



SPECIAL COUNCIL - 24TH FEBRUARY 2016

SUBJECT: CITY DEAL

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To invite members to approve the next stage of the development of a City Deal investment plan for the Cardiff City region, comprising the ten local authorities in South East Wales, and to allow the Council Leader to sign the undertaking with UK and Welsh Government to work towards a finalised plan for the region.

2. SUMMARY

- 2.1 Members will recall previous reports on the City Deal, most recently in October of last year, where Members have agreed to participate in preparing plans for the region along with neighbouring local authorities, the UK and Welsh Governments.
- 2.2 On the 17th June 2015, Cabinet agreed to support the development of a plan for the City Deal, with all ten local authorities contributing towards the cost of research and financial planning. This council contributed £59,989 towards a £1million fund for this purpose. On the 6th October 2015 Council resolved to support the ongoing work towards a City Deal subject to further reports being presented and with Full Council approval needed for any long term financial commitment.
- 2.3 The next stage is for the ten local authorities, the UK Government and Welsh Government to sign an agreement in principle which will outline the overall objectives of the City Deal. This is expected to take place in March of this year.
- 2.4 Following this, more detailed work will be undertaken to identify potential projects, a methodology for approving and evaluating projects and for the financing of the plan. A further report would come to Members once that is completed for approval.
- 2.5 This City Deal plan represents potentially the best and most exciting prospect for coordinated investment in the region for many decades. A major strength of the proposal is that all ten local authorities are working together, alongside Welsh and UK tiers of government.

3. LINKS TO STRATEGY

- 3.1 Economic development and job creation has long been a high priority of the council. It is a major part of national policy for the UK and Wales and features prominently in the multi-agency Single Integrated Plan for Caerphilly County Borough. The 'City Deal' offers the prospect of attracting significant infrastructure improvements, new business growth and investments in skills and training. These would support the policy and priority areas.

4. THE REPORT

- 4.1 Members will recall previous reports on the City Deal, most recently in October of last year, where Members have agreed to participate in preparing plans for the region along with neighbouring local authorities, the UK and Welsh Governments.
- 4.2 On the 17th June 2015, Cabinet agreed to support the development of a plan for the City Deal, with all ten local authorities contributing towards the cost of research and financial planning. This council contributed £59,989 towards a £1million fund for this purpose. On the 6th October 2015 Council resolved to support the ongoing work towards a City Deal subject to further reports being presented and with Full Council approval needed for any long term financial commitment.
- 4.3 A City Deal is an agreement where the national government provides money for cities or city regions to invest in return for a guarantee of economic growth. The aim is to support growth in employment and economic output. So far there have been around 30 City Deals across the UK, ranging in size from tens of millions of pounds to larger deals worth more than £2.5bn. The aim of the deal is to support the local economy, which in turn supports the national economy through bigger tax returns and lower costs in terms of supporting those out of work.
- 4.4 In March 2015 the Chancellor for the Exchequer announced that a City Deal for South East Wales was in development. Following that announcement the Leaders of the ten local authorities in South East Wales met and commenced work on putting together a structure and a vision for what that a City Deal could mean for our region. This was reinforced by further commitments from the Chancellor and from the Welsh Government First Minister later in the year.
- 4.5 Over the past few months the scale of a likely City Deal has become clearer and it seems likely that it would involve investment of around £1.28 billion. Around half of this money would be invested in the South East Wales Metro project and the remainder on a package of projects to create new jobs, boost training and generally regenerate the economy and communities in the region.
- 4.6 The final terms of the scale of the City Deal and the relative contributions of UK, Welsh and local government are still under discussion. A further report will be presented to members before any specific financial commitment is made on behalf of this authority.
- 4.7 One exception is that to take the plan forward, and to develop more specific costed proposals, a small delivery team needs to be put in place and each local authority will be asked to contribute. This is likely to be a relatively modest sum which can be found from existing resources, and it is recommended that Members agree that this is progressed by the Interim Chief Executive under delegated powers in consultation with the Leader.
- 4.8 The next stage is for the ten local authorities, the UK Government and Welsh Government to sign an agreement in principle which will outline the overall objectives of the City Deal. This is expected to take place in March of this year.
- 4.9 These objectives will cover the areas advised to council in October, including the Metro and other infrastructure and transport improvements; investment in training for people seeking work and upskilling for those already in work; improvements to digital infrastructure in the region to enable modern businesses to work effectively from this area; and other initiatives to promote new businesses and business growth.
- 4.10 Following this, more detailed work will be undertaken to identify potential projects, a methodology for approving and evaluating projects and for the financing of the plan. A further report would come to Members once that is completed for approval.
- 4.11 This City Deal plan represents potentially the best and most exciting prospect for coordinated investment in the region for many decades. A major strength of the proposal is that all ten

local authorities are working together, alongside Welsh and UK tiers of government.

- 4.12 Although the scale of the City Deal is emerging at around £1.28 billion, the exact amount involved and the relative contributions of the three parties are yet to be finalised. Welsh Government has pledged £580million towards the Metro element of the Deal. It is anticipated that the UK Government will contribute a similar amount. Local authorities will also need to make a contribution and the amount and relative share per authority will be determined as discussions continue throughout the year. Any commitment from this authority will require further formal approval by council.
- 4.13 The governance and management arrangements for the City deal will also need to be finalised and this will also come back to Council once the heads of terms and general principles are agreed with UK and Welsh Government. The City Deal will provide the opportunity for joint working and collaboration between authorities to deliver a much more integrated approach to regional working.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no specific equalities implications from this report.

6. FINANCIAL IMPLICATIONS

- 6.1 The agreement of the council to move to the next stage of preparation of a City Deal does not commit the authority to any major expenditure or financial commitment, and no such commitment will be entered into without specific approval of Full Council at a later date once further details are known.
- 6.2 As indicated in the report, some relatively small contribution towards a team of officers may be required to support the development of the plan. This will be met from within existing resources.

7. PERSONNEL IMPLICATIONS

- 7.1 None.

8. CONSULTATIONS

- 8.1 Although initial discussion have been undertaken with some local organisations, there are no specific proposals within the City deal that would enable detailed consultation at this stage.

9. RECOMMENDATIONS

- 9.1 It is recommended that Members agree to support the ongoing work as outlined in the report to prepare a City Deal agreement in principle for the region and that the leader be authorised to sign an agreement with the other nine local authorities in the region, UK and Welsh Government as outlined.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 This City deal proposal is the best opportunity to secure additional investment and job creation in our area, and if the council did not participate it could lead to the loss of significant sums of money from both UK and Welsh government towards much needed projects in our area. Also, part of the strength of the bid is that all 10 local authorities are supporting the

proposal and working together, and if one authority does not participate then it could undermine the whole project.

11. STATUTORY POWER

11.1 Not applicable as no binding commitment is being entered into at this stage.

Author: Chris Burns, Interim Chief Executive
Consultees: Gail Williams, Acting Monitoring Officer
Nicole Scammell, Acting Director of Corporate Services
Christina Harry, Director Community Services

Background papers
Report to Cabinet - 17th June 2015
Report to Council - 6th October 2015