

Briefing Report for Scrutiny

CARDIFF COUNCIL CYNGOR CAERDYDD

PAUL ORDERS
CHIEF EXECUTIVE

WESTERN GATEWAY

Reason for this Report

1. To provide members of the relevant Scrutiny Committee with information in relation to a matter to be considered at a future meeting of Cabinet. The information within this report will form the basis of that future report to Cabinet outlining progress in the development of the Western Gateway partnership and related projects.

Background

2. The Western Gateway is a cross-border economic partnership, bringing together Local Authorities, City Regions and Local Enterprise Partnerships (LEPs) in South Wales and the West of England – as well as Welsh and UK Governments – to boost economic productivity, improve transport and digital connectivity, and lead the UK's green transition.
3. In terms of geography, the Western Gateway partnership currently includes the Core Cities of Cardiff and Bristol and Key Cities of Newport, Swansea, Gloucester and Bath (& North East Somerset), and stretches across South Wales and the West of England, from Swindon to Swansea, Wiltshire and Weston-Super-Mare to Tewkesbury.
4. As a partnership, the Western Gateway is not a statutory or delivery body, but instead acts as a convener which brings together actors across the region to tackle collective challenges and opportunities at scale; for example, securing investment into the Great Western Mainline and improving inter-city rail links to Bristol and other core cities or releasing the energy potential of the Severn Estuary.
5. Cardiff Council has been – and continues to be – at the forefront of the development of the Western Gateway partnership. In December 2018, the Leaders of Cardiff and Newport Council and the Mayor of Bristol agreed to explore the case for establishing a regional powerhouse for South Wales and the West of England, building on the previous Great Western Cities initiative. The 'A Powerhouse for the West' report, commissioned by the three cities, was published and launched at an event held at the House of Commons in July 2019.

6. The Powerhouse for the West' report highlighted the following key points:
- a. **Expanded geography:** There is a strong case for the economic geography of the Western Gateway to be expanded from the original core of Cardiff, Bristol and Newport to a wider region connected from Swindon to Swansea by the M4 and Great Western Rail line, creating the size and scale need to compete with the Northern Powerhouse and Midlands Engine.
 - b. **Sectoral strengths:** Across the area's economy, there are significant and complementary sector strengths in innovative sectors key to the future economy, namely advanced manufacturing and engineering (AM&E), cyber, green energy, fintech and the creative industries.
 - c. **Infrastructure gap:** Other regional powerhouses in the UK; namely, the Northern Powerhouse and the Midlands Engine, have been successful at attracting significant levels of Government funding and investment, which the Western Gateway region will need to unlock its potential. The 8-year spend on infrastructure construction per head – as calculated in 2019 – was 26% higher in the Northern Powerhouse than in the Western Gateway region, which does not include the £100bn investment that the North will benefit from via HS2 (£29bn) and Northern Powerhouse Rail (£70bn). In particular, HS2 represents a significant improvement in connectivity across other parts of the country, putting the Western Gateway at risk of becoming relatively less well-connected.
 - d. **Focus on connectivity:** Transport links and connectivity are fundamental to the coherence and legitimacy of regional economies. More specifically, connectivity is a crucial attribute associated with agglomeration, which has a wide range of economic benefits, including enhanced labour market supply, labour market matching, labour productivity and knowledge spill-over
 - e. **Inward investment:** The Western Gateway region is losing out when compared with the Northern Powerhouse and the Midlands Engine in terms of foreign direct investment (FDI) because it lacks a co-ordinated approach to internationalisations and its own trade missions to key global markets. For example, the number of FDI projects in southwest England and Wales fell by 16% between 2016/17 and 2017/18, compared to an 8% increase in the Midlands Engine region.
 - f. **Severn Estuary:** With the second-highest tidal range in the world, the Severn Estuary provides the region with high potential for renewable energy generation via tidal power, which represents an important opportunity for economic growth and decarbonisation.
7. In November 2019, the UK Government announced £400k of start-up funding to help kickstart the new 'Western Gateway' partnership at an event held at ICC Wales in Newport on 1 November 2019, together with a related future 4-year funding commitment. Katherine Bennett CBE, then Senior Vice-President of Airbus UK, was appointed as the first Chair of the Western Gateway.

8. The Western Gateway is led by the Partnership Board, established following a governance review completed in 2020. The Partnership Board, chaired by Katherine Bennett, includes representatives from local authorities, city-regions and combined authorities, local economic partnerships, higher education and the private sector. The full membership of the Board is attached as Appendix X. Each member of the Partnership Board has one equal vote. Membership of the Partnership Board is comprised of:
 - a. An Independent Chair;
 - b. Leaders of the following public authorities: Bath & North East Somerset, Bristol, Cardiff, Cardiff Capital Region, Gloucestershire (plus one District Council representative), Newport, North Somerset, South Gloucestershire, Swansea, Swindon, West of England Combined Authority and Wiltshire.
 - c. Two representatives from universities in the Western Gateway area;
 - d. Up to three representatives from businesses in the Western Gateway area, appointed via a public appointment process; and
 - e. Chairs of the following LEPs: Gloucestershire First LEP, Swindon & Wiltshire LEP, West of England LEP.
9. Cardiff Council is represented on the Partnership Board by the Leader of the Council. The Cardiff Capital Region (CCR) is also represented on the Partnership Board, and recently reaffirmed its commitment to the Western Gateway partnership at the CCR Cabinet meeting in November 2021.
10. The Gateway has recently appointed a Director to lead the partnerships work and engagement programme, supported by a small policy and communications team. The Western Gateway Secretariat function is hosted by South Gloucestershire Council, which is the Accountable Body for the partnership.

Strategic Priorities

11. In autumn 2021, the Western Gateway published an Independent Economic Review (IER) undertaken by Deloitte to deepen the evidence based and identify key priorities for cross-regional action. In response to the findings of the IER the Western Gateway has agreed to focus activity on the following four strategic priorities:
 - **NetZero – Decarbonising Energy Generation:** Capitalising on the region’s assets and potential for renewable energy generation in tidal, hydrogen and nuclear fusion to lead the national journey to Net Zero.
 - **Strategic Connectivity:** Improving transport and digital connectivity, both within the Western Gateway region and between other powerhouses and cities in the UK, to support inclusive economic growth and increased productivity.
 - **Innovation:** Using the region’s world-leading research and academic assets to support innovative manufacturing and renewable energy generation projects, creating high-value jobs and exports, boosting the

region's productivity and supporting the green transition as a consequence.

- **Inward Investment:** Marketing the Western Gateway region as an attractive location for inward investment in its priority sectors and supporting firms in the region to access new export markets.
12. Workstreams have been established for each of the above priorities with active engagement from Council officers. Of particular significance to Cardiff Council are the workstreams relating to unlocking the tidal energy potential of the Severn Estuary and securing investment into the strategic rail infrastructure linking Cardiff to other Core Cities and to London.

Unlocking the Energy Potential of the Severn Estuary

13. The Western Gateway has significant natural assets in solar, tidal, marine, and wind, as well as leading capabilities in hydrogen, nuclear and industrial decarbonisation. In particular, the renewable energy potential of the Severn Estuary which it is estimated could produce approximately 7% of the UK's energy needs, has been identified as a key priority for the Western Gateway.
14. There have been a number of past efforts to identify viable schemes over the past decade. The UK Government has thus far refused to support such scheme due to a perceived requirement for high levels of public investment and concerns over the environmental impact on designated areas in the Severn Estuary. However, the changing landscape of the climate emergency, energy insecurity, rising costs, and rapid technological improvements indicate that many of these policy, cost and environmental barriers may no longer be as significant.
15. In October 2021, the Western Gateway Partnership Board agreed to establish an Independent Commission on the potential to harness the tidal energy potential of the Severn, chaired by an individual of international standing and with a political/professional profile. The Board agreed that members should encompass leaders from across key sectors, such as engineering, finance and investment and sustainability. The Leader of the Council was nominated by the Western Gateway Partnership Board to lead this initiative on behalf of the region and will represent the Western Gateway on the Independent Commission. Following agreement to establish the Commission, engagement has been taking place with key government, industry and academic stakeholders, with a stakeholder round table to further scope the project, chaired by the Leader of the Council, planned for January 2022.

Improving Cardiff's Strategic Connectivity

16. Improving connectivity between the cities and city-regions in the Western Gateway has been identified as vital in meeting the partnership's economic and climate goals, including boosting productivity, making jobs accessible for those living in rural areas and decarbonising transport.

17. South Wales and the West of England have not enjoyed the levels of rail enhancement investment experienced elsewhere in the UK over the last thirty years. This underinvestment has led to relatively less attractive services, attracting fewer passengers and leading to lower modal share and higher subsidies compared to the rest of the UK (footnote Mark Barry's paper).
18. Despite the electrification of the Great Western Mainline to Cardiff, journey times from Cardiff to Bristol and London remain slow, with line speed constraints west of Bristol Parkway a particular issue. Low service frequency and overcrowding are key limitations of the Cardiff–Bristol Temple Meads rail service, which is a major constraint on rail use between the two economic centres in the region and the Cardiff Central and Temple Means commercial centres. Furthermore, as set out in "Beyond HS2," Greengauge 21 identified Cardiff as the worst connected major city in the UK in respect of direct services to other major UK cities. (footnote)
19. Moreover, HS2 will put Cardiff and South Wales at a significant disadvantage. Whilst the UK economy is predicted to receive a £15 billion benefit from HS2, South Wales's GDP will lose an estimated £200m per year. There are similar negative impacts for the southwest of England, with Bristol losing £100m per year, and Gloucester, Bath and northeast Somerset another £100m annually.
20. In March 2021, the Cardiff Capital Region published its Passenger Rail Vision, setting out the strategic interventions that would be required to improve the rail network serving the city-region. These include enhancing the South Wales Mainline and route to Birmingham and bringing the South Wales Main Line (SWML) up to the same standard as the other "main lines" across the UK. This work would include a major upgrade in terms of line speed, capacity, and electrification, and importantly, allowing a mix of express and local commuter services. Key requirements identified include:
 - a. Additional London and Bristol Temple Meads services to Cardiff, Swansea & West Wales
 - b. New SWML/Relief Line local services and stations/interchanges including: Magor, Llanwern, Cardiff Parkway, Rover Way/Newport Rd, M4 Junction 34
 - c. Welsh Government journey time ambitions, which CCR endorses: London - Cardiff in 85 minutes; Cardiff - Swansea in 30 minutes; Cardiff - Bristol Temple Meads in 30 minutes; Carmarthen - Cardiff in 75 minutes.
 - d. The region also wishes to emphasise the importance of connectivity to Birmingham (#2) via Gloucester and the north of Wales and England via Abergavenny. Both of these lines require line speed and capacity upgrade and full electrification as acknowledged in NRs recent decarbonisation strategy.
21. These priorities align with the recommendations of the South East Wales Transport Commission to reduce acute congestion on the M5, published in November 2020, which identified the need for public transport alternatives for regional, medium-distance travel, particularly trips starting or ending in the cities of Cardiff, Newport and Bristol.

22. Through the Western Gateway, Cardiff Council will therefore seek to secure investment into the strategic rail infrastructure serving the city, including:
- a. A major upgrade of the primary East-West rail corridor from Swansea Bay to London via the SWML and GWML to enhance connectivity between Cardiff and London, Heathrow, Bristol and Swansea. For the SWML, this will include enhanced line speeds (eventually up to 140 mph) and capacity, new stations and full electrification as acknowledged in Network Rail's recent decarbonisation strategy.
 - b. Improved rail links between Cardiff Central and Bristol Temple Means, including a mix of express and local commuter services as recommended by the South East Wales Transport Commission, including 4 services an hour between Bristol Temple Meads and Cardiff Central.
 - c. Enhanced connectivity from Cardiff to Birmingham and the HS2 network (and beyond to/from northern England) via Gloucester.
 - d. Securing the Western Rail Access to Heathrow scheme from Reading, providing direct and indirect rail access from Cardiff Central to Heathrow.

Resource Arrangements and Financing of Key Projects

23. The Western Gateway is financed with funds from UK Government and local partners. In 2020/21, the partnership received £500,000 from the Ministry for Housing, Communities and Local Government (which has since been renamed as the Department for Levelling Up, Housing and Communities) and £190,000 in payments from member organisations (comprised of a £10,000 contribution by each partner).
24. The Western Gateway has submitted a Spending Review bid requesting sustainable capacity funding through the DLUHC, with core funding of £1.2m for the 2022/23 financial year and £1.5m for the 2023/24 and 2024/25 financial years. A decision on levels of funding from UK Government is anticipated to align with the publication of the Levelling Up White Paper in late 2021.

Financial Implications

25. The financial arrangements of the Western Gateway are set out in paragraphs 23 and 24 respectively. The report also sets out the need for a £10,000 contribution which can be identified from within existing budgetary allocation.

Legal Implications

26. Decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council eg. standing orders and

financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

27. The Council has to satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. As such a decision to implement the proposal has to be made in the context of the Council's equality act public sector duties.

HR Implications

28. There are no HR Implications for this report.

Property Implications

29. There are no property implications for this report.

REPORT TO CABINET

A report will be taken to Cabinet recommending that Cabinet

1. Note the contents of the report
2. Approve the Council's continued participation in the Western Gateway Partnership and a focus on the policy priorities outlines in the report
3. Approve an annual financial contribution of £10,000, as outlined in para 23.

SENIOR RESPONSIBLE OFFICER	Paul Orders Chief Executive
	7 December 2021

The following background papers have been taken into account:

Final Report of the UK2070 Commission (February 2020): 'Make No Little Plans – Acting at Scale for a Fairer and Stronger Future'

<http://uk2070.org.uk/wp-content/uploads/2020/02/UK2070-FINAL-REPORT.pdf>

Metrodynamics Report (July 2019): 'A Powerhouse for the West'

<https://western-gateway.co.uk/wp-content/uploads/2020/02/A-Powerhouse-for-the-West-Metro-Dynamics-July-2019.pdf>

Metrodynamics Report (February 2016): 'Britain's Western Powerhouse'

<https://static1.squarespace.com/static/55e973a3e4b05721f2f7988c/t/56bda76a20c64756d829011c/1455269772946/Great+Western+Cities.pdf>

Cabinet Report, 19 March 2015 – Great Western Cities

<https://cardiff.moderngov.co.uk/documents/s3226/Item%20%20Cabinet%2019%20March%20Great%20Western%20cities.pdf?LLL=0>

Final Recommendations of the RSA City Growth Commission (October 2014):
'Unleashing Metro Growth'

<https://www.thersa.org/globalassets/pdfs/reports/final-city-growth-commission-report-unleashing-growth.pdf>

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