board including the Welsh Government Metro Implementation Team.
— the team from PwC for their support in the production of this report.
— the Cardiff Capital Region Support Unit and Welsh Government, Cardiff University and Cardiff Council for resourcing the Unit.
— representatives from the Local Authorities, Welsh Government, Cardiff Business Council, Cardiff and Vale College, South East Wales Regional Tourism Forum, Cardiff University, Welsh Government, the Enterprise Zones, Welsh ICE, CITB and Atradius who have supported the work of the Board Sub groups, focussing on Branding and Communications, Finance, Innovation and Skills.

WORKSHOPS AND ENGAGEMENT

To support the development of the vision for the region, the Board held three workshops and engagement sessions. The Board would like to extend our thanks to all the following organisations who have participated:

ARUP
British Airways
BT
BBC Cymru Wales
Bridgend County Borough Council
Beacons National Park Authority
Blaenau Gwent County Borough Council
Bridgend College
Cardiff University
Cardiff Metropolitan University
Cardiff and Vale College
Caerphilly County Borough Council
Cardiff Business Council
Confederation of Public Transport
Confederation of British Industry
The City of Cardiff Council
Cardiff Central Enterprise Zone
Cardiff Airport
Financial and Professional Services Sector Panel
Hugh James
ICAEW
IWA
Jones Lang LaSalle
Monmouthshire County Council
Merthyr Tydfil County Borough Council
Newport City Council
Network Rail
Persona-ID
Rhondda Cynon Taff County Borough Council
Smörgåsbord
South Wales Chamber of Commerce
St Athan-Cardiff Airport Enterprise Zone
Sustrans Cymru
Tourism Sector Panel
Torfaen County Borough Council
University of South Wales
Vale of Glamorgan Council
Visit Wales
Wales Tourism Advisory Board
Welsh Innovation Centre for Enterprise
WEFO
WLGA
YMCA Wales

We would also like to thank all the individuals who have commented on the outputs of the workshops and contributed ideas to support the vision.

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08: Source: ONS – Location of usual residence and place of work, 2011
09: Source: ONS and NISRA (For Northern Ireland); Belfast City Region denotes Northern Ireland's total 2013 population
10: Source: CCR data is based on ONS statistics on Business Register and Employee Survey, 2013; GB data is based on ONS GB level employment by Broad Industry Group, 2013
11. Maintenance, repair and operations