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Date: 13th July 2016

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If you have any queries please contact the Interim Head of Legal Services and Monitoring Officer by email willige@caerphilly.gov.uk or telephone 01443 863393

Dear Sir/Madam,

A meeting of **Council** will be held in the **Council Chamber - Penallta House, Tredomen, Ystrad Mynach** on **Tuesday, 19th July, 2016** at **5.00 pm** to consider the matters contained in the following agenda.

Yours faithfully,

A handwritten signature in blue ink that reads 'Chris Burns'.

Chris Burns
INTERIM CHIEF EXECUTIVE

A G E N D A

Pages

- 1 To receive apologies for absence.
- 2 Mayor's Announcements.
- 3 Presentation of Awards.

A greener place Man gwyrddach



- 4 Declarations of Interest.
Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

To approve and sign the following minutes: -

- 5 Council held on 7th June 2016. 1 - 6

To receive and consider the following reports from meetings of Cabinet.

- 6 Amendments to Authorisation of Officers Within the Public Protection Division. 7 - 12

- 7 Notice of Motion - Remedial Action to Improve Air Quality on Hafodyrynys Road. 13 - 20

To receive and consider the following reports: -

- 8 Notice of Motion - State Pension Arrangements. 21 - 22

- 9 Notice of Motion - Hate Crimes. 23 - 24

- 10 Cardiff Capital Region City Deal. 25 - 68

- 11 Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031. 69 - 84

- 12 Final Certification of Annual Accounts (2012/13, 2013/14 and 2014/15). 85 - 94

- 13 Internal Investigation of Senior Offices - Additional Financial Provision. 95 - 98

To receive and answer questions received under Rules of Procedure 10(2) which may have been submitted after the preparation of the agenda

Circulation:

All Members And Appropriate Officers



COUNCIL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON 7TH JUNE 2016 AT 5.00PM

PRESENT:

Councillor Mrs D. Price - Mayor
Councillor J. Bevan - Deputy Mayor

Councillors:

Miss L. Ackerman, Mrs E.M. Aldworth, Mrs K.R. Baker, P.J. Bevan, D. Bolter, D.G. Carter, C.J. Cuss, H.R. Davies, D.T. Davies, K. Dawson, C. Elsbury, M. Evans, Mrs C. Forehead, Miss E. Forehead, L. Gardiner, N. George, C.J. Gordon, R.W. Gough, Mrs P. Griffiths, D.T. Hardacre, D. Harse, D. Havard, C. Hawker, A.G. Higgs, K. James, M.P. James, Ms J.G. Jones, Miss L. Jones, S. Kent, G. Kirby, A. Lewis, K. Lloyd, C.P. Mann, Mrs P. Marsden, D.V. Poole, D.W.R. Preece, M.J. Prew, J. Pritchard, J.A. Pritchard, A. Rees, K.V. Reynolds, R. Saralis, Mrs M.E. Sargent, J. Simmonds, S. Skivens, Mrs E. Stenner, Mrs J. Summers, J. Taylor, L.G. Whittle, T.J. Williams, R. Woodyatt

Together with:-

C. Burns (Interim Chief Executive), D. Street (Director of Social Services), N. Scammell (Acting Director of Corporate Services), C. Harry (Corporate Director - Communities), G. Williams (Interim Head of Legal Services and Monitoring Officer), C. Jones (Head of Performance and Property Services), R. Roberts (Performance Manager), H. Morgan (Senior Committee Services Officer)

1. **WEB-CASTING FILMING AND VOTING ARRANGEMENTS**

The Interim Chief Executive reminded those present that the meeting was being filmed and would be made publically available in live and archive form via the Council's website. He advised that decisions would be made by show of hands.

2. **APOLOGIES**

Apologies for absence were received from Councillors M. Adams, A.P. Angel, L. Binding, Mrs A. Blackman, Mrs. P. Cook, H.W. David, W. David, N. Dix, J.E. Fussell, Mrs J. Gale, G.J. Hughes, G. Johnston, Mrs B.A. Jones, Ms P. Leonard, S. Morgan, Mrs. G. Oliver, D. Rees and J.E. Roberts.

3. MAYOR'S ANNOUNCEMENTS

The Mayor referred to the events and visits that she has undertaken since the last meeting and made specific reference to the Royal Garden Party and supper with the Bishop of Monmouth, Richard Pain.

4. CLOSED CIRCUIT TELEVISION MANAGEMENT AND INNOVATION AWARD

Members were advised that Caerphilly County Borough Council has received a 'Recognising Excellence - Closed Circuit Television Management and Innovation Award.'

This award is as a result of works to transfer the closed circuit television cameras, which are currently transmitted via BT fibre, onto the Public Sector Broadband Aggregation network. Once final works are completed, 98 of the 153 public cameras monitored by the council will be on the new network. The new system allows for a more flexible approach, as cameras can be more readily added or relocated where the new network is available.

Kath Peters and Carl Nesling came forward to receive the award from the Mayor on behalf of the service. Members placed on record their congratulations to the staff involved in achieving the award.

5. DUKE OF EDINBURGH AWARD

It was announced that members of staff were recently invited to attend the Duke of Edinburgh Diamond Anniversary Gold Award Presentation at Buckingham Palace, where they received an award for the authority's contribution to the Duke of Edinburgh.

The Duke of Edinburgh scheme has been delivered within the county borough for 25 years, with around 150 young people achieving a Duke of Edinburgh award each year. The various activities undertaken by the young people are run by volunteer leaders including Caerphilly Youth Workers, Teachers, Outdoor Pursuit Instructors and Caerphilly Adventure Group Volunteers. Taking part in the scheme significantly impacts young people's futures, enabling them to develop vital skills, such as teamwork, commitment and confidence.

Jared Lougher, Carole Challenger and Richie Batton came forward to receive the award from the Mayor on behalf of the service. Members placed on record their congratulations to the staff involved in achieving the award.

6. DECLARATIONS OF INTEREST

There were no declarations of interest received at the commencement or during the course of the meeting.

7. PETITIONS - CHILD SAFETY FOR UPPER RHYMNEY

The Mayor received a petition from Councillor C. Cuss in relation to child safety for Upper Rhymney requesting more safety measures (such as a pelican crossing or pedestrian crossing Officer) and indicated that it would be referred to the appropriate directorate for attention.

8. COUNCIL - 19TH APRIL 2016

RESOLVED that the following minutes be approved as correct records and signed by the Mayor.

Council held on 19th April 2016 (minute nos. 1 -15).

9. ANNUAL MEETING OF COUNCIL - 12TH MAY 2016

RESOLVED that the following minutes be approved as correct records and signed by the Mayor.

Annual meeting of Council held on 12th May 2016 (minute nos. 1 - 21).

REPORT REFERRED FROM CABINET

Consideration was given to the following report referred from Cabinet.

10. CAERPHILLY COUNTY BOROUGH COUNCIL, DRAFT 2016/17 CORPORATE PLAN (WELL-BEING OBJECTIVES)

Cabinet considered this report on 18th May 2016, and in endorsing its content, recommended its acceptance by Council.

Members were advised that the Council is required to set new or review their existing Improvement Objectives to ensure they remain relevant and current for the public. The report detailed the outcome of this process and identified the recommended set of Objectives for 2016/17.

The Local Government Measure 2009 requires all local authorities in Wales to set and publish a set of priorities called Improvement Objectives. The introduction of the Well-being of Future Generations Act 2015 (FGA) also places a legal requirement for public bodies to set and publish 'Well-being Objectives' with effect from March 2017. This means there will be a cross over period in the completion of the 16/17 set of objectives and the setting of new Well-being Objectives for 17/18.

Therefore, the Improvement Objectives have been reviewed and mapped to show how they contribute to the seven Well-being goals within the Well-being of Future Generations Act and as a result, the Improvement Objectives have been renamed Well-being Objectives in advance of the new legislation deadline.

In being mindful of the implications of the Well-being of Future Generations Act, and in that the Corporate Plan details the well-being goals and the key ways of working going forward, it was noted that the first meeting of the Public Services Board, comprising of four statutory members, the Local Authority, Local Health Board, South Wales Fire and Rescue Authority and Natural Resources Wales had been held earlier in the day where there had been meaningful discussion on how the requirements of the Act will be taken forward. Reference was made to the Membership of the Board and it was noted that there are also a number of organisations (including GAVO) invited to participate but it is the statutory members who make the decisions. The Board will also engage with key partners in the area.

With regards to the information contained on page 55 in relation to the % of 16 year olds not in employment, education or training (NEET) in October, the actual figure has now

been received and the 2014/15 academic year results now read 2.1 and not 1.7 as detail in the draft document.

During the course of the debate, reference was made to carbon management (page 66) and as to how effective this objective has been. It was noted that the document details where we are now and how we will work to deliver the objective.

Members were reminded that there is a requirement to produce two reports, the Corporate Plan 2016/17 which is a forward looking document and the Annual Performance Report which will highlight how the Council performed against the improvement objectives set for 2015/16. There will be an opportunity to scrutinise performance at that stage. A query was raised as to the requirement to produce two documents and the Interim Chief Executive advised that there is ongoing dialogue with the Wales Audit Office on this issue.

In relation to the investment in council homes to transform lives and communities (page 41) it was noted that most of the issues have now been resolved and there has been significant improvement and a report is to be presented to the next meeting of the Policy and Resources Scrutiny Committee which will detail performance against set targets for the service.

Reference was then made to the performance measure as it relates to the % of pupils aged 15 who achieved level 2 threshold including a GCSE pass at L2 in English or Welsh first language and mathematics (page 55) and as to the measure in place to improve the results. The Interim Chief Executive advised that this is one of the highest priorities and Officers are working closely with the Education Achievement Service, who provide the support services to schools. This has also been discussed at meetings with Secondary School Heads and by the School Boards. It is anticipated that an improvement will be seen in August.

A query was also raised in relation to the number of Welsh education places that are available and, looking forward, whether there will be an expansion programme for Welsh language education. The Interim Chief Executive advised that the growth of Welsh education is recognised and this is being kept under review at the monthly School Board Meeting and action will be taken if required. He advised that that no parent who had applied by the specific date had not had their preferences met as there were sufficient places available.

Following consideration and discussion, it was moved and seconded that the recommendation in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the report and subject to reference to the Anti-Poverty Strategy being included within the document, the draft Corporate Plan which details the Well-being Objectives for 2016/17 be endorsed.

REPORT OF OFFICERS

Consideration was given to the following report

11. AMENDMENTS TO THE COUNCIL'S CONSTITUTION

The report recommended minor changes to the Council's Constitution in order to reflect current arrangements and sought approval for the Council's Interim Monitoring Officer to make the necessary changes to the Constitution as set out therein.

The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is a “living document” in that it is continuously being updated and revised to reflect new legislation, improvement in procedures and changes to working practices.

The report sought Members’ approval to amend the Council’s Constitution at Part 3, Section 4, headed ‘Responsibility for Executive Functions, paragraph (f) to change the delegation for the Proper Officer for Administration - Registrar of Births, Deaths and Marriages from the Head of Public Protection to the Trading Standards, Licensing and Registrars Manager.

Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RESOLVED that: -

- (i) the contents of the report be noted;
- (ii) the proposed changes to the Council’s Constitution as set in paragraph 4.3 of the report be approved;
- (iii) the Interim Head of Legal Services and Monitoring Officer be given delegated authority to make the necessary changes to the Council’s Constitution.

12. QUESTIONS UNDER RULE OF PROCEDURE 10(2)

There were no questions submitted under Rule of Procedure 10(2).

The meeting closed at 5.40pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 19th July 2016 they were signed by the Mayor.

MAYOR

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COUNCIL - 19TH JULY 2016

SUBJECT: AMENDMENTS TO AUTHORISATION OF OFFICERS WITHIN THE PUBLIC PROTECTION DIVISION

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

-
- 1.1 The attached report which advises of changes to the legislation applicable to Officers of the Public Protection Division to amend the Council's Constitution to include Psychoactive Substances 2016 and the Children and Families Act 2014, and sought additional authorisation for Officers under the above Acts, was considered by Cabinet on 29th June 2016 and is referred to Council for consideration.
 - 1.2 Officers within the Public Protection Division require additional authorisation under Acts of Parliament in order to enforce the legislation and carry out their duties.
 - 1.3 At the meeting of Cabinet, Members discussed the implications of the changes in legislation and noted that the legislation now includes New Psychoactive Substances or anything producing a "legal high" (excluding alcohol, tobacco, nicotine, caffeine), "proxy purchasing" of tobacco products and cigarette papers, as well as under age sales of nicotine products such as e-cigarettes and liquids. The report provides for local authority Enforcement Officers to have the flexibility to issue fixed penalty notices in relation to the proxy sales of tobacco products if they believe an offence has been committed. Members were advised at that time that should they have any specific concerns they should notify Officers and investigations and/or "Test Purchases" could be implemented where required.
 - 1.4 Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RECOMMENDED that for the reasons contained in the Officers report it be recommended to Council that: -

- (i) the implementation of the legislation and the recommended changes to the Council's Constitution be referred to Council for determination;
- (ii) the Council's Monitoring Officer make the necessary amendments to the Council's Constitution;
- (iii) the Council's Constitution and Terms of Reference be amended by adding the following: Psychoactive Substances Act 2016, Children and Families Act 2014;
- (iv) Officers within the Public Protection Division be authorised under the Psychoactive Substances Act 2016 and the Children and Families Act 2014 in order to enforce the legislation and carry out their duties.

1.5 Members are asked to consider the recommendations.

Author: C.A Evans, Committee Services Officer
Ext. 4210

Appendix:
Report to Cabinet dated 29th June 2016.



CABINET – 29TH JUNE 2016

SUBJECT: AMENDMENTS TO AUTHORISATION OF OFFICERS WITHIN THE PUBLIC PROTECTION DIVISION

REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of changes to the legislation applicable officers of the Public Protection Division prior to presentation of the report to Council to amend the Council's Constitution to include Psychoactive Substances Act 2016 and the Children and Families Act 2014.
- 1.2 To obtain additional authorisation for officers under the above Acts.

2. SUMMARY

- 2.1 Officers within the Public Protection Division require additional authorisation under Acts of Parliament in order to enforce the legislation and carry out their duties.

3. LINKS TO STRATEGY

- 3.1 Public protection is a statutory duty of the authority and contributes towards the Healthier Caerphilly priority within the Caerphilly single integrated plan, Caerphilly Delivers. The Public Protection Division also contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language

The proposal for additional enforcement powers is also consistent with the five ways of working set out in the sustainable development principle as defined in the Act and contributes to a number of the Well-being goals

4. THE REPORT

4.1 Authorisation of Officers

- 4.1.1 As a result of the introduction of new legislation and following a review of existing authorisations it is considered that the Council's Constitution should be amended to include the following legislation:

- **Psychoactive Substances Act 2016**

The above legislation came into force on the 26th of May 2016 and can be enforced by police, Local authorities, Border Force and the National Crime Agency with the Police taking primary responsibility. The legislation creates offences for the supply, production, import and export of New Psychoactive Substances (NPS) also called “legal highs”. The new law captures any substance intended for human consumption that is capable of producing a psychoactive effect excluding substances, such as alcohol, tobacco, nicotine, caffeine and medical products.

It also provides four civil sanctions – prohibition notices, premises notices, prohibition orders and premises orders (breach of the two orders will be a criminal offence) – to enable the police and local authorities to adopt a graded response to the production, supply etc. of psychoactive substances in appropriate cases. Officers are currently working in partnership with Gwent Police to raise awareness of the legislation; Trading Standards will take responsibility for sales from retail premises and Police where they are sold in other circumstances and environments. Local authorities may issue prohibition notices (to prevent a person from carrying out any prohibited activity specified) in the notice) or a premises notice (to require a person to take all reasonable steps to prevent any prohibited activity being carried out at any premise owned etc. by the person). If the notices are not complied with the local authority can apply to the courts for a prohibition order or premise order. The courts can issue prohibition orders on conviction. Breach of a prohibition order is an offence. Orders can contain an access prohibition. Specific powers are given to authorised persons to enforce such access prohibitions. Magistrates can issue a search warrant to Local Authority officers to enter a premise and to search them for relevant evidence.

- **Children and Families Act 2014**

The above act introduces a number of new powers and responsibilities for the authority's Trading Standards Service.

Purchase of tobacco etc. on behalf of persons under 18

Section 395 of the above Act introduces an offence in England and Wales of “proxy purchasing” of tobacco products and cigarette papers. This makes it an offence for a person aged 18 or over to buy, or attempt to buy, tobacco or cigarette papers on behalf of a person under the age of 18. This section also provides local authority enforcement officers with the flexibility to issue fixed penalty notices if they believe an offence has been committed and powers of entry.

Prohibition of sale of nicotine products to persons under 18

This legislation also makes consequential amendments to integrate the new age of sale offence for nicotine products into the existing legislation for tobacco products i.e. Children and Young Persons (Protection from Tobacco) Act 1991 and Children and Young Persons Act 1933. The Nicotine Inhaling Products (Age of Sale and Proxy Purchasing) Regulations 2015 made under Part 5 of the above Act, contain provisions which make it an offence to sell certain nicotine inhaling products to persons aged under 18 and for an adult to purchase nicotine inhaling products on behalf of a person aged under 18 (proxy sales of e-cigs and e-liquids). There is an exemption for products that are licensed as either a medicinal product or a medical device and is sold by prescription.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment Questionnaire to be completed for this report.

6. FINANCIAL IMPLICATIONS

6.1 None, enforcement activities are carried out within normal work programme.

7. PERSONNEL IMPLICATIONS

7.1 None.

8. CONSULTATION

8.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

9. RECOMMENDATIONS

9.1 That Cabinet note the implementation of this legislation and refer the recommended changes to the Council's Constitution to Council for determination. The Council's Monitoring Officer make the necessary amendments to the Council's Constitution.

9.2 That the Council's Constitution and terms of reference be amended by adding the following: Psychoactive Substances Act 2016, Children and Families Act 2014.

9.3 That Officers within the Public Protection Division be authorised under the Psychoactive Substances Act 2016 and the Children and Families Act 2014 in order to enforce the legislation and carry out their duties.

10. REASONS FOR RECOMMENDATION

10.1 In order to comply with statutory requirements and to ensure proper and effective enforcement of the legislation.

11. STATUTORY POWER

11.1 Local Government Act 1972, Psychoactive substances Act 2016, Children and Families Act 2014. The discharge of duties under the above legislation is a Cabinet function.

Author: Jacqui Morgan, Trading Standards, Licensing and Registrars Manager – Ext 5034
Consultees: Cllr N George, Cabinet Member for Community & Leisure Services
Dave Street, Corporate Director, Social Services
Rob Hartshorn, Head of Public Protection
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Sue Ead, Solicitor
David A. Thomas, Senior Policy Officer (Equalities and Welsh Language)
Shaun Watkins, HR Manager
Mike Eedy, Finance Manager

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COUNCIL - 19TH JULY 2016

SUBJECT: NOTICE OF MOTION - REMEDIAL ACTION TO IMPROVE AIR QUALITY ON HAFODYRYNYS ROAD

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

-
- 1.1 The report, which was presented to Cabinet on 29th June 2016 and Health Social Care and Wellbeing Scrutiny Committee 21st June 2016, in response to a Notice of Motion, received from Councillor A. Lewis requests that CCBC take all remedial action urgently, to improve air quality on Hafodyrynys Road.
 - 1.2 Cabinet noted that there have been some recent reports in the media regarding air quality at this location.
 - 1.3 The Environment Act 1995 introduced a strategic policy framework for air quality management. The strategy established a set of standards for a number of pollutants having regard to scientific and medical evidence on the effects on health. Local authorities are required to carry out regular reviews of air quality within their area to determine whether they comply with these standards and, where they do not, to designate an Air Quality Management Area (AQMA) and incorporate controls to improve air quality bringing it within the accepted levels.
 - 1.4 Air quality monitoring began at Hafodyrynys in 2009. A Detailed Assessment of air quality was undertaken in 2013 based on monitoring data from 2012 and was submitted to Welsh Government. The Detailed Assessment confirmed that monitoring results were continuing to fail the air quality objectives and the area was designated as an AQMA at the same time that the Caerphilly Town Centre AQMA was extended in November 2013.
 - 1.5 A Further Assessment report was undertaken in April 2015 and considered contributions from the different traffic types and modelled mitigation scenarios. The recent Crumlin Junction improvements were one of the modelled mitigation scenarios within the report. The recently completed scheme has already resulted in efficiency benefits but post scheme monitoring is ongoing.
 - 1.6 Members noted that Air quality action plan, as required by the Act, will concentrate primarily on reducing levels of nitrogen dioxide within the Air Quality Management Area, it is important to note that the pollutant of concern is traffic related. Traffic queuing and congestion is an issue along the junctions that feed the A472 not just within the confines of the Air Quality Management Area. When producing the Action Plan, it will be necessary to consider areas surrounding the junctions that feed the A472 and require an input from many services across the Local Authority as well as from external partners, local residents and businesses.
 - 1.7 In addition, Members noted that there is a requirement to consult members of the public during the production of the Action Plan and through an appropriate communication strategy it is intended to engage with residents, community groups and other key players. An Action Plan Steering Group meeting is proposed for September. All proposed actions will be assessed and those that are deliverable will go forward into the Hafodyrynys Air Quality

Action Plan. It is envisaged that the draft Action Plan will go out to public consultation in early 2017.

1.8 Officers highlighted that, in support of the Notice of Motion, Councillor Lewis has also made reference to a planning application submitted to Torfaen Council which relates to reclamation of former opencast workings, recovery of secondary aggregates and construction of new access road affecting public rights of way. The application has not yet been determined by Torfaen Council, but the resolution of Planning Committee on 8th July 2015 was: that Torfaen County Borough Council be advised that Caerphilly County Borough Council Planning Committee raises objections to the application on the grounds of the detrimental impact on residential amenity, highway safety and air quality. A letter to that effect was sent to Torfaen Council.

1.9 Following consideration and discussion, it was moved and seconded that the recommendations in the report be approved. By a show of hands this was unanimously agreed.

RECOMMENDED that for the reasons discussed at the meeting, contained in the Officers report and in considering the recommendations of the Scrutiny Committee : -

- (i) the Notice of Motion be referred to Council for determination;
- (ii) the Action Plan Steering Group explore the option of building a by-pass in the area, in conjunction with Welsh Government.

1.10 Members are asked to consider the recommendation.

Author: C.A Evans, Committee Services Officer
Ext. 4210

Appendix:
Report to Cabinet dated 29th June 2016.



CABINET – 29TH JUNE 2016

**SUBJECT: NOTICE OF MOTION - REMEDIAL ACTION TO IMPROVE AIR QUALITY
ON HAFODYRYNYS ROAD**

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S.151 OFFICER

- 1.1 The attached report was presented to the Health, Social Care and Wellbeing Scrutiny Committee on the 21st June 2016.
- 1.2 The recommendations of the Health, Social Care and Wellbeing Scrutiny will be reported at the meeting.

Author: A. Dredge, Committee Services Officer
Ext. 3100

Appendices:

Appendix 1 - Notice of Motion - Remedial action to improve air quality on Hafodyrynys Road

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HEALTH SOCIAL CARE AND WELLBEING COMMITTEE – 21ST JUNE 2016

**SUBJECT: NOTICE OF MOTION - REMEDIAL ACTION TO IMPROVE AIR QUALITY
ON HAFODYRYNYS ROAD**

REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES

1. PURPOSE OF REPORT

- 1.1 To respond to a Notice of Motion asking that CCBC take all remedial action, urgently to improve air quality on Hafodyrynys Road.
- 1.2 The report is seeking the views of members prior to its presentation to Cabinet.

2. SUMMARY

- 2.1 A Notice of Motion has been received from Councillor A. Lewis.
- 2.2 The Notice of Motion meets the criteria set out in the Council's Constitution and in accordance with the Council's Rules of Procedure is now referred for consideration.

3. LINKS TO STRATEGY

- 3.1 Local Air Quality Management is a statutory requirement. Addressing air quality contributes to the Healthier Caerphilly and Greener Caerphilly, priorities within the Caerphilly Local Service Board single integrated plan, Caerphilly Delivers.
- 3.2 Addressing air quality contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
 - A resilient Wales
 - A prosperous Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities
 - A globally responsible Wales

In terms of the five ways of working set out in the sustainable development principle, as defined in the Act. Local Air Quality Management is integrated in that it contributes to a number of the Well-being goals and supports the objectives of other stakeholders. There is also an emphasis on acting to prevent problems from getting worse and a necessity for collaboration across a number of services and agencies.

4. THE REPORT

4.1 Councillor A. Lewis requests in his Notice of Motion that:-

'I call on CCBC to take all remedial action, urgently to improve air quality on Hafodyrynys Road'.

Members will be aware of recent reports in the media regarding air quality at this location.

4.2 The Environment Act 1995 introduced a strategic policy framework for air quality management. The strategy established a set of standards for a number of pollutants having regard to scientific and medical evidence on the effects on health. Local authorities are required to carry out regular reviews of air quality within their area to determine whether they comply with these standards and, where they do not, to designate an Air Quality Management Area (AQMA) and incorporate controls to improve air quality bringing it within the accepted levels.

4.3 Air quality monitoring began at Hafodyrynys in 2009, at that time a single diffusion tube was deployed on Woodside Terrace to give an indication of levels of nitrogen dioxide within the area. Initial readings suggested that there was a need to extend the monitoring and undertake a more comprehensive assessment within the area. An additional 2 diffusion tubes were placed on Hafodyrynys Road and a continuous air quality monitor was installed in September 2011.

4.4 Air quality objectives for nitrogen dioxide are 40 µg/m³ (measured as an annual average) and 200 µg/m³ (measured as a 1 hour mean) not to be exceeded more than 18 times a year. The table below shows the continuous monitoring results dating back to 2012. Whilst the annual average has remained consistent since 2013, the amount of 1 hour mean exceedances have decreased over time. The rise in this figure in 2015 will be attributable to queueing traffic during the Crumlin Junction improvements that took place between January and October.

4.5 As the air quality monitoring station is located on the roadside it is a requirement when assessing measured data to consider what levels would be at the façade of residential properties some 2 metres away. The adjusted data is also presented in the table.

Table: Air Quality Monitoring Results 2012-2015

	2012	2013	2014	2015
Continuous Monitoring Results				
Annual Average (µg/m ³) (Objective Level 40 µg/m ³)	98	68	68	68
No. of 1 hour mean exceedances (per year) 18 allowed per year	137	85	75	108
Annual Average (µg/m ³) adjusted for façade.	71	50	50	50
Diffusion Tube Monitoring Results (µg/m³)				
CCBC 48 (1 Woodside Terr)	45	48	46	42
CCBC 50 (Top Woodside Terr)	46	50	47	47
CCBC 60 (3 New Houses)	41	41	39	32

- 4.6 A Detailed Assessment of air quality was undertaken in 2013 based on monitoring data from 2012 and was submitted to Welsh Government. The Detailed Assessment confirmed that monitoring results were continuing to fail the air quality objectives for nitrogen dioxide and concluded there was a need to designate an Air Quality Management Area (AQMA). The area was designated as an AQMA at the same time that the Caerphilly Town Centre AQMA was extended in November 2013.
- 4.7 A Further Assessment report was undertaken and submitted to Welsh Government in April 2015. The Further Assessment report considered contributions from the different traffic types and modelled mitigation scenarios. The recent Crumlin Junction improvements were one of the modelled mitigation scenarios within the report. The air quality modelling study that was undertaken as part of the Crumlin Junction improvements concluded that there would be an improvement in the annual mean, a reduction of up to $23\mu\text{g}/\text{m}^3$ and that the 1 hour mean exceedances would no longer fail the air quality objective.
- 4.8 The Crumlin Junction improvements were undertaken to address peak time congestion at this key junction of the A467/A472 strategic highway network for the County Borough, improve journey time reliability for public transport bus services, and provide capacity to accommodate future development identified under the Council's Local Development Plan. The works to date have totalled £1.3m.
- 4.9 The recently completed scheme has already resulted in efficiency benefits but post scheme monitoring is ongoing, including a review of junctions outside the scope of the actual works undertaken, to better understand the impact of the scheme and identify whether further minor amendments could improve the efficiency benefits further. At least a full year of air quality monitoring data is required for to fully understand the impact/benefits of the Crumlin junction highway improvement.
- 4.10 Air quality action planning, as required by the Act, will concentrate primarily on reducing levels of nitrogen dioxide within the Air Quality Management Area, it is important to note that the pollutant of concern is traffic related. Traffic queuing and congestion is an issue along the junctions that feed the A472 not just within the confines of the Air Quality Management Area. When producing the Action Plan, it will be necessary to consider areas surrounding the junctions that feed the A472 and require an input from many services across the Local Authority as well as from external partners, local residents and businesses.
- 4.11 There is a requirement to consult members of the public during the production of the Action Plan and through an appropriate communication strategy it is intended to engage with residents, community groups and other key players and an Action Plan Steering Group meeting is proposed for September. All proposed actions will be assessed and those that are deliverable will go forward into the Hafodyrnys Air Quality Action Plan. It is envisaged that the draft Action Plan will go out to public consultation in early 2017.
- 4.12 Air quality from traffic is a national problem and is not something that can be addressed quickly; the solution often requires physical interventions as well as encouraging behavioural changes. Options in Hafodyrnys are likely to be quite limited due to the nature of the area. The topography is a large influencing factor as well as the fact that there are no alternative routes for traffic in the immediate vicinity without having to add substantial mileage to the journey.
- 4.13 In support of his Notice of Motion Cllr Lewis has also made reference to a planning application submitted to Torfaen Council. This application relates to reclamation of former opencast workings, recovery of secondary aggregates and construction of new access road affecting public rights of way. The application has not yet been determined by Torfaen Council, but the resolution of Planning Committee on 8 July 2015 was: that Torfaen County Borough Council be advised that Caerphilly County Borough Council Planning Committee raises objections to the application on the grounds of the detrimental impact on residential amenity, highway safety and air quality. A letter to that effect was sent to Torfaen Council.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no equalities implications arising directly from this report as the assessment work is being undertaken by existing Council staff and by utilising existing revenue budgets.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications arising directly from this report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications associated with this report.

8. CONSULTATIONS

- 8.1 This report has been sent to the Consultees listed below and all comments received are reflected in this report.

9. RECOMMENDATIONS

- 9.1 The Notice of Motion be duly considered by the Scrutiny Committee and referred to Cabinet in accordance with the Council's Constitution.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To be in accordance with the Council's Constitution.

11. STATUTORY POWER

- 11.1 Local Government Act 1972, Section 123 and Environment Act 1995.

Author: Maria Godfrey, Senior Environmental Health Officer
Consultees: Cllr. Nigel George, Cabinet Member for Community and Leisure Services
Cllr Lyn Ackerman, (Chair) Health Social Care and Well Being Scrutiny Committee
Cllr P Cook, (Vice Chair) Health Social Care and Well Being Scrutiny Committee
Dave Street, Corporate Director, Social Services
Ceri Edwards, Environmental Health Manager
Jacqui Morgan, Trading Standards & Licensing Manager
Gail Williams, Interim Head of Legal Services and Monitoring Officer
Clive Campbell, Transportation Engineering Manager
Tim Stephens, Development Control Manager
David A. Thomas, Senior Policy Officer (Equalities and Welsh Language)
Mike Eedy, Finance Manager
Shaun Watkins, HR Manager

Background Papers:
Air Quality Assessment Hafodyrynys 2013 & Air Quality Further Assessment Hafodyrynys 2015



COUNCIL - 19TH JULY 2016

SUBJECT: NOTICE OF MOTION - STATE PENSION ARRANGEMENTS

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 Council is asked to consider the Notice of Motion as set out in Paragraph 3 of the Report, and make an appropriate recommendation. In accordance with Rule 11 (3) of the Constitution, the Mayor has agreed to allow the motion to be dealt with at Council, without being first discussed at an overview and scrutiny committee.

2. BACKGROUND

- 2.1 A Notice of Motion has been received from Councillor Mrs E.M. Aldworth and is supported by Councillors Mrs P. Cook, Ms J. Jones, Ms P. Marsden and Mrs J. Summers.
- 2.2 The Notice of Motion meets the criteria set out in the Council's Constitution and in accordance with the Council's Rules of Procedure is now referred to Council for consideration.

3. REPORT

- 3.1 Councillor Mrs E.M. Aldworth requests in her Notice of Motion that:-

"Caerphilly County Borough Council calls upon the Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age with lack of appropriate notification".

- 3.2 The following information is provided by the Member in support of her notice of motion.

Reasons for the Motion:

A very significant number of women within our Borough had significant pension changes imposed on them by the Pension Act of 1995 and 2011 with little or no personal notification of the changes. Some women have had only 2 years notice of a 6 year increase to their State Pension age.

Very many ladies born in the 1950's are living in hardship - retirement plans shattered with devastating consequences. Many women are out of the labour market caring for elderly relatives or providing childcare for grandchildren. Some have health issues with regular medical appointments making difficulty to get employment.

It is widely accepted that women and men should be able to retire at the same time. The issue is that the rise in women's state pension AGE has been too rapid and has happened without sufficient notice being given to women affected - leaving these women with no time to make alternative arrangements.

4. EQUALITIES IMPLICATIONS

- 4.1 The report deals with an issue that raises equalities issues, but there are no specific equalities implications that directly affect the Council arising from the report.

5. FINANCIAL IMPLICATIONS

- 5.1 There are financial implications associated with this report.

6. PERSONNEL IMPLICATIONS

- 6.1 There are personnel implications associated with this report.

7. CONSULTATIONS

- 7.1 There has been no consultation undertaken.

8. RECOMMENDATIONS

- 8.1 Council is asked to consider the Notice of Motion outlined in paragraph 3.1 above.

Author: Helen Morgan, Committee Services Officer



COUNCIL - 19TH JULY 2016

SUBJECT: NOTICE OF MOTION - HATE CRIMES

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 Council is asked to consider the Notice of Motion as set out in Paragraph 3 of the Report, and make an appropriate recommendation. In accordance with Rule 11 (3) of the Constitution, the Mayor has agreed to allow the motion to be dealt with at Council, without being first discussed at an overview and scrutiny committee.

2. BACKGROUND

- 2.1 A Notice of Motion has been received from Councillor R. Saralis and is supported by Councillors J.E. Fussell and N. Dix.
- 2.2 The Notice of Motion meets the criteria set out in the Council's Constitution and in accordance with the Council's Rules of Procedure is now referred to Council for consideration.

3. REPORT

- 3.1 Councillors R. Saralis, J.E. Fussell and N. Dix request in their Notice of Motion that it be announced that:-

"We are proud to live in a diverse and tolerant society. Racism, xenophobia and hate crimes have no place in our country. Our council condemns racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable.

We will work to ensure that local bodies and programmes have the support and resources they need to fight and prevent racism and xenophobia.

We reassure all people living in this area that they are valued members of our community."

- 3.2 The following information is provided by the Members in support of their Notice of Motion.

Reasons for the Motion:

We are concerned about the recently reported rise of racist and xenophobic incidents and hate crimes.

4. EQUALITIES IMPLICATIONS

- 4.1 The report deals with an issue that raises equalities issues, but there are no specific equalities implications that directly affect the Council arising from the report.

5. FINANCIAL IMPLICATIONS

- 5.1 There are financial implications associated with this report.

6. PERSONNEL IMPLICATIONS

- 6.1 There are personnel implications associated with this report.

7. CONSULTATIONS

- 7.1 There has been no consultation undertaken.

8. RECOMMENDATIONS

- 8.1 Council is asked to consider the Notice of Motion outlined in paragraph 3.1 above.

Author:Helen Morgan, Committee Services Officer



COUNCIL - 19TH JULY 2016

SUBJECT: CARDIFF CAPITAL REGION CITY DEAL

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To agree interim governance arrangements for the "Cardiff Capital Region City Deal" agreement.
- 1.2 To agree to make a financial contribution to the running costs of the administration of the City Deal for the remainder of this year.

2. SUMMARY

- 2.1 Members will recall previous reports to Full Council on the City Deal.
- 2.2 In February of this year Council further agreed to sign an agreement with the other nine local authorities, UK and Welsh Government. That agreement was signed by all parties in March of this year. A copy of that Agreement is attached to this report. As members will see, it includes a £1.2 billion investment, including the development of the South Wales metro; support for innovation and digital infrastructure; developing skills and helping people back into work; promoting enterprise and business growth; and wider activity in regeneration and housing. It is hoped that it can help deliver 25,000 new jobs in the region and lever in up to £4bn of private sector investment.
- 2.3 This report outlines progress to date and recommends continued involvement in the emerging City Deal, and a contribution towards the development costs required to finalise the Deal over the course of this year.

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 to Full Council on the City Deal.
- 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 £500k fund for this purpose. On the 6th October 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 In February of this year Council further agreed to sign an agreement with the other nine local authorities, UK and Welsh Government. That agreement was signed by all parties in March of this year. A copy of that Agreement is attached to this report as **Appendix1**. As members will see, it includes a £1.2 billion investment, including the development of the South Wales metro; support for innovation and digital infrastructure; developing skills and helping people back into work; promoting enterprise and business growth; and wider activity in regeneration and housing. It is hoped that it can help deliver 25,000 new jobs in the region and lever in up to £4bn of private sector investment.
- 4.4 This is one of the largest City Deal agreements reached by the UK Government to date and has been developed far more quickly than was the case with most others. This reflects the urgency and expectation attached to this City Deal, because of the contribution it is expected to make to the regeneration and economic development of the region.
- 4.5 It is intended that the City Deal will be managed jointly by the 10 local authorities through a Joint Committee comprising the 10 Leaders from each authority, which will be referred to as the “Joint Cabinet”. The terms of such a body will require formal Council approval and a further report will come before Council once a formal proposal is in place.
- 4.6 This Joint Committee / Joint Cabinet cannot be established until a formal legal document is in place which can be put to each authority for approval. This is expected to be ready for consideration later in the year. In the meantime, it is proposed that the 10 leaders continue to meet as a Project Board to oversee the process as they have to date. It is proposed to rename this Project Board as the ‘Shadow Joint Cabinet’ to reflect the emerging structure. This Shadow Joint Committee / Joint Cabinet will not be a legal entity and will not be a decision making body in it’s own right, save for those powers delegated to each Council leader. It is expected that any decisions will only be around the administration and development of the City Deal and no formal commitments to funding or approving projects, will be made by this shadow Joint Cabinet.
- 4.7 In order to move forward with development of the City Deal, there is a lot of activity which will need to take place in a fairly short space of time. This includes formalising the arrangements for the financial contribution towards projects from the UK Government and the ten authorities, and agreeing the methodology and criteria for the allocation of monies to individual projects and investment plans. To assist with this an interim Programme Director and a Project Manager have been appointed through secondment from two of the authorities, until March of next year.
- 4.8 There is also further work to be undertaken in developing mechanisms for engaging with businesses and other stakeholders (such as FE Colleges and Universities) and in refining the vision for the City Deal and what it is intended to deliver.
- 4.9 To assist with the process of agreeing a shared set of priorities between the 10 authorities, UK and Welsh Government, an Independent ‘Competitiveness Commission’ has been established. This body of leading academics and practitioners in city region development will provide independent advice on the vision and economic development priorities, and that Commission is expected to report in October of this year.
- 4.10 Within the emerging proposals for the City Deal there are also ongoing discussions as to other regional structures which may be required to discharge certain elements – such as the establishment of a non-statutory Regional Transport Authority which would enable the ten authorities to collaborate on regional transport schemes. This will be the subject of a further report to Council at such time as more detail becomes available.

- 4.11 Other regional initiatives – such as the Regional Skills Partnership – are also now coming within the remit of the City Deal as this gives the opportunity for a clearer governance mechanism for such bodies, and also presents an opportunity for their work to more clearly be part of a comprehensive integrated economic development strategy for the region.
- 4.12 To enable these activities to continue to the point where a formal City Deal Agreement can be agreed by the 10 authorities, UK and Welsh Government, each authority is being asked to make a financial contribution in line with that agreed last year. For us this means a further contribution of £59,989. It is recommended that we agree to this request and the funding can be made available General Fund Balances for this purpose.
- 4.13 For the interim period while the formal governance arrangements are being drawn up (which will be subject to Full Council approval once they are available for consideration), a simple Memorandum of Understanding has been drawn up, and each of the ten authorities is requested to sign this agreement. This Memorandum of Understanding is attached at **Appendix2**.

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 this next stage of preparation of a City Deal does not commit the authority to any major expenditure or financial commitment, or to becoming a member of the formal Joint Committee / Joint Cabinet which will oversee the City deal, 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, a further contribution of £59,989 from General Fund Balances towards a small team of officers and other preliminary development work around the Deal is required to support the development of the plan.

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
- (i) To support the interim governance arrangements for the development of the final proposals around the City Deal via the 'Shadow Joint Cabinet' of the 10 local authorities in the region;
 - (ii) To agree to sign the Interim Memorandum of Understanding attached to this report subject to the Interim Head of Legal Services approving the terms of the Interim Memorandum;
 - (iii) To make a contribution of £59,989 towards the ongoing development costs for the City deal.

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.
- 10.2 Proper governance arrangements of the sort outlined in the report are a precondition of the support and financial contribution from UK Government.

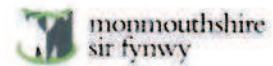
11. STATUTORY POWER

- 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
Cllr. Keith Reynolds, Leader of Council

Appendices:
Appendix 1 - Agreement signed by all parties
Appendix 2 - Memorandum of Understanding

Cardiff Capital Region City Deal



Executive Summary

1. Cardiff Capital Region has secured a deal worth £1.2 billion. Over its lifetime, local partners expect the City Deal to deliver up to 25,000 new jobs and leverage an additional £4 billion of private sector investment.
2. This City Deal will provide local partners with the powers and the resources to unlock significant economic growth across the Cardiff Capital Region. It is a deal that builds on the region's sectoral strengths, its high skill base and three successful universities. The City Deal also provides an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skill levels still further; supporting people into work; and giving businesses the support they need to innovate and grow.
3. This deal will also develop stronger and more effective leadership across the Cardiff Capital Region, enabling ten local authority leaders to join up decision making, pool resources and work more effectively with local businesses.
4. The Cardiff Capital Region City Deal includes:
 - **£1.2 billion investment in the Cardiff Capital Region's infrastructure.** A key priority for investment will be the delivery of the South East Wales Metro, including the Valley Lines Electrification programme.
 - **Connecting the region.** The Cardiff Capital Region will establish a new non-statutory **Regional Transport Authority** to co-ordinate transport planning and investment, in partnership with the Welsh Government.
 - **Support for innovation and improving the digital network.** To develop capabilities in Compound Semiconductor Applications the UK Government will invest £50 million to establish a new Catapult Centre in Wales. The Cardiff Capital region will also prioritise investment in research and development and provide support for high value innovative businesses.
 - **Developing a skilled workforce and tackling unemployment.** The Cardiff Capital Region Skills and Employment Board will be created (building on existing arrangements) to ensure skills and employment provision is responsive to the needs of local businesses and communities. The Cardiff Capital Region and the Welsh Government will work with the Department of Work and Pensions to co-design the future employment support from 2017, for people with a health condition or disability and/or long term unemployed.
 - **Supporting enterprise and business growth.** A Cardiff Capital Region Business Organisation will be established to ensure that there is a single voice for business to work with local authority leaders.
 - **Housing development and regeneration.** The Welsh Government and the Cardiff Capital Region commit to a new partnership approach to strategic planning. This will ensure the delivery of sustainable communities, through the use and re-use of property and sites.

Our signing of this document, subject to relevant council approvals, confirms our joint commitment to ensure full implementation of the Cardiff Capital Region City Deal proposed by: City of Cardiff Council; Blaenau Gwent County Borough Council; Bridgend County Borough Council; Caerphilly County Borough Council; Merthyr Tydfil County Borough Council; Monmouthshire County Council; Newport City Council; Rhondda Cynon Taff County Borough Council; Torfaen County Borough Council; and Vale of Glamorgan Council.



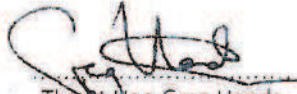
The Rt Hon Stephen Crabb
Secretary of State for Wales



The Rt Hon Carwyn Jones
First Minister of Wales



Cllr. Phil Bale
Leader of City of Cardiff
Council



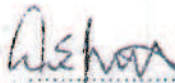
The Rt Hon Greg Hands
Chief Secretary to the
Treasury



Jane Hutt
Minister for Finance and
Government Business
Welsh Government




Cllr. Steve Thomas
Leader of Blaenau Gwent
County Borough Council



Cllr. M E J Nott OBE
Leader of Bridgend County
Borough Council



Cllr. Keith Reynolds
Leader of Caerphilly County
Borough Council



Cllr. Brendan Toomey
Leader of Merthyr Tydfil
County Borough Council



Cllr. Peter Fox
Leader of Monmouthshire
County Council



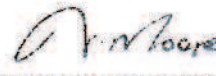
Cllr Bob Bright
Leader of Newport City
Council



Cllr. Andrew Morgan
Leader of Rhondda Cynon
Taff County Borough
Council



Cllr. Robert Wellington CBE
Leader of Torfaen County
Borough Council



Cllr. Neil Moore
Leader of Vale of
Glamorgan Council

Introduction

5. The Cardiff Capital Region is comprised of ten local authorities: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taff; Torfaen; and Vale of Glamorgan. It is the largest city-region in Wales and accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses.
6. The Cardiff Capital Region is an area where people want to live and work. With two cities (Cardiff and Newport) at its core, the region has seen significant regeneration and investment over recent decades. Cardiff, as the capital city, is now dynamic, fast growing and forecast to have a higher population growth rate over the next 20 years than any other city in the UK.
7. The area is home to a range of competitive business clusters with significant international and indigenous businesses across sectors such as: financial services; creative and digital industries; advanced manufacturing; life sciences; energy; and energy supply. These business clusters are serviced through a wide and supportive ecosystem. This ecosystem contains a thriving higher education sector which includes Cardiff University, Cardiff Metropolitan University and the University of South Wales..
8. However, despite these strengths, numerous challenges remain. Gross Value Added, which is a measure of goods and services produced in an area, is lower than all but one of the English Core City Regions. There are also connectivity issues across the region which makes it more difficult for people in Valley's communities to access economic opportunities.
9. Recognising these opportunities and challenges all the signatories to this deal are working together to realise the vision for the Cardiff Capital Region, which is to: *"work together to improve the lives of people in all our communities. We will maximise opportunity for all and ensure we secure sustainable economic growth for future generations"*. This City Deal provides local partners with further powers and tools to realise this vision.

Key Elements of the Deal

Cardiff Capital Region Investment Fund

10. This City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth plans. Central to this will be the development of a 20 year £1.2 billion Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects.
11. Both the UK and Welsh Government are contributing £500 million to this fund respectively. The Welsh Government funding will be provided over the first seven years of the Investment Fund, from 2016/17 to 2022/23. The ten local authorities in the Cardiff Capital Region will contribute a minimum of £120 million over the 20 year period of the Fund. In addition, over £100m from the European Regional Development Fund has been committed to delivering the City Deal.
12. The Cardiff Capital Region believes investments in these areas will deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment from local partners and the private sector by 2036.

South East Wales Metro

13. A key priority, which the City Deal Investment Fund will support, is the delivery of the South East Wales Metro. The scheme has the potential to provide a significantly improved public transport system that will transform the way people travel around the region.
14. Given the importance of the Metro to the UK Government, Welsh Government and Cardiff Capital Region, a proportion of the Investment Fund will be pre-allocated to the delivery of this scheme. This pre-allocation focuses on both phases of the wider Metro scheme. These are:
 - The delivery of the Valley Lines Electrification programme. This City Deal re-confirms the continued shared ambition of both Government's and the Cardiff Capital Region to deliver this element of the wider Metro scheme. £325 million of the £1.2 billion Investment Fund has already been committed to the delivery of this scheme (£125 million from the UK Government, £94 million from the Welsh Government and £106 million from the European Regional Development Fund).
 - The delivery of the wider South East Wales Metro scheme. The Welsh Government will pre-allocate over £400m further funding from the Investment Fund to deliver the wider ambitions around the Metro scheme, which is the subject of ongoing design work. As part of this City Deal the Welsh Government commits to involving the Cardiff Capital Region in the co-design of the wider Metro scheme and in the procurement of a delivery organisation.

15. The Department for Transport will agree the arrangements for making the agreed contribution to the Valley Lines Electrification project with the Welsh Government. The Welsh Government will agree with the local authorities the arrangements for managing the funding of the Metro scheme, and how it interacts with funding for additional Metro investments delivered through this City Deal.

Wider Investment Priorities

16. The remaining element of the Investment Fund will be used to take forward a wide range of projects and schemes that support economic growth across the Cardiff Capital Region. Decisions on the prioritisation of these schemes will be taken by the Cardiff Capital Region Cabinet. Schemes taken forward could include: further transport schemes; investment to unlock housing and employment sites; and development of research and innovation facilities.

Investment Fund Assurance Framework

17. The ten local authorities across the Cardiff Capital Region commit to writing and adopting an assurance framework for this Investment Fund. This will be agreed by the UK and Welsh Government. By adopting the assurance framework prior to the commencement of the Investment Fund, the Cardiff Capital Region will ensure that schemes that are taken forward (outside of the South East Wales Metro which will be subject to a separate assessment against an assurance framework) represent good value for money and are underpinned by a robust business case.
18. This assurance framework will be based on existing best practice from the UK Government and Welsh Government. In addition the framework will also draw upon any local best practice for managing investment decisions across the Capital Region. Key elements that the assurance framework will include are:
 - purpose, structure and operating principles of the framework;
 - arrangements to ensure value for money and effective delivery through strong project development, project and options appraisal, prioritisation, and business case development;
 - a description of the arrangements for supporting the effective delivery and implementation of projects and schemes, including relationships with delivery bodies; and
 - arrangements which enable effective and meaningful engagement of local partners and the public in the investment decisions taken and subsequent scrutiny of these decisions.

Investment Fund Gateway Assessments

19. Cardiff Capital Region will be required to evaluate the impact of the Investment Fund in order to unlock funding that has not been pre-allocated to the South East Wales Metro programme. This will be comprised of gateway assessments every five years. To underpin these gateway assessments, an independent review will be commissioned to evaluate the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the Cardiff Capital Region, but agreed at the outset with the UK Government. The next five

year tranche of funding will be unlocked if the UK and Welsh Governments are satisfied that the independent assessment shows the investments to have met key objectives and contributed to national growth.

Local Authority Borrowing

20. Throughout the course of the City Deal programme the ten Cardiff Capital Region local authorities will be responsible for financing the capital investment programme. The difference in the profile between the proposed investment and the capital grant funding may require a local authority or authorities to borrow to fund any difference in expenditure and grant. The cost of any external borrowing is the responsibility of the relevant local authority or local authorities and is to be managed in accordance with prudential principles – it must be prudent, affordable and sustainable.
21. In a scenario where a future Investment Fund Gateway is not achieved, leading to any reduction or cessation of City Deal grant, then it will be the responsibility of individual local authorities within the Cardiff Capital Region to manage the financial impact of this within their local authority budget, utilising reserves or surpluses as required.

Additional Flexibilities

22. In order to deliver the Cardiff Capital Region's City Deal commitments and a longer-term economic strategy, the ten local authorities have requested greater financial autonomy and flexibility. As part of this City Deal the Welsh Government will explore with the Cardiff Capital Region:
 - the devolution of business rate income above an agreed growth baseline to provide funding for the City Deal programme;
 - providing the ability to levy an infrastructure supplement;
 - creating the option for the local authorities to use alternative finance sources; and
 - removing conditions around some specific Welsh Government grants, to allow funding to be pooled at the regional level in areas such as school support and interventions that seek to address poverty.

Connecting the Cardiff Capital Region

23. Transport has a key role in delivering economic growth and improving outcomes for people by connecting communities, business, jobs, facilities and services. However across the Capital Region there are significant congestion and transport capacity issues that need to be addressed. The City Deal Investment Fund and South East Wales Metro will make a significant contribution to improving transport connectivity.
24. In addition to this investment the Cardiff Capital Region will establish a new non-statutory Regional Transport Authority to co-ordinate transport planning and investment, in partnership with the Welsh Government. The Cardiff Capital Region Transport Authority will be responsible for:
- pooled local transport resources;
 - regional planning for the local transport network;
 - working with Transport for Wales to ensure objectives for transport investment are aligned;
 - exploring the creation of a single integrated ticketing platform for public transport across the Cardiff Capital Region;
 - working in partnership with the Welsh Government to define the priorities of the South East Wales Metro concept and to support its delivery; and
 - working in partnership with the Welsh Government to promote the development of integrated aviation routes from Cardiff Airport and St Athan Enterprise Zone, to deliver economic benefit.

Investing in Innovation and the Digital Network

25. The Cardiff Capital Region has an aspiration to extend the “arc of innovation” that runs along the M4 corridor into the Cardiff Capital Region. Capitalising on the research strengths of the Region’s three universities, the Cardiff Capital Region will designate an “Innovation District” that helps to: create and nurture new high growth businesses; increases investment in research and development; and provides the skills that businesses need now and in the future.

Developing the Compound Semiconductor Sector

26. To transform the UK’s capability, and help position Cardiff as the European leader in Compound Semiconductor applications, the UK Government will invest £50 million to establish a new Catapult in Wales. This new Catapult will complement the work of other organisations in Wales who are already working in this important area, including the Compound Semiconductor Institute at Cardiff University and the Compound Semiconductor Centre, a joint venture between Cardiff University and IQE.
27. Recognising this opportunity, the Cardiff Capital Region will prioritise interventions that support the development of an internationally-competitive Compound Semiconductor cluster. Local partners believe that this will put the UK at the heart of an emerging global growth technology.

Innovation Investment

28. To accelerate the growth of innovation and facilitate investment in research and development, the Cardiff Capital Region will seek to prioritise:
 - mechanisms to support high growth sectors;
 - the development of new facilities and employment sites;
 - new approaches to public service delivery;
 - the Software Academy in Newport and related programmes across the Capital Region;
 - investment in intellectual property creation and commercialisation;
 - adding value and complimenting existing innovation support; and
 - developing a cyber-security academy with the University of South Wales.

Innovate UK

29. Innovate UK is now planning to increase its footprint and presence in Wales, in order to: raise the awareness and engagement in Innovate UK programmes and activities; to strengthen its links with business, universities and other key partners; and to work with the Welsh Government to promote and support innovation.

Data

30. Cardiff Capital Region commits to developing proposals for how better and more flexible use of data could be used to drive innovation across the public sector and

within the wider economy. The Cardiff Capital Region will present a clear case to the UK Government for how a different approach to the use of specific data would improve service delivery and would benefit particular groups.

The Digital Network

31. Innovation will also be a central theme within the Cardiff Capital Region's ambition to deliver an outstanding digital infrastructure and wider ecosystem to support economic growth. To continue to build on investments in next generation broadband, and the Region's reputation as one of the fastest growing tech hubs in the UK, the Cardiff Capital Region will prioritise:

- exploring the case for direct international connectivity;
- the mobile infrastructure across 4G and 5G technologies that add value to existing provision;
- increasing Wi-Fi services across public transport;
- digital solutions to solve the big problems, such as smart housing, citizen payments and open data challenges; and
- facilitating collaboration between stakeholders to identify and exploit opportunities.

Developing a Skilled Workforce and Tackling Unemployment

32. This City Deal will improve the co-ordination and delivery of skills and employment support across the Capital Region. It will help to increase the number of people moving into work (including those that have been out of work for a long time), increase the number of people undertaking an apprenticeship or other relevant skills provision and give people the skills they need to compete in a global employment market.

The Cardiff Capital Region Skills and Employment Board

33. To ensure skills provision is adapted to local economic and social needs and provides the best value for money, the Cardiff Capital Region will strengthen the existing Learning, Skills and Innovation Partnership. This will be re-launched in 2016 as the Cardiff Capital Region Skills and Employment Board.
34. The Partnership will represent a wide range of stakeholders, including: business bodies; higher and further education; local authorities and the Welsh Government. It will be responsible for:
- Cardiff Capital Region's skills and worklessness strategy;
 - pooled local authority skills resource;
 - producing an annual regional plan for employment and skills. This annual plan, led by industry, will set out how both the existing skills needs of businesses and the Capital Region's future skills challenges will be addressed;
 - influencing and monitoring the delivery and impact of employment and skills programmes across the Region;
 - ensuring an industry led approach to the design and delivery of apprenticeship programmes meets the needs of both business and apprentices;
 - supporting the Welsh Government's "Curriculum for Wales, Curriculum for Life" plan, by encouraging closer alignment between future employer skills needs and education provision across the region; and
 - ensuring European Union funding investments in skills and employment add value and align with other programmes.

Work and Health Programme

35. Cardiff Capital Region and the Welsh Government will work with Department for Work and Pensions to co-design future employment support from 2017, for people with a health condition or disability and/or long term unemployed¹, many of whom are currently referred to the Work Programme and Work Choice.
36. The respective roles of the Department for Work and Pensions and Cardiff Capital Region in the co-design include:
- Department for Work and Pensions setting the funding envelope; however Cardiff Capital Region and the Welsh Government can top up this if they wish, but are not required to.

¹ Long term unemployed is defined as claiming benefits for 24 months.

- Cardiff Capital Region and the Welsh Government setting out how they will join up local public services in order to improve outcomes for this group.
 - Department for Work and Pensions setting the high level performance framework, ensuring support appropriately reflects labour market issues. The primary aim will be to reduce unemployment and move people into sustained employment.
 - Cardiff Capital Region (working with the Welsh Government) will have input into determining specific local outcomes that reflect their labour market priorities, however these outcomes should be complementary to the ultimate employment outcome. In determining any local outcome(s) Cardiff Capital Region and the Welsh Government will work with the Department for Work and Pensions to take account of the labour market evidence base and articulate how these will both fit within the wider strategic and economic context and deliver value for money.
37. Before delivery commences the Department for Work and Pensions, Cardiff Capital Region and the Welsh Government will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support. This will include a mechanism by which each party can raise and resolve any concerns that arise.
 38. The Department for Work and Pensions sets the contracting arrangements, including contract package areas, but should consider any proposals from Cardiff Capital Region on contract package area geography.
 39. Providers will be solely accountable to the Department for Work and Pensions, although Cardiff Capital Region and the Welsh Government will be involved in the tender evaluation.
 40. The Department for Work and Pensions and Cardiff Capital Region will develop a mechanism by which Cardiff Capital Region (working with the Welsh Government) can escalate to the Department for Work and Pensions any concerns about provider performance/reaching local agreements and require the Department for Work and Pensions to take formal contract action where appropriate.

Supporting Enterprise and Business Growth

41. The Cardiff Capital Region is committed to improving the co-ordination of local and national business support arrangements. This includes working in partnership with the Welsh Government to address identified barriers to growth, support spatial and sectoral priorities and to target emerging opportunities for driving economic performance.

The Cardiff Capital Region Business Organisation

42. Local partners recognise that ensuring there is a strong business voice to guide both the design and delivery of business support across the region will be critical.
43. Therefore working with public sector partners, the business community, and representative bodies, Cardiff Capital Region will establish a Cardiff Capital Regional Business Organisation. This organisation will provide a clear business voice that will influence and shape business support programmes. In creating the Board, a mapping and consultation process will be undertaken with existing advisory Boards operating within the Region. This will ensure roles and remits are complimentary and add value. The Board will be responsible for:
 - articulating the regional needs of business;
 - identifying regional priorities for existing business support services; and
 - designing future business support programmes.
44. Membership will be drawn from across a range of sectors and interests, including social enterprises and mutuals. A joint Confederation of British Industry, Federation of Small Business, Institute of Directors and South Wales Chamber of Commerce statement outlined the underlying principles for the Business Organisation. The final structure will be designed by the Cardiff Capital Region business community.

Integration of Local Business Support Services and Resources

45. To ensure that relevant business support and promotional activities are delivered at the Capital Region level, local resources will be aligned to create an Integrated Delivery Unit. This unit will deliver regionally significant aspects of economic development. This includes: business development; marketing; tourism; and inward investment.
46. The Integrated Delivery Unit, working in collaboration with the Welsh Government and the proposed Regional Business Organisation, will ensure that any new business support provision complements existing national initiatives. In addition, through this collaborative approach, the Welsh Government is committed to working with the Cardiff Capital Region to explore where existing business support provision can be built on or expanded, whilst avoiding duplication. A number of existing programmes (for example Business Wales, which offers a one stop shop advice and referral service to SMEs and Entrepreneurs) have already been designed through consultation with industry and have the potential to be aligned with identified regional needs and priorities.

47. Further to this, the Welsh Government is also committed to working in partnership with the Cardiff Capital Region to promote the area at a global level. As part of this, the Welsh Government will ensure greater levels of visibility with the Welsh Government's own overseas offices. In addition the Welsh Government will continue to work closely with UK Trade and Investment to ensure that its propositions are promoted and co-ordinated across the UK Trade and Investment overseas post network.

Housing Development and Regeneration

48. Delivering an increase in house building across the Cardiff Capital Region will help to address critical housing shortages especially for first time buyers and those unable to join the 'housing ladder'. House building is also a critical element of the economy as it: stimulates demand within the supply chain during construction and through purchases by the eventual occupiers; contributes to a more balanced regional planning framework; and is a major employer in its own right.
49. The City Deal presents a unique opportunity for the ten local authority areas to come together to develop and deliver a strategic approach to housing, regeneration and economic growth which will create an accessible, liveable, 'work-life integrated' and highly connected Capital Region. To support this ambition the Cardiff Capital Region will:
 - Commit to the development of a partnership between the Cardiff Capital Region and the Welsh Government to take a strategic and balanced approach to housing and regeneration, focussing development on where it is most needed – in a regional and coordinated way.
 - Ensure that new housing is linked to the delivery of sustainable and balanced communities, through the re-use of property and sites. Further, both the Welsh Government and Cardiff Capital Region will ensure that proposals to improve the efficiency and quality of the housing stock are aligned with other regeneration outcomes.
 - Establish a collective way of working, for example, through an asset development vehicle to progress speculative opportunities for potential Cardiff Capital Region regeneration ventures.
 - Develop an integrated public-private housing offer, with clarity over tenure, mix type, design and affordability with prototyping for 'settlements of the future'.
 - Utilise innovation in local procurement to secure supply chain benefits, local labour and other social clauses to maximise value.
 - Establish the delivery of renewable energy-led regeneration and housing programmes and ensure the principles of 'clean-tech' are anchored within physical development initiatives. This will contribute to ensuring 'future-proofing' and creation of new supply chain networks.
 - Engage the affordable housing sector providers in the region as one network. Working with Cardiff Capital Region this network will develop a regional "Housing Plus" strategy in which added value benefits such as training construction apprenticeships, energy resilience and job creation are clearly set out and adopted. This will provide a framework against which site regeneration schemes can be prioritised for investment.
50. In both the planning and delivery of new housing and regeneration projects, the Cardiff Capital Region will ensure that there is alignment to current Welsh Government programmes including Creating Vibrant and Viable Places – the Welsh Government's regeneration framework and increasing the supply and standards of housing.

Cardiff Capital Region Governance

51. The ten local authority partners of the Cardiff Capital Region City Deal have agreed to establish a governance model that:
- complies with the existing statutory framework that exists in Wales to deliver this City Deal;
 - strengthens and streamlines the existing governance and partnership arrangements across the Capital Region;
 - improves business involvement in local decision making;
 - provides confidence and assurance to both the UK and Welsh Government that the local authority leaders are making decisions which will drive economic growth across the Capital Region; and
 - enables local authorities to explore with the Welsh Government alternative governance arrangements in the medium term.

Cardiff Capital Region Cabinet

52. Utilising the existing statutory framework, the ten local authorities will establish a Cardiff Capital Region Cabinet. The Cabinet will have the status of a Joint Committee and will be the ultimate decision making body in the governance structure.
53. The establishment of a Capital Region Cabinet will be the first step in the development of greater city-region governance across the Cardiff Capital Region. The Cabinet, which will comprise the ten participating local authorities, will provide the basis for initial decision making regarding the Investment Fund. In addition the Cardiff Capital Region Cabinet will be responsible for:
- management of the Cardiff Capital Region Investment Fund;
 - additional devolved funding provided to the Capital Region;
 - the Cardiff Capital Region Transport Authority;
 - contracting with Transport for Wales on prioritised Metro projects;
 - control over devolved business rate income above an agreed growth forecast, subject to Welsh Government agreement;
 - strategic planning including housing, transport planning and land use;
 - influencing skills and worklessness programmes;
 - an Inward investment and marketing strategy; and
 - considering the scope for strengthening Capital Region governance further.
54. A comprehensive agreement will be drawn up between the participating authorities which will bind and commit each individual local authority and any successor authority (in the event of local government re-organisation) for such duration as is necessary to deliver the City Deal. The agreement will also allow for the possibility of additional functions and powers to be devolved to the Cabinet in the future.
55. The Cardiff Capital Region commit to reviewing the City Deal governance and exploring the future options for moving to even stronger and effective governance that is legally binding. The review will include consulting the Welsh Government

and the UK Government to identify actions needed to take forward future governance options.

Strategic Regional Planning

56. The Cardiff Capital Region, in partnership with the Welsh Government, will commit to the creation of an integrated strategic development plan that incorporates housing and employment land-use with wider transport plans. The strategic plan will provide the underpinning blue-print for development across the city-region.

Cardiff Capital Region Economic Growth Partnership

57. A Cardiff Capital Region Economic Growth Partnership will be established to bring together business, higher education and local government. The partnership would be responsible for setting the overarching city-region economic development strategy, as well as monitoring and making recommendations to the Cabinet with regard to City Deal implementation. The partnership will have a specific role to provide advice on investment decisions. This will ensure the City Deal and other interventions make an impact on economic growth and increase employment.
58. The Partnership's membership and terms of reference will be established using the best international practice such as the Danish Growth Forums, as well as the Local Enterprise Partnership model in England and the Economic Leadership Board established in Glasgow.

Independent Growth and Competitiveness Commission

59. The Cardiff Capital Region will establish an independent Growth and Competitiveness Commission to support the city region's economic and investment strategy. It will review activities related to the City Deal as well as wider economic and growth interventions.
60. The Commission's first task will be to review the evidence about the functional economic area and advise how best to generate Gross Value Added growth and support the ambitions of a dynamic capital region.
61. The Commission will be jointly established by the ten local authorities that comprise the Cardiff Capital Region in consultation with the Welsh and UK Governments.
62. The Commission will examine the challenges and opportunities for economic growth and competitiveness and make recommendations for how the Cardiff Capital Region can achieve its full growth potential.

Delivery, Monitoring and Evaluation

63. Cardiff Capital region will work with the UK Government and the Welsh Government to develop an agreed implementation, monitoring and evaluation

plan in advance of implementation, which sets out the proposed approach delivery and evaluating the impact of delivery.

64. The Cardiff Capital Region City Deal will be monitored by the Joint Cabinet. The joint programme management team will provide the Cabinet, the UK Government and the Welsh Government with quarterly performance report that will:
 - highlight City Deal successes;
 - provide a performance narrative for each element of the City Deal against agreed implementation plan timescales;
 - provide information on outputs and outcomes agreed;
 - identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.
65. The UK Government and Welsh Government will work with the Cardiff Capital Region to agree a timetable for the production of these reports and will convene regular progress meetings.
66. The Cardiff Capital Region commit to recognising the “City Deal” in promoting and branding investments made as a result of this Deal. This includes acknowledging the UK Government equally alongside other funding partners. The Cardiff Capital Region may wish to explore a single unique brand identity that represents the whole Capital Region area and all the partners involved in delivering the City Deal.

CARDIFF CAPITAL REGION CITY DEAL

2015

**MEMORANDUM OF UNDERSTANDING
to assist in the development of a City Deal.**

THIS MEMORANDUM OF UNDERSTANDING is made between:

Blaenau Gwent County Borough Council whose principal office is situate at Municipal Offices, Civic Centre, Ebbw Vale, NP23 6XB

Bridgend County Borough Council whose principal office is situate at Civic Offices, Angel Street, Bridgend, CF31 4WB

Caerphilly County Borough Council whose principal office is situate at Penallta House, Tredomen Park, Ystrad Mynach, Hengoed CF827PG

The County Council of the City and County of Cardiff whose principal office is situate at County Hall, Atlantic Wharf, Cardiff CF10 4UW ("Cardiff Council")

Merthyr Tydfil County Borough Council whose principal office is situate at Castle Street, Merthyr Tydfil, Mid Glamorgan CF47 8AN

Monmouthshire County Council whose principal office is situate at County Hall, Rhadyr, Usk Monmouthshire NP15 1GA

Newport City Council whose principal office is situate at Civic Centre, Newport, NP20 4UR

Rhondda Cynon Taf County Borough Council whose principal office is situate at Ty Bronwydd, Porth, Mid Glamorgan CF39 9DL

Torfaen County Borough Council whose principal office is situate at Llanfrechfa Way, Cwmbran NP44 8HT

and

Vale of Glamorgan County Borough Council whose principal office is situate at Civic Offices, Holton Rd, Barry CF63 4RU

(collectively referred to as 'the Councils')

Recitals

- 1 On 15th March 2016 the Leaders of the Councils referred to above, along with Ministers of Welsh Government and UK Government signed a document in respect of the Cardiff Capital Region City Deal ('the City Deal'). The document (copy annexed as schedule 1) outlines in high level terms the scope, financial aspects and proposed governance arrangements for the City Deal.

- 2 The Councils are working together to develop the detailed City Deal proposals and put in place all arrangements and documentation required to finalise the City Deal, which activities are collectively referred to in this Memorandum as the 'City Deal Project Work'.
- 3 The purpose of this Memorandum of Understanding is to set out how the Councils will allocate resources to undertake and co-ordinate the City Deal Project Work. This Memorandum supersedes a Memorandum concluded by the Councils in August 2015, which was put in place to initially develop the City Deal proposals
- 4 The Councils have concluded this Memorandum and are carrying out the City Deal Project Work pursuant to their powers conferred by section 101 and 111 of the Local Government Act 1972, section 25 of the Local Government (Wales) Act 1994, section 2, 19 and 20 of the Local Government Act 2000 and all other enabling powers now vested in the Councils.

Now it is hereby agreed that

1. OBJECTIVES AND SCOPE OF THE MEMORANDUM OF UNDERSTANDING

- 1 The Councils agree:-
 - 1.1 to work together to carry out the City Deal Project Work, as outlined in Schedule 2
 - 1.2 to continue, with some modification as set out in this Memorandum, the interim governance arrangements that have been put in place to oversee, direct and or carry out the City Deal Project Work. The arrangements, as modified, include:
 - (i) a shadow joint committee to be referred to as the Cardiff Capital Region Shadow Joint Committee ("the Shadow Joint Committee"). The membership and terms of reference of the Shadow Joint Committee shall be as set out in Schedule 3 part 1;
 - (ii) a Chief Executives Board. The membership and terms of reference shall be as set out in Schedule 3 Part 2; and
 - (iii) officer working groups to carry out the day to day activities required. The membership and terms of reference shall be as set out in Schedule 3 Part 3

2. DECISION MAKING

- 2.1 In terms of the need for decisions to facilitate the City Deal Project Work, then all such decisions shall be referred to each Council to make in accordance with their own decision making rules.
- 2.2 The parties acknowledge that to facilitate the timely progression of the City Deal Project Work that decisions will need to be made in a timely manner and where appropriate the Council's representatives on the various governance bodies referred to in clause 1 may be asked to make certain decisions in respect of their Council at such meetings, to the extent their delegated authority permits the same and subject always to the provisions of clause 2.3.
- 2.3 For the avoidance of any doubt neither the conclusion of this Memorandum of Understanding nor any decision made to facilitate the City Deal Project Work shall serve to commit the Councils or any one Council to approving the Final City Deal Agreement. The signing of this Memorandum of Understanding is without prejudice to the Councils' respective positions as regards approval of the final City Deal Agreement.

3. EXTERNAL ADVICE

- 3.1. The Councils anticipate that specialist financial, legal, technical and other advice will be required to assist the Councils in the City Deal Project Work and have agreed that Cardiff Council should put in place arrangements to secure such specialist advice and deal with all ancillary matters relating thereto.
- 3.2 The Councils agree that all costs incurred by Cardiff Council pursuant to clause 3.1 shall be met from the financial contributions to be paid by the parties and referred to in clause 4 or as provided by clause 9.

4. FINANCIAL CONTRIBUTIONS

Each Council hereby agrees:-

- (i) to pay to Cardiff Council its respective financial contribution listed in Schedule 4 on or before the 15th July 2016 ("Financial Contributions"). Cardiff Council shall hold and use such monies solely in connection with the City Deal and

- account for any payments made therefrom in accordance with normal accountancy rules and share any interest earned on such monies in accordance with the percentages set out in Schedule 4,
- (ii) that it consents to Cardiff Council liaising with HMRC on its behalf in respect of any permissions necessary to ensure that VAT is correctly accounted for on all Cardiff Capital Region City Deal expenditure properly incurred and to indemnify Cardiff Council for any irrecoverable VAT that may arise.
 - (iii) that, save as provided in clauses 6 and 9, the Financial Contributions from each of the Councils is intended to form each Council's maxim contribution payable for the City Deal Project Work ,
 - (iv) that in the event any Council determines to withdraw from the City Deal before the expiry of this Memorandum then the withdrawing Council shall not be entitled to any refund of its financial contributions and it shall remain liable in respect of its financial and indemnity obligations under this Memorandum of Understanding,
 - (v) that any residual balance held by Cardiff Council on expiry of this Agreement shall be shared between the Councils in accordance with the percentages set out in Schedule 4, subject to the provisions of clause 9, and
 - (vi) that Cardiff Council shall be entitled to retain and use as set out in clause 4
 - (i) any residual balance of monies held by it out of the financial contributions made by the Councils in the financial year 2015/16 under the Memorandum concluded by the Councils in August 2015, to develop the initial City Deal proposals.

5 COMMENCEMENT AND TERM

This Memorandum of Understanding will be deemed to have come into operation on the 1st June 2016 and shall continue until:-

- 5.1.1 such time as the City Deal Project Work has been completed;
 - 5.1.2 it is changed in any way or superseded by any new arrangement agreed between the Councils; or
 - 5.1.3 the 31st March 2017;
- which ever is the first to occur.

6 GENERAL RESPONSIBILITIES OF EACH PARTNER

- 6.1 Each Council will co-operate with each and every other Council in order to carry out and complete the work required to finalise the City Deal and will provide the resources reasonably required in terms of officers' time and information within their possession and use of Council facilities so as to enable the City Deal Project Work to be carried out and completed.
- 6.2 In carrying out the City Deal Project Work the Councils will have due regard to all legislative requirements, including without limitation to the generality of the foregoing, their duties as regards the Welsh language and the Public Sector Equality Duty.

7 **RISK**

- 7.1 Each of the Councils should take steps to assess the risk involved for their Council in the City Deal or any part of the process and it shall be a matter for each Council to determine if it wishes to conclude the final City Deal Agreement.
- 7.2 No Council (" the Indemnifier") shall be responsible, liable or be obliged in any way to indemnify another Council or the other Councils (" the Beneficiary") in respect of any decision the Beneficiary may take in respect of the City Deal or for any reliance placed by a Beneficiary on any information or advice provided, assembled , procured or contributed to by the Indemnifier Council.

8 **PROGRAMME DIRECTOR**

- 8.1 It is intended to appoint a programme director to help deliver the City Deal Project Work ('The Programme Director').
- 8.2 The Programme Director once appointed shall produce for the Chief Executive Board monthly monitoring reports setting out:-
- a. progress made on the City Deal Project Work,
 - b. financial monitoring reports , including details of actual expenditure measured against the financial contributions received , contract sums measured against budget allocations and any financial information reasonable required by the Chief Executive Board ,
 - c. identified risks relating to the completion of the City Deal Project Work, and
 - d. such other information as the Chief Executive Board may reasonable require .

- 8.3 Cardiff Council (or such other Council) shall, as its deems appropriate, following full discussion with the Chief Executives of the other Councils, second, engage or employ the Programme Director with all costs and expenses incurred by Cardiff Council (or such other Council) in respect of such secondment, engagement, employment or termination of any such secondment, engagement or employment being met out of the Financial Contributions or as provided in clause 9.
- 8.4 In the event that the Council's agree that a support team is required (to be managed by the Programme Director) then all such costs and expenses shall be met out of the Financial Contributions or as provided in clause 9.

9 INDEMNITY

- 9.1 Each Council agrees to indemnify Cardiff Council and to pay Cardiff Council within 10 working days of Cardiff Council issuing a demand, its proportion (calculated in accordance with the percentages set out in schedule 4) of:-
- (i) any cost and expenses incurred by Cardiff Council in respect of the matters referred to in clause 3 and 8 (if appropriate) that are not met out of the Financial Contributions should the same prove insufficient to meet the costs and expenses, and
 - (ii) any costs, expenses, claims, demands, losses or liabilities how so ever incurred by Cardiff Council as a result of any of the matters referred to in clause 3 and 8.3 (if appropriate).
- 9.2 This clause 9 shall remain operative following the expiry of the Memorandum of Understanding.

10. DISPUTE RESOLUTION

All Councils will use best endeavours to work together to achieve the aims and objectives of this Memorandum, complete the City Deal Project Work and avoid disputes. In the event of any dispute the dispute shall be referred to the Councils' Chief Executives to find a resolution.

11 LIABILITY OF THE COUNCILS

No Council shall make any claim of what so ever nature against Cardiff Council to recover any loss, damage, expense, cost or the like which it may incur by reason of

or arising out of the carrying out by Cardiff Council of any of its obligations under this Memorandum unless and to the extent such loss, damage or expense arises from a wilful default or wilful breach by Cardiff Council of its obligations under this Memorandum. This clause 11 shall not operate so as to limit any liability that Cardiff Council may have, where such liability cannot be limited by law.

12 CONTRACTS (THIRD PARTY RIGHTS)

The Councils as parties to this Memorandum do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

13 NOTICES

13.1 Any notice or demand in connection with this Memorandum shall be in writing and may be delivered by hand, prepaid first class post, special delivery post, or email, addressed to the recipient at the address set out for each Council in this Memorandum or such other recipient address as may be notified in writing from time to time by any of the parties to this Memorandum to all the other parties to this Memorandum.

13.2 The notice or demand shall be deemed to have been duly served:-

13.2.1 if delivered by hand, when left at the proper address for service;

13.2.2 if given or made by prepaid first class post or special delivery post, 48 hours after being posted (excluding days other than Business Days);

13.2.3 if given or made by email, at the time of transmission,

provided that, where in the case of delivery by hand or email such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

13.3 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

14 GOVERNING LAW

This Memorandum shall be governed by and construed in all respects in accordance with the laws of England and Wales and the English and Welsh Courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Memorandum.

15 ASSIGNMENTS

- 15.1 The rights and obligations of the Councils under this Memorandum shall not be assigned, novated or otherwise transferred

16 WAIVER

- 16.1 No failure or delay by any Council to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or some other right, power or remedy unless a waiver is given in writing by that Council.
- 16.2 Each Council shall pay their own costs incurred in connection with the preparation, execution and completion of this Memorandum.

17 COUNTERPARTS

This Memorandum may be executed in any number of counterparts each of which so executed shall be an original but together shall constitute one and the same instrument.

18 RELATIONSHIP OF COUNCILS

No Council shall have the right to act on behalf of another nor to bind the other by contract or otherwise except to the extent expressly permitted by the terms of this Memorandum. In particular and for the avoidance of doubt, none of the provisions relating to the principles of working together shall be taken to establish any Partnership as defined by The Partnership Act 1890.

19 DATA PROTECTION

Each Council shall comply with its obligations under the Data Protection Act.

20. FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION

- 20.1 Each Council acknowledges that the other Councils are subject to the requirements of the Freedom of Information Act 2000 ("FoIA") and the Environmental Information Regulations 2004 ("EIR") and each Council shall where reasonable assist and co-

operate with the other Councils (at their own expense) to enable the other Councils to comply with these information disclosure obligations in relation to the City Deal.

20.2 The Councils shall be responsible for determining in their absolute discretion whether any information requested of them under the FoIA or the EIR is exempt from disclosure under the FoIA or the EIR or is to be disclosed in response to a request for information.

20.3 Each Council acknowledges that the other Councils may be obliged under the FoIA or the EIR to disclose information:

20.3.1 without consulting with the other Councils where it has not been practicable to achieve such consultation; or

20.3.2 following consultation with the other Councils and having taken their views into account.

21. MITIGATION

Each Council shall at all time take all reasonable steps to minimise and mitigate any loss for which the relevant Council is entitled to bring a claim against the other Council(s) pursuant to this Memorandum.

22. STATUTORY RESPONSIBILITIES

Notwithstanding anything apparently to the contrary in this Memorandum, in carrying out their statutory duties, the discretion of any Council shall not be fettered or otherwise affected by the terms of this Memorandum.

AS WITNESSED the duly authorised representatives of the Councils have signed this Memorandum as a deed on the date written at the beginning of this Memorandum.

Signed for and on behalf of

Signed by way of acceptance of the above terms

Authorised signatory on behalf of
Blaenau Gwent County Borough Council

Authorised signatory on behalf of
Bridgend County Borough Council

Authorised signatory on behalf of
Caerphilly County Borough Council

Authorised signatory on behalf of
The County Council of the City and County of Cardiff

Authorised signatory on behalf of
Merthyr Tydfil County Borough Council

Authorised signatory on behalf of
Monmouthshire County Council

Authorised signatory on behalf of
Newport City Council

Authorised signatory on behalf of

Rhondda Cynon Taf County Council

Authorised signatory on behalf of

Torfaen County Borough Council

Authorised signatory on behalf of

Vale of Glamorgan County Borough Council

Schedule 1 – City Deal Document 15/3/16

Schedule 2 – City Deal Project Work

Outline of City Deal Project Work required

1. Preparation of the Joint Working Agreement (that is the detailed agreement that would be required between the Councils to underpin the proposed City Deal arrangements and to establish a Joint committee (referred to as the Cardiff Capital Region Cabinet).
2. Financial work, by way of illustration only:
 - (i) preparation of mechanisms for apportionment of costs between the Councils,
 - (ii) preparation of an assurance framework for the Investment Fund, and
 - (iii) preparation of a Gateway Assessment process.
3. Consideration of the potential for the parties to seek new powers and fiscal flexibilities to support the delivery of the City Deal.
4. Carrying out the preparatory work required to facilitate the establishment of the following new bodies (PROVIDED ALWAYS that the decision to establish such bodies will be a matter for each Council to make in accordance with its own decision making rules and procedures):-
 - (i) Non Statutory Regional Transport Authority
 - (ii) Cardiff Capital Region Skills and Employment Board
 - (iii) Cardiff Capital Region Business Organisation
 - (iv) Cardiff Capital Region Economic Growth Partnership
 - (v) Independent Growth and Competitiveness Commission

Schedule 3 Terms of Reference

Part 1

CARDIFF CAPITAL REGION CITY DEAL SHADOW JOINT COMMITTEE

TERMS OF REFERENCE

1. Parties

Blaenau Gwent County Borough Council
Bridgend County Borough Council
Caerphilly County Borough Council
The County Council of the City and County of Cardiff
Merthyr Tydfil County Borough Council
Monmouthshire County Council
Newport City Council
Rhondda Cynon Taf County Borough Council
Torfaen County Borough Council, and
Vale of Glamorgan County Borough Council

Welsh Government

2. Status and Membership

Status - The Cardiff Capital Region City Deal Shadow Joint Committee is established to provide direction, oversee and facilitate the development of a City Deal for the Cardiff Capital Region, which final arrangements will be submitted to each authority for approval. The City Deal proposal is to be developed in line with the vision and interests of all participating parties and the City Deal Document signed on 15th March 2016.

Membership - 10 Local Authority Leaders (or their nominated deputies) from across the Cardiff Capital Region.

The Chief Executives or delegated deputies may attend any meetings held, as advisors,

An officer appointed by the Minister for Finance of the Welsh Assembly Government may attend meetings as an observer.

Decision Making - Any formal decision required will be a matter for each authority to make in accordance with its own decision making rules and procedures. Where direction on any matters is required from the Board, views will be sought of each Leader Representative on the Board (or deputy) with the aim of reaching a consensus as to the direction to be given.

It is acknowledge that any direction given or comment made by any member at a Board meeting is without prejudice to any decisions that his/her respective authority

may be asked to make on this matter and shall not serve to fetter an authority in its decision making.

3. Functions of the Shadow Joint Committee

The Shadow Joint Committee is established to provide direction, oversee and facilitate the development of the Cardiff Capital Region City Deal in line with the vision and interests of all participating parties and the City Deal document signed on 15th March 2016. The Shadow Joint Committee will be requested to consider the final proposed report on the City Deal and business case prior to its submission to each Authority for approval.

The Cardiff Capital Region City Deal Shadow Joint Committee will be invited to consider any reports and recommendations from the Cardiff Capital Region City Deal Chief Executives Group and provide such direction thereon to the Chief Executives Group, as they deem appropriate.

4. Professional and administrative support

The City of Cardiff County Council shall act as the accountable body for the Cardiff Capital Region City Deal Shadow Joint Committee in respect of financial matters and its financial procedure rules will apply in this context.

Administrative support to the Cardiff Capital Region City Deal Shadow Joint Committee will be provided by the City of Cardiff County Council.

The procurement, finance and other rules of the City of Cardiff County Council will apply in respect of projects.

5. Quorum and Notice of meetings

No formal quorum is set for the meetings but each party shall use its reasonable endeavours to ensure one member representative (the Leader or nominated deputy) is in attendance.

Reasonable notice is to be given of the dates, times and venues of the proposed meetings.

Schedule 3 Part 2

CARDIFF CAPITAL REGION CITY DEAL CHIEF EXECUTIVES BOARD**TERMS OF REFERENCE****1. Parties**

Blaenau Gwent County Borough Council
 Bridgend County Borough Council
 Caerphilly County Borough Council
 The County Council of the City and County of Cardiff
 Merthyr Tydfil County Borough Council
 Monmouthshire County Council
 Newport City Council
 Rhondda Cynon Taf County Borough Council
 Torfaen County Borough Council, and
 Vale of Glamorgan County Borough Council

Welsh Government

2. Status, Membership and Decision Making

Status - The Cardiff Capital Region City Deal Chief Executives Board has been established to act as a forum in order to provide senior level officer direction and make arrangements to discharge the instructions of the Cardiff Capital Region City Deal Shadow Joint Committee.

Membership - 10 Chief Executives of the South East Wales local authorities or nominated deputies with delegated authority to act on behalf of their respective Chief Executive (i.e. one from each of the ten member Councils).

An officer appointed by the Minister for Finance of the Welsh Assembly Government may be in attendance as an observer.

A Chair and Deputy of the Chief Executives Board will be appointed by the 10 Chief Executives.

Decision making – Any decision required relating to the functions of the Executive Board will be a matter for each authority to make through its Chief Executive Representative on the Board (or deputy) to the extent that such decision falls within his or her delegated authority. All decisions must be made on a consensual basis of all ten authorities, with each attendee's agreement, if given, being deemed (i) to represent the decision of their respective authority to the course of action / authorisation concerned and (ii) to be within their delegated authority.

Meetings – may be held in person or by telephone conference or matters may be considered via email exchange between all members.

3. Functions of the Executive Board

The Cardiff Capital Region City Deal Chief Executives Board will provide support to the Cardiff Capital Region City Deal Shadow Joint Committee to ensure that the development of the Cardiff Capital Region City Deal is in line with the vision and interests of participating parties and the City Deal Document signed on 15.3.16.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for developing the final proposal and business case for a City Deal for consideration by the Cardiff Capital Region City Deal Shadow Joint Committee and approval by each of the 10 authorities.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for authorising the City of Cardiff County Council to (i) commission external support and (ii) oversee the management of the project expenditure.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for delegating actions, as appropriate, to the Project Officer Group.

4. Professional and administrative support

The City of Cardiff County Council shall act as the accountable body for the Cardiff Capital Region City Deal Chief Executives Board in respect of financial matters and its financial procedure rules will apply in this context.

Administrative support to the Cardiff Capital Region City Deal Chief Executives Board will be provided by the City of Cardiff County Council.

The procurement, finance and other rules of the City of Cardiff County Council will apply in respect of projects.

Any expenditure on preparatory work required to develop the detailed City Deal proposals, which preparatory work has a value in excess of £20,000, will require the full approval of the Cardiff Capital Region City Deal Chief Executives Board.

Expenditure decisions falling below a cumulative value of £20,000 in a financial year may be made by the Chair of the Project Officers Group.

Expenditure would also be subject to the appropriate delegations relating to the City of Cardiff Council.

5. Reports and recommendations

The Cardiff Capital Region City Deal Shadow Joint Committee will receive reports and recommendations from the Chief Executives Group as appropriate.

Schedule 3 Part 3

Cardiff Capital Region City Deal Officers Group

The Cardiff Capital Region City Deal Officers Group will provide support to the Cardiff Capital Region City Deal Chief Executives Board to ensure that the development of the Cardiff Capital Region City Deal is in line with the vision and interests of participating parties.

The Cardiff Capital Region City Deal Officers Group will comprise officers nominated by the Cardiff Capital Region City Deal Chief Executives Board and may be split into sub groups reflecting particular professional disciplines and expertise.

The Cardiff Capital Region City Deal Officers Group will undertake such activities as directed by the Cardiff Capital Region City Deal Chief Executives Board, to progress the development of the City Deal.

The Cardiff Capital Region City Deal Officers Group will, if required, work with any appointed specialist advisor to develop the City Deal .

Welsh Government appointed officials may attend all City Deal Officer Group meetings as appropriate.

Schedule 4 - Financial Contributions

CITY DEAL PARTNER CONTRIBUTIONS

	Pro Rata
Blaenau Gwent	£23,366
Bridgend	£47,034
Caerphilly	£59,989
Cardiff	£117,736
Merthyr Tydfil	£19,751
Monmouthshire	£30,832
Newport	£49,076
Rhondda, Cynon, Taff	£79,037
The Vale of Glamorgan	£42,582
Torfaen	£30,597
Column Total	£500,000

Calculations

<u>local authority</u>	<u>Population</u>	<u>%</u>	<u>£ pro-rata</u>
Blaenau Gwent	69,800	5%	£23,366
Bridgend	140,500	9%	£47,034
Caerphilly	179,200	12%	£59,989
Cardiff	351,700	24%	£117,736
Merthyr Tydfil	59,000	4%	£19,751
Monmouthshire	92,100	6%	£30,832
Newport	146,600	10%	£49,076
Rhondda, Cynon, Taff	236,100	16%	£79,037
The Vale of Glamorgan	127,200	9%	£42,582
Torfaen	91,400	6%	£30,597
Column Total	1,493,600	100%	£500,000

ACCOUNTING PERIODS

Start of Accounting Period	End of Accounting Period
1 April	30 June
1 July	30 September
1 October	31 December
1 January	31 March

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COUNCIL - 19TH JULY 2016

**SUBJECT: DEPOSIT REPLACEMENT CAERPHILLY COUNTY BOROUGH
LOCAL DEVELOPMENT PLAN UP TO 2031**

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 To provide an overview of the representations made by interested parties/people to the public consultation exercise undertaken in February and March 2016 in respect of the Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031 (Deposit Replacement LDP).
- 1.2 To outline the Welsh Government response to the Deposit Replacement LDP and provide an officer response to the issues raised.
- 1.3 To consider the appropriate way forward having regard to the following factors:
 - (i) The issues raised through the public consultation exercise;
 - (ii) The recent commitment by the Council to discuss the prospect of a strategic development plan as detailed in the Cardiff Capital Region City Deal (signed March 2016);
 - (iii) A recent invitation from Rhondda Cynon Taff to prepare a Joint Local Development Plan.

2. SUMMARY

- 2.1 On 3 February 2016 the Council approved the Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031 for the purposes of a statutory six-week public consultation process. The deposit consultation period began on 11 February 2016 and was proposed to end on the 23 March 2016. However the consultation period was extended to run up to the end of the 22 April 2016 when it was noted that one of the Appendices of the Habitat Regulation Assessment was omitted from the documentation that was made available on the LDP web page.
- 2.2 In total 4,654 individuals and/or organisations submitted comments during the statutory consultation period and five notable petitions were received in terms of numbers. It is important to note that these are representations that offer comment in respect of aspects of the plan and also representations of both support and objection. As part of the consultation process a response was received from Welsh Government and a background paper has been made available in the Members Library which provides a detailed officer response in respect of the issues raised by WG.

- 2.3 An officer response and recommendation in respect of the issues raised from the consultation is currently scheduled to be reported to Council in November 2016 when the Report of Consultation will be considered.
- 2.4 However, prior to determining the appropriate way forward to address key objections from the consultation, Members should consider and debate a number of related matters, specifically:
- The rapidly changing regional context and growing momentum for the need for a strategic development plan for the region;
 - A formal request from Rhondda Cynon Taff to prepare a Joint Local Development Plan; and
 - The need to undertake a second consultation in respect of the evidence underpinning the delivery of the two proposed Strategic Sites in order to address WG concerns.
- 2.5 The report outlines two specific options and the implications of both for Members to consider, as follows:
- Option 1 – Undertake a second public consultation exercise i.e. a second deposit; or
 - Option 2 – Subject to Ministerial approval, formally withdraw the Deposit Replacement LDP and seek further discussions with WG and the local authorities within the Cardiff Capital Region regarding the possible development of a strategic development plan.
- 2.6 Having considered both options fully, the report recommendations are as follows:
- To consider the content of the report and in particular the implications associated with the alternative options for progressing work on the development plan for Caerphilly County Borough;
 - Seek further discussions with WG and local authorities within the Cardiff Capital Region regarding the possible development of a strategic development plan;
 - Subject to Ministerial Approval, formally withdraw the Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031;
 - Seek an urgent meeting with the WG Minister to advise of the intention to withdraw the Deposit Replacement LDP and seek support for the preparation of the SDP as a matter of urgency, and also discuss the importance of WG funding to help “unlock” brownfield sites across the county borough.

2.7 **GLOSSARY OF ACRONYMS, ABBREVIATIONS AND TERMS**

CIS	Community Involvement Scheme
DA	Delivery Agreement (Update December 2015)
HRA	Habitats Regulations Assessment
LDP	Caerphilly County Borough Local Development Plan up to 2021
Deposit Replacement LDP	Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031
RoC	Deposit Replacement Caerphilly County Borough Local

	Development Plan: Report of Consultation'
SA	Sustainability Appraisal
SDP	Strategic Development Plan
SEA	Strategic Environmental Assessment
SPG	Supplementary Planning Guidance

3. LINKS TO STRATEGY

- 3.1 The Single Integrated Plan Caerphilly Delivers has been prepared by the Local Service Board, and it represents a determined commitment by all partners to accelerate change, strengthen partnership working, multi-agency collaboration, and accountability for delivery.
- 3.2 The Local Development Plan is the statutory framework for the development and use of land within Caerphilly County Borough and is the key mechanism for delivering the land use elements of Caerphilly Delivers.
- 3.3 Caerphilly County Borough Council adopted its first Local Development Plan in 2010 and if adopted, the Replacement Caerphilly County Borough Local Development Plan up to 2031 would supersede the current LDP and would provide the land use policy framework for decision making up to 2031.

4. THE REPORT

Background

- 4.1 The Delivery Agreement (DA) for the Replacement Caerphilly County Borough Local Development Plan up to 2031 commits Caerphilly County Borough Council to produce the Replacement LDP according to the stated timescales and consultation processes contained within the Community Involvement Scheme (CIS).
- 4.2 On 3 February 2016 the Council approved the Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031 for the purposes of a statutory six-week public consultation process. The deposit consultation period began on 11 February 2016 and was proposed to end on the 23 March 2016 in line with the requirements of the DA (Update December 2015). However the consultation period was extended to run up to the end of the 22 April 2016 when it was noted that one of the Appendices of the Habitat Regulation Assessment was omitted from the documentation that was made available on the LDP web page.
- 4.3 The Council must consider all representations made in accordance with LDP Regulation 17 before submitting the content of the Deposit Replacement LDP for formal Examination by the Planning Inspectorate. Representations made at deposit stage constitute representations to be considered at the independent examination.
- 4.4 Welsh Government guidance requires the Council to prepare a Report of Consultation (RoC), identifying the bodies engaged or consulted, the main issues raised and the steps taken to publicise plan preparation. Any deviation from the CIS needs to be explained and fully justified. This RoC is required to be submitted for independent examination to the Welsh Government and the Planning Inspectorate.

4.5 Beyond an acknowledgement of receipt, the Council as the Local Planning Authority is not required to respond to individual representations, although some may choose to do so. In the interests of transparency however officers are in the process of preparing a full RoC which is scheduled to be reported to full Council in November 2016 for consideration.

Public Consultation

4.6 The Council sought to involve the public in the Deposit Consultation in accordance with the Delivery Agreement. Community Involvement is a fundamental element of the plan preparation process, therefore the Council have sought to engage as wide an audience as possible through different means of communication the details of which will be contained in the RoC in due course.

4.7 In total 4,654 individuals and/or organisations submitted comments during the statutory consultation period. It is important to note that these are representation that offer comment in respect of aspects of the plan and also representations of both support and objection to elements of the plan. An officer response and recommendation in respect of the issues raised is scheduled to be reported to Council in November 2016. An initial assessment of the representations indicates that:

- there were 5 notable petitions in terms of numbers: There were 2,961 signatures to a petition concerned about the possible development of the Ness Tar Site and Nant y Calch Farm; a petition from Ysgol Gymraeg Caerffili entitled 'No more houses, save our greenfields', signed by 22 adults and 106 children; Julie Morgan AM submitted a petition signed by 457 people, predominantly from Cardiff objecting to development on Caerphilly Mountain; a 372 signature petition in respect of Grove Park, Blackwood; and Trethomas Conservation Group submitted a petition regarding the potential sale of land at Standard Street (which is an unallocated site in the plan) which was signed by 201 people that want the site protected as open space. Finally, there is an on-line petition containing 560 signatures which has been forwarded by Julie Morgan AM;
- Although small in number, there were significant comments received from Welsh Government (WG) and other Statutory Bodies and organisations on the Deposit Replacement LDP itself and a small number of responses to the Strategic Environmental Assessment / Sustainability Appraisal and Habitat Regulation Assessment.

4.8 The Strategic Environmental Assessment/Sustainability Appraisal (SEA/SA) process is iterative with the production of the Deposit Replacement LDP. At the deposit stage the SEA/SA represents a snapshot in time of the plan. Part 2 of the SEA/SA of the Deposit Replacement LDP comprised two documents, one that set out the results of the Assessments of the detailed Deposit Replacement LDP (Document 4), and a second which outlined the Habitats Regulations Assessment (Document 5). Both of these documents were also subject of the public consultation exercise in tandem with the Deposit Replacement LDP and the responses received will be incorporated within the Report of Consultation that will be considered by Council in November 2016.

4.9 While many of the representations were related to the development of specific sites, the particular responses described by the second bullet point in paragraph 4.12 raise many more individual issues and are far more complicated in scope and depth. In particular the Welsh Government has raised specific concerns that members need to be aware of at this time.

4.10 Officers are also aware, following comments made at Council and Planning Committee, that members consider that greater financial support should be available from Welsh Government to encourage the development of brownfield land.

WELSH GOVERNMENT RESPONSE

4.11 It is important to understand the role of Welsh Government in the plan preparation process. Essentially, at deposit stage Welsh Government's role is to scrutinise plans to identify whether they are consistent with national planning policy and identify whether there is any conflict that does not appear to be justified by robust evidence or local circumstances. If necessary, Welsh Government can submit objections to the plan if they feel this is necessary and it is usual for them to do so.

4.12 In their covering letter of 22 April 2016 the Welsh Government:

- Indicated that they are broadly supportive of the LDP strategy which seeks to locate development in sustainable locations, linked to the role and function of places and infrastructure provision and this is to be welcomed;
- Noted that the plan makes provision for 13,640 dwellings in order to deliver 12,400 units over the plan period 2011-2031 which is a deviation of approximately 6,750 dwellings above the Welsh Government principal projection. (The latest Welsh Government 2011-based principal projection indicates that approximately 5650 dwellings are required over the plan period (2011-2031));
- Recognised that it is for the Local Planning Authority (LPA) to consider the latest Welsh Government (WG) household projections and local factors when assessing the housing requirement in a plan;
- Recognised that the LPA should set a level of housing provision that is appropriate for the area, linked to the key issues the plan is seeking to address and have regard to Planning Policy Wales.

4.13 The Welsh Government's formal representations to the plan, contained in an annex to their letter, are separated into the following four categories:

Category A: Fundamental issues that are considered to present a significant degree of risk for the authority if not addressed prior to submission stage, and may have implications for the plan's strategy.

Category B: Matters where it appears that the deposit plan has not satisfactorily translated national policy down to the local level and there may be tensions within the plan.

Category C: Whilst not considered to be fundamental to the soundness of the LDP, there is a lack of certainty or clarity which might be more clearly demonstrated.

Category D: Matters relating to clarity of the plan generally.

The representations that are categorised as **Category A** are those of most concern.

4.14 Welsh Government has raised a Category A objection in respect of the Delivery of the Strategy as it relies on the delivery of the two Strategic Sites identified in the plan at Maescwmmer and South East Caerphilly. In summary Welsh Government are concerned that there is no evidence to support the delivery of the two sites and consider this a fundamental gap in the evidence base.

4.15 Officers are working closely with the landowner consortia for both sites on the evidence necessary to demonstrate that both sites are deliverable and viable. This evidence is being prepared in readiness for submission for independent examination to both the Welsh Government and the Planning Inspectorate. The Welsh Government Officials are of the

view that this evidence should have been available during the Deposit Consultation, and as it was not, it will need to be subject of a further formal public consultation exercise to enable interested people / parties to make comment upon it. A decision in respect of the form that this further consultation should take will need to be taken, however it could take the form of a second deposit consultation.

- 4.16 The Category B - D representations can be addressed and a response to each of the issues raised by Welsh Government is contained in the background paper which has been made available in the Members Library.
- 4.17 It should be noted the Welsh Government **has not raised a formal objection** in respect of the population and household projections that underpin the Deposit Replacement LDP, they merely note the deviation from the WG principal projections. It is also critically important to note that the assumptions underpinning the 2011 projections were significantly affected by the 2008 global recession and as such the trends that they are based upon were severely impacted by the downturn in the economy at that time. As a consequence the projections are significantly lower than one would expect when taking into account all of the evidence that underpins the local authority projections. Indeed if the WG projections were to be used, the Replacement LDP would essentially be planning for recession and not for growth.
- 4.18 This was recognised by Welsh Government in April 2014 when the Minister for Housing and Regeneration (Carl Sargeant) wrote to all local planning authorities in Wales and the Planning Inspectorate indicating that the projections were low and should merely form the starting point for LDPs. Indeed he went further and stated in his letter that *"it is not prudent for a Plan, looking 15-20 years ahead to replicate a period of exceptionally poor economic performance."*
- 4.19 Welsh Government has subsequently written to this council on 29 June 2016 stating amongst other things that, "The most recent 2011-based household projections used for assessing housing requirements are not an end in themselves. Local authorities should set a level of housing provision that is appropriate for their area, with regard to key issues the plan is seeking to address and the requirements of planning policy." It is reaffirmed that, "It would not be appropriate to reduce the level of housing provision to align solely with the 2011-based projections as this would replicate a period of exceptionally poor economic performance and be at odds with the existing LDP strategy and evidence bases as referenced in the Ministerial Letter (April 2014)."

SUMMARY OF THE MAIN ISSUES RAISED – GENERAL PUBLIC

- 4.20 The development of land is contentious, and it is therefore not surprising that the consultation in respect of the Deposit Replacement LDP generated much interest and considerable response from the public and other interested bodies.
- 4.21 In terms of public involvement in the process, the Deposit Stage is the key stage that enables members of the public to fully participate and make representations of support, or objection, in respect of the full set of policies and proposals for the County Borough. Members will be aware that a number of the proposed development sites generated considerable interest and public debate.
- 4.22 As indicated previously there were 5 notable petitions in terms of numbers: There were 961 signatures to a petition concerned about the possible development of the Ness Tar Site and Nant y Calch Farm; a petition from Ysgol Gymraeg Caerffili entitled 'No more houses, save our greenfields', signed by 128 people both children and adults; Julie Morgan AM submitted a petition signed by 457 people, predominantly from Cardiff objecting to development on Caerphilly Mountain as well as a further on-line petition with 560 signatures; a 372 signature petition in respect of Grove Park, Blackwood; and

Trethomas Conservation Group submitted a petition regarding the potential sale of land at Standard Street (which is an unallocated site in the plan) which was signed by 201 people that want the site protected as open space.

- 4.23 There was also a co-ordinated response from a number of opposition groups to specific sites allocated within the Deposit Replacement LDP. In this context a number of standard letters were submitted for consideration, the most notable of which relate to: the Strategic Site in Caerphilly, i.e. Ness Tar (3041); Gwern y Domen Caerphilly (826); the further expansion of Oakdale on greenfield land (562); and the Impact of housing sites on Sites of Importance for Nature Conservation (65). Appendix 2 provides a detailed breakdown in respect of all standard letters received. Interestingly a standard letter of support was also submitted by 27 people in respect of the allocation of Rhos Farm, Penpedairheol as a Special Landscape Area outside settlement limits.
- 4.24 256 representors have submitted at least one standard letter for sites in Caerphilly Basin as well as signing a petition. Furthermore 15 of these representors signed more than 1 petition.
- 4.25 A further 1,228 submissions from individuals and interested parties have been submitted and these are in the process of being analysed. A number of these will also relate to the aforementioned sites and when this analysis is concluded it will be contained within the RoC.
- 4.26 An initial overview of the site specific submissions indicates that the key issues that are of concern to residents are:
- Impact of new development on the existing infrastructure, in particular the Caerphilly Basin highway network;
 - Cross boundary issues in respect of the transport network between Caerphilly/Cardiff;
 - Loss of greenfield land to development;
 - Ability of schools/health facilities to accommodate additional people;
 - Impact on biodiversity, loss of trees/hedgerows etc;
 - Impact on the rail network.
- 4.27 Subject to approval by full Council (currently scheduled for November 2016), the next stage in the plan preparation process would normally be the Examination stage. However as indicated previously there is a need for the Council to undertake a second consultation in order to enable interested parties to consider and make representation in respect of the evidence underpinning the delivery of the two proposed Strategic Sites.
- 4.28 Prior to determining the appropriate way forward, there are additional important matters that Members need to consider and debate, specifically:
- The rapidly changing regional context and growing momentum for the need for a strategic development plan for the region;
 - A formal request from Rhondda Cynon Taff to prepare a Joint Local Development Plan; and
 - The need to undertake a second consultation in respect of the evidence underpinning the delivery of the two proposed Strategic Sites in order to address WG concerns.

CHANGING REGIONAL CONTEXT

- 4.29 The South East Wales region is entering a significant period of change. On the 17 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. On the 6 October last year, Council resolved to support the ongoing work towards a City Deal, and in February 2016, members agreed that the authority (through the Leader) should formally sign a commitment to participate in the City Deal initiative. Accordingly, on the 15 March 2016 the City Deal agreement was signed by the ten local authority Leaders in the region, the First Minister for Wales and the Chief Secretary to the Treasury. The City Deal sets out a transformative approach to how the Cardiff City Capital Region will deliver the scale and nature of investment needed to support the area's growth plans.
- 4.30 The City Deal presents a unique opportunity for the ten local authority areas to collaborate to develop and deliver a strategic approach to housing, regeneration and economic growth which will create an accessible, liveable, 'worklife integrated' and highly connected Capital Region. In this respect the agreement signed by the Leaders, discusses the prospect of the ten local authorities (in partnership with the Welsh Government) developing an integrated Strategic Development Plan (SDP) that incorporates housing and employment land-use with wider transport plans. The new SDP will provide the blue-print for development across the city-region. The Planning (Wales) Act 2015 which was enacted in July 2015 sets out the statutory process for establishing and preparing the SDP.
- 4.31 Although the SDP is separate to the 'City Deal' process, there are clear synergies and the SDP is a continuation and strengthening of the regional relationships. Regional land use planning provides a delivery mechanism for some aspects of the City Deal and will provide the regional planning policy framework which will inform the relative status of each area in terms of future economic, transport and housing growth. In short it will be the key mechanism by which Caerphilly County Borough can develop into a pivotal and connected place within the region.
- 4.32 Justification on the precise boundary of a regional plan will need to be undertaken in due course, however Cardiff University has completed some research into developing a methodology for drawing up strategic planning boundaries in Wales. This work suggests that, based on economic development evidence, a logical boundary would include all ten South-East Wales Local Planning Authorities, from Bridgend in the west to Monmouthshire in the east. This would mirror the City Deal. A proposal on where the boundary should lie would be subject to specific consultation including with each of the Councils and will be subject of full public consultation, with the final proposal submitted to the Welsh Government for approval.
- 4.33 In the future therefore the SDP will deal with strategic planning issues, such as housing demand, strategic employment sites, supporting transport infrastructure (e.g Metro), which cut across a number of local planning authorities. This will allow such matters to be considered and planned for in an integrated and comprehensive way within the region and will address concerns that the region is not being planned in a holistic and connected way.
- 4.34 If the SDP is prepared Caerphilly County Borough Council will be expected to produce what is known as a 'light-touch LDP', which will focus on matters of local significance, but all strategic planning matters will be addressed and covered by the SDP. The light-touch LDP must adhere to and be consistent with the SDP. Local Planning Authorities would then be required to make their planning decisions based on both the adopted SDP and the adopted light-touch LDP.
- 4.35 In line with the LDP process, the SDP process should be capable of completion in 4 years. Welsh Government anticipate that the earliest SDP could be adopted in 2021.

Neighbouring Local Planning Authority – Development Plan Status

- 4.36 With the exception of the Vale of Glamorgan (which is currently at Examination stage) all of the local planning authorities in SE Wales now have an adopted LDP. Of these, both Merthyr and Rhondda Cynon Taff are now progressing to the first review of their plans. As part of the initial work necessary to commence review, local planning authorities must explore the possibility of joint working. In this context RCT has written to all of its neighbouring planning authorities, including Caerphilly, in order to establish if there is any possibility of commencing work on a Joint Replacement Plan.
- 4.37 Neath Port Talbot and Cardiff have both only recently adopted their LDPs (2016) and neither are therefore likely to embark on the production of a joint plan at this time. Merthyr is about to review its LDP and there is a realistic prospect therefore that a joint LDP could be prepared for Merthyr and RCT. The Vale of Glamorgan are at Examination and it is unlikely therefore that they would progress to an immediate review on adoption of their plan. Bridgend adopted their plan in 2013 and could progress work on a joint plan with RCT.
- 4.38 Work on the Replacement LDP for Caerphilly is well advanced having progressed to deposit stage. In order to progress work on a joint plan, it would be necessary to halt work on the emerging Replacement LDP and commence work on a Joint LDP. This would involve exploring alternative strategy options for a far wider geographical area than that of Caerphilly County Borough. The extent of that area would be open for discussion.
- 4.39 Whilst it is acknowledged that there is a statutory requirement to move to review after four years, it would make considerable sense if work on the review of LDPs within the region was suspended whilst the SDP is prepared. All local planning authorities could then prepare light touch LDPs for their area which would be in conformity with and deliver the growth required by the SDP. Clearly it is not for Caerphilly Council to make this decision in isolation or to recommend this approach to a neighbouring authority. Further, given how advanced Caerphilly is with the preparation of a Replacement LDP, serious consideration would need to be given as to whether or not suspending work on that plan would be acceptable or appropriate.
- 4.40 Given the importance of strategic planning to the delivery of key elements of the City Deal (specifically housing growth, employment growth and the Metro), preparation of a SDP for the region should now be undertaken as a matter of high priority and the relationship of the SDP with the next generation of LDPs needs further consideration by all the local planning authorities within the region.

The need to undertake a second consultation in respect of the evidence underpinning the delivery of the two proposed Strategic Sites

- 4.41 As indicated previously in this report the Welsh Government has raised a Category A objection in respect of the Delivery of the Strategy as it relies on the delivery of the two Strategic Sites identified in the plan. Importantly they are not challenging the principle of the strategic sites or their appropriateness in terms of their location, but require further evidence in terms of their deliverability. In summary, if this is not addressed prior to submission, WG considers that there is a significant risk that the plan will be found unsound.
- 4.42 Officers are working closely with the landowner consortia for both sites on the evidence necessary to demonstrate that both sites are deliverable and viable. This evidence is being prepared in readiness for submission for independent examination to both the Welsh Government and the Planning Inspectorate. The Welsh Government Officials are of the view that this evidence should have been available during the Deposit Consultation,

and as it was not, it will need to be subject of a further formal public consultation exercise to enable interested people/parties to make comment upon it.

4.43 Conversely, the consortia make the extremely valid point that the work is extremely expensive to undertake and they required the certainty of an allocation in the Deposit Plan (which they currently have) in order to justify the considerable costs associated with the work associated with delivery. They are confident that this evidence will be forthcoming in time for the Examination and they will defend the sites at Examination alongside officers of the Council.

4.44 Having discussed the matter at length it is considered that the Council has two options:

Option 1 – Second Deposit – continue with the review of the LDP including a further period of consultation

4.45 This option proposes that officers continue to work with the consortia to prepare the level of evidence necessary to satisfy WG. On receipt of the information undertake a second six week deposit consultation period. In the interim, continue to analyse all of the representations raised by stakeholders through the first consultation period and work with them to alleviate their concerns as far as possible. Update the evidence base in readiness for the second consultation process.

4.46 The second deposit period would be undertaken in line with the regulations and guidance and would enable stakeholders to comment on the plan as a whole; and all of the updated evidence base, including the work prepared by the consortia on deliverability/viability of the two strategic sites. The Planning Inspectorate have advised that the comments submitted to the first deposit would have to be re-submitted by all stakeholders if they are to be considered at Examination. Further to this second deposit consultation, the Replacement LDP together with all of the representations would then be submitted to the Planning Inspectorate for Examination.

4.47 Inevitably the timetable for the delivery of the plan will need to be reconsidered, in light of the additional work that is needed to ensure that the plan can be found to be sound at Examination. Consequently there will be a need to: amend the Delivery Agreement (DA) which includes the Community Involvement Scheme and the Timetable; and agree the amended DA with WG.

4.48 Local planning policies and proposals for Caerphilly County Borough will continue to be contained within the Adopted Caerphilly County Borough Local Development Plan up to 2021 (LDP). Subject to it being found sound at Examination, the Replacement LDP will supersede the existing LDP once it is adopted, and this will provide the local planning policy for the county borough up to 2031. Any future further review would likely take place within the context of an adopted SDP having been prepared and is likely to be a light touch LDP.

Implications

4.49 It is important that Members fully understand the potential implications of a second deposit consultation, specifically that:

- The full Report of Consultation in respect of the Deposit Replacement LDP will form an integral part of the evidence base underpinning the plan and will be reported to Council in November 2016 as scheduled in the Forward Work Programme;
- The second deposit consultation will then be undertaken in respect of the Replacement LDP, modified as necessary to take into account the Council's

consideration of comments received during the first deposit consultation period; the results of that consultation would be reported back to Council;

- The Replacement LDP (as modified), together with all of the evidence base and representations received would then be submitted to the Planning Inspectorate for Examination;
- The Replacement LDP (as modified) would be prepared in the absence of any regional policy, but would have regard to the existing cross boundary issues that are required to be taken into account in any event, as an integral part of the plan preparation process;
- The potential implications for the development and use of land within Caerphilly county borough as a consequence of the rapidly evolving and changing regional context and City Deal Initiative may not be adequately incorporated and reflected in the plan;
- The certainty created by the emerging Replacement LDP progressing will provide confidence for development investment and regeneration funding as inward investors have certainty over the future development and use of land and premises;
- Subject to the Replacement LDP being found to be sound at Examination, the Replacement LDP could be adopted by the end of 2018;
- On adoption the Council should be in a position to demonstrate that there is a five year housing land supply, and thus this important issue would be addressed;
- The Council will meet its statutory duty under section 69 of The Planning and Compulsory Purchase Act 2004 and The Town and Country Planning (Local Development Plan) (Wales) Regulations (as amended) which require a local planning authority to commence a full review of its LDP every four years from the date of its initial adoption.

Option 2 – Seek further discussions with WG and local authorities within the Cardiff Capital Region regarding the possible development of a Strategic Development Plan and withdraw the Deposit Replacement Plan:

- 4.50 Given the emphasis by Welsh Government on collaborative working and the rapidly changing regional context for plan preparation, option 2 outlines the merit or otherwise of plan withdrawal.
- 4.51 The Planning Wales Act 2015 allows local planning authorities in Wales to consider the merit and rationale for establishing a Strategic Development Plan for their area. Provisions in section 4 and part 1 of schedule 1 of the Act were commenced on 5 October 2015, which enabled the process for designating strategic planning areas and establishing strategic planning panels to commence.
- 4.52 On the 15 March 2016, the City Deal agreement was signed by the ten local authority Leaders in the region (including the Leader of Caerphilly County Borough Council), the First Minister for Wales and the Chief Secretary to the Treasury. The City Deal presents a unique opportunity for the ten local authority areas to collaborate to develop and deliver a strategic approach to housing, regeneration, economic growth and transportation. In this context, the agreement signed by the Leaders, discusses the prospect of the ten local authorities (in partnership with the Welsh Government) developing an integrated Strategic Development Plan (SDP).

- 4.53 The South East Wales region is consequently entering a significant period of change and all available resources will be needed to realise the Vision for the Cardiff Capital Region, which is to: *“work together to improve the lives of people in all our communities. We will maximise opportunity for all and ensure we secure sustainable economic growth for future generations”*. Given the importance of strategic planning to the delivery of key elements of the City Deal (specifically housing growth, employment growth and the Metro), the process of plan preparation for the SDP for the Cardiff Capital Region should now proceed as a matter of high priority.
- 4.54 The Planning Wales Act requires that local planning authorities not only proceed with the adoption of LDPs, but also seeks to ensure that the next generation of LDPs are prepared and adopted in a timely manner. Whilst this is clearly desirable in a plan-led system, it would be beneficial if the next generation of LDPs in SE Wales were to be prepared in light of the strategy and policies contained in an emerging SDP. There is a clear consensus in the ten local planning authorities in SE Wales that strategic issues, particularly in respect of housing growth and demand, economic growth and transportation must be addressed at the regional level through the preparation of the SDP. The agreement signed by the Leaders also endorses this view.
- 4.55 The relationship of the SDP with the next generation of LDPs needs further detailed consideration by all the local planning authorities within the region, the Welsh Government and the Planning Inspectorate. Caerphilly has been instrumental in the delivery of the first round of LDPs in Wales and is now leading the way on the first round of reviews. However it is becoming increasingly evident that the work on the Replacement LDP needs to be undertaken with an improved understanding of the future proposals for growth within the region, which are currently being discussed as a consequence of investment decisions being taken as an integral part of the City Deal Initiative. This is particularly the case in terms of the investment decisions in respect of strategic employment sites and transport provision (Metro).
- 4.56 It is also interesting to note that the consultation in respect of the Deposit Replacement LDP also highlighted the public’s real concerns that any growth in Caerphilly county borough, and Caerphilly Basin in particular, should be underpinned by significant investment in the infrastructure of the region and in particular the transportation network. Furthermore the impact of new development in Cardiff coupled with growth in the Caerphilly Basin was of real concern to residents in terms of the perceived detrimental effect that development would have on the strategic highway network between Caerphilly Basin, Cardiff and Newport. Preparation of the SDP would address concerns that development is not planned in a holistic and integrated way and would ensure that such concerns can be adequately addressed.
- 4.57 This option therefore would seek to delay progress on the delivery of the Replacement LDP to enable the implications of the rapidly evolving regional work to be properly understood and incorporated and reflected in the plan. The delay would afford an opportunity for officers to explore with neighbouring local planning authorities, WG and the Planning Inspectorate improved clarity on the aspirations of all in terms of the next generation of LDPs and the relationship of these plans with the SDP.
- 4.58 Subject to Ministerial approval the Council as the local planning authority may withdraw an emerging LDP at any time before it is submitted to the Welsh Government and Planning Inspectorate for independent examination. Therefore if members were minded to support this option, then the Welsh Ministers would need to be notified of the Council’s intention to withdraw the plan, and subject to approval, there would then be a statutory process that would need to be followed to formally withdraw the plan. It is worth noting however that the Welsh Ministers may not approve this request and could direct the LPA to continue work on the Replacement LDP. Under Part 6 of The Planning and Compulsory Act 2004

the WG has wide-ranging powers of direction as well as default powers in relation to the preparation of the Local Development Plan.

- 4.59 In considering this option it is also important to note that Section 12 of the Planning (Wales) Act 2015, introduces an end date for LDPs. Once the LDP end date is reached, the LDP ceases to be a development plan for the purposes of decision making.
- 4.60 The Caerphilly County Borough Local Development Plan up to 2021 will expire at the end of 2021. It is anticipated that a SDP could be developed by 2021. However, if this did not occur, and in the absence of a replacement LDP, planning would be determined in the light of the remaining extant tiers of the development plan, such as the forthcoming National Development Framework, any relevant SDP, and national planning policy as expressed in Planning Policy Wales until such time as a new LDP for the county borough is adopted.

Implications

- 4.61 It is important that Members fully understand however the potential implications of plan withdrawal in making a decision, specifically that:
- The Adopted LDP will become increasingly out of date leaving the Council in a vulnerable position in terms of speculative planning applications for housing and other forms of development anywhere in the county borough. The Council could be perceived as acting unreasonably and significant costs could be accrued at future planning appeals as a result;
 - The annual monitoring process has clearly demonstrated that the county borough has failed to maintain a five year housing land supply as required by National Planning Policy. The shortage in the housing land supply is a matter that the local planning authority is required to address. Any delay in preparing a Replacement LDP will hinder the local planning authority's ability to address this critical issue;
 - The uncertainty created by plan withdrawal could result in delay to development investment and regeneration funding as inward investors divert their finances to surrounding areas where there is more certainty over the future development and use of land and premises.
 - The Council will not meet its statutory duty under section 69 of The Planning and Compulsory Purchase Act 2004 and The Town and Country Planning (Local Development Plan) (Wales) Regulations (as amended) which require a local planning authority to commence a full review of its LDP every four years from the date of its initial adoption;
 - WG could issue a direction to the Council to continue work on the emerging Replacement LDP;
 - WG could use their default powers to intervene in the plan preparation process to conclude work on the Replacement LDP and the Council could be considered as a failing local planning authority;
 - The finite resources available for plan preparation could be targeted at progressing the SDP as a priority;
 - A light touch LDP could be prepared for Caerphilly in due course which will be in conformity with the new SDP for the Cardiff City Capital Region; and
 - The light touch replacement LDP for Caerphilly will reflect the relative importance of Caerphilly County Borough as a pivotal and highly connected place within the wider city-region.

- 4.62 Whichever option is preferred it is important to recognise that having an up to date development plan is necessary and central to achieving the sustainable development of the county borough. It provides the legislative and policy framework to manage the use and development of land in the public interest in a way which is consistent with key sustainability principles and key policy objectives.
- 4.63 The planning system provides for a presumption in favour of sustainable development to ensure that social, economic and environmental issues are balanced and integrated, when exercising our functions in terms of the preparation of the Local Development Plan and also in taking decisions on individual planning applications.
- 4.64 The Planning (Wales) Act 2015 seeks to deliver a planning system which is fair, resilient and enables development, helping to create sustainable places where citizens have improved access to quality homes, jobs and infrastructure, whilst protecting our most important built and natural environments and supporting the use of the Welsh language. The provision of an up to date development plan therefore is critical in terms of the role it will play in positively contributing to the achievement of the Well-being goals contained in the Well Being of Future Generations (Wales) Act 2015.

5. EQUALITIES IMPLICATIONS

- 5.1 Whichever option is preferred it is important to recognise that having an up to date development plan is necessary and central to achieving the sustainable development of the county borough. It provides the legislative and policy framework to manage the use and development of land in the public interest in a way which is consistent with key sustainability principles which fundamentally incorporates equalities considerations and implications.

6. FINANCIAL IMPLICATIONS

- 6.1 **Option 1:** Costs will be incurred over a 2-year period commensurate with the statutory procedures in preparing a Replacement Local Development Plan.

Significant unknown costs could be incurred by the Council if planning decisions are determined on appeal over a 2-year period. Costs are not automatically awarded against the Council if it loses an appeal. The appellant has to make an application for costs and the inspector will consider whether the local planning authority has provided any substantial evidence in support of its reasons for refusal, or whether it has behaved unreasonably. Where costs are awarded, based upon recent appeal costs, they are likely to be approximately £25–30,000 for each reason for refusal. That does not include the Council's own costs.

- 6.2 **Option 2:** Costs associated with notice of withdrawal.

Welsh Government may provide start-up funding for the establishment of a strategic planning panel which will be responsible for the preparation of a Strategic Development Plan, however the exact amount and conditions are yet to be confirmed. Once a panel is established, it will be expected to manage costs relating to a number of functions, including staff costs, equipment, printing, technical advice, legal advice etc. How these costs will be met has yet to be formally considered and agreed, but will require contributions from the ten local authorities within the strategic planning area. The nature and values of these contributions is uncertain at this stage. The financial situation will need careful monitoring and consideration once further information is known. Using

Welsh Government estimates, the new SDP process and 'light-touch' LDP is estimated to save an authority between £180,000 and £330,000 over the creation of the documents (approximately 5 years). The robustness of these figures is questioned by officers, and it should be noted that the data was collated in 2013/14.

Significant unknown costs could be incurred by the Council if planning decisions are increasingly determined on appeal over a prolonged period of time (see paragraph 6.1).

7. PERSONNEL IMPLICATIONS

7.1 None.

8. CONSULTATIONS

8.1 All comments received have been incorporated in this report.

9. RECOMMENDATIONS

9.1 To consider the content of the report and in particular the implications associated with the alternative options for progressing work on the development plan for Caerphilly County Borough.

9.2 Seek further discussions with WG and local authorities within the Cardiff Capital Region regarding the possible development of a strategic development plan.

9.3 Subject to Ministerial Approval (see 9.4 below), formally withdraw the Deposit Replacement Caerphilly County Borough Local Development Plan up to 2031.

9.4 Seek an urgent meeting with the WG Minister:

- To advise on the intention to withdraw the Deposit Replacement LDP
- To seek support for the preparation of the SDP as a matter of urgency
- To discuss the importance of Welsh Government funding to help unlock the remaining brownfield sites across the county borough

10. REASONS FOR THE RECOMMENDATIONS

10.1 To highlight to elected members the significant implications associated with the alternative options for progressing the work on the development plan for Caerphilly County Borough.

10.2 The City Deal Agreement commits all ten local planning authorities in SE Wales to the preparation of a SDP for the Cardiff City Capital Region and it would be prudent to progress work on this as soon as possible.

10.3 To enable the Replacement LDP to be prepared in the context of an up to date SDP for the Cardiff City Capital Region.

10.4 To advise the WG Minister on the intention to withdraw the Deposit Replacement LDP and seek support for the preparation of the SDP as a matter of urgency.

11. STATUTORY POWER

- 11.1 The Council as local planning authority has the statutory power to take these actions under the Town and Country Planning Acts and associated Regulations and Guidance.

Author:	Rhian Kyte, Team Leader, Strategic & Development Plans	
Consultees:	Cllr Keith Reynolds	Leader
	Cllr. Ken James	Cabinet Member for Regeneration, Planning & Sustainable Development
	Chris Burns	Interim Chief Executive
	Christina Harray	Corporate Director Communities
	Nicole Scammell	Acting Director Corporate Services and S151 Officer
	David Street	Corporate Director Social Services
	Gail Williams	Interim Head of Legal and Monitoring Officer
	Tim Stephens	Development Manager

Background Papers:

Welsh Government Response (22 April 2016)

Officer recommendations in respect of issues raised by Welsh Government



COUNCIL - 19TH JULY 2016

SUBJECT: FINAL CERTIFICATION OF ANNUAL ACCOUNTS (2012/13, 2013/14 AND 2014/15)

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER

1. PURPOSE OF REPORT

1.1 To present Council with the final certification of completion of audit for the annual accounts for the 2012/13, 2013/14 and 2014/15 financial years.

2. SUMMARY

2.1 This report presents Council with the final 'Auditor General for Wales Report to Members of Caerphilly County Borough Council' for 2012/13, 2013/14 and 2014/15. These reports form part of the annual Statement of Accounts and include the required certificate of completion of audit to formally close the accounts for these financial years.

2.2 Council is required to formally re-approve the annual accounts for each of the three financial years in light of the issuing of the final certificates of audit completion.

3. LINKS TO STRATEGY

3.1 The Statement of Accounts deals with resources available to the Authority that influence the delivery of policies and strategies.

4. THE REPORT

4.1 The Authority received an unqualified audit opinion in respect of its 2012/13, 2013/14 and 2014/15 annual accounts. There has been no change to this opinion.

4.2 The external auditor, in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales, issues a certificate of completion of audit on the completion of the audit each year. However, no certificate of completion was issued for the 2012/13, 2013/14 and 2014/15 years of account when the audit opinion was initially signed off by the Auditor General.

4.3 Final audit certification of completion was not issued at the time for the following reasons: -

i) For the 2012/13 Financial Accounts

- The police investigation in respect of the decision of the senior remuneration panel in September 2012 had not been completed at the conclusion of the audit. The

Appointed Auditor would consider the outcome of this investigation when complete to determine whether any further audit action should be taken in respect of this matter.

- The audit of the 2012/13 financial statements identified further payments to senior officers in the form of the buy-out of Essential Car User and Additional Annual Leave Allowances which were considered to be unlawful. The Appointed Auditor was considering whether to issue a public interest report under Section 22 in respect of these payments.

ii) For the 2013/14 Financial Accounts

- The final certification could not be issued because court proceedings in respect of the decision by the senior remuneration panel in September 2012 had not been completed at the conclusion of the audit.

iii) For the 2014/15 Financial Accounts

- The final certification could not be issued because court proceedings in respect of the decision by the senior remuneration panel in September 2012 had not been completed at the conclusion of the audit.

4.4 A report in the public interest on the buy-out of the Chief Officer Essential Car User and Annual Leave Allowances was issued in December 2013 and court proceedings in respect of the decision by the senior remuneration panel in September 2012 were dismissed in October 2015. As a result, the Appointed Auditor has now issued final certificates of completion of audit for 2012/13, 2013/14 and 2014/15. The revised 'Auditor General for Wales' Reports to the Members of Caerphilly County Borough Council' are attached to this report as Appendices 1 to 3.

4.5 Council is now required to formally re-approve the annual accounts for each of the three financial years. The accounts remain as previously presented to and approved by Council with the only change being the inclusion of the final certificates of audit completion.

5. EQUALITIES IMPLICATIONS

5.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified regarding this report; therefore a full EIA has not been carried out.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications arising from the content of this report.

7. PERSONNEL IMPLICATIONS

7.1 There are no direct personnel implications arising from this report.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in this report.

9. RECOMMENDATIONS

- 9.1 Council is asked to note the final certificates of audit completion for 2012/13, 2013/14 and 2014/15 and to formally re-approve the annual accounts for each of the three financial years.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that the audit of the years of account in question are certified as complete and finalised in accordance with statutory requirements.

11. STATUTORY POWER

- 11.1 Accounts and Audit (Wales) Regulations 2014.

Author: Stephen Harris, Interim Head of Corporate Finance
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Consultees: Chris Burns, Interim Chief Executive Officer
Nicole Scammell, Acting Director of Corporate Services & S151 Officer
Andrew Southcombe, Finance Manager, Corporate Finance
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Cllr Barbara Jones, Deputy Leader & Cabinet Member for Corporate Services

Background Papers:

Council 25/09/13 – Financial Accounts for the Year Ended 31st March 2013
Council 08/10/13 – Late Amendments to the Financial Statements for the Year Ended 31st March 2013
Council 29/09/14 – Financial Accounts 2013/14
Council 29/09/15 – Financial Accounts 2014/15

Appendices:

Appendix 1 Auditor General for Wales' Report to Members of Caerphilly County Borough Council 2012/13.
Appendix 2 Auditor General for Wales' Report to Members of Caerphilly County Borough Council 2013/14.
Appendix 3 Auditor General for Wales' Report to Members of Caerphilly County Borough Council 2014/15.

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Auditor General for Wales' report to the Members of Caerphilly County Borough Council

I have audited the accounting statements and related notes of Caerphilly County Borough Council for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004.

Caerphilly County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Caerphilly County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Caerphilly County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Caerphilly County Borough Council as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Emphasis of matter

We draw attention to the matters disclosed in note 16 to the accounts in relation to (i) remuneration paid to senior managers of £270,364, which was in breach of applicable regulations; and (ii) payments made to senior officers of £102,709 and £115,854 to buy-out allowances for Essential Car Users and Additional Annual Leave which were authorised without lawful authority to do so. In my view these items of account are unlawful. Our opinion is not qualified in respect of these matters.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

On 30 September 2013 I reported that the audit could not be formally concluded and an audit certificate issued until:

- The police investigation in respect of the decision of the senior remuneration panel in September 2012 has been formally completed. This has now been completed, as have the subsequent court proceedings.
- Consideration had been given as to whether to issue a public interest report in respect of further payments made to senior officers in the form of the buy out of Essential Car User and Additional Annual Leave allowances which were considered to be unlawful. A public interest report has since been issued.

Accordingly, I certify that I have completed the audit of the accounting statements of Caerphilly County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff CF11 9LJ
[] July 2016

Auditor General for Wales' report to the Members of Caerphilly County Borough Council

I have audited the accounting statements and related notes of Caerphilly County Borough Council for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

Caerphilly County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Caerphilly County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Caerphilly County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Caerphilly County Borough Council as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

On 30 September 2014 I reported that the audit could not be formally concluded and an audit certificate issued until court proceedings in respect of the decision by the senior remuneration panel have been formally completed. These have since been completed.

Accordingly, I certify that I have completed the audit of the accounting statements of Caerphilly County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
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[] July 2016**

Auditor General for Wales' report to the Members of Caerphilly County Borough Council

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Caerphilly County Borough Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Caerphilly County Borough Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Caerphilly County Borough Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Caerphilly County Borough Council as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

On 30 September 2015 I reported that the audit could not be formally concluded and an audit certificate issued until court proceedings in respect of the decision by the senior remuneration panel have been formally completed. These have since been completed.

Accordingly, I certify that I have completed the audit of the accounting statements of Caerphilly County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
24 Cathedral Road
Cardiff CF11 9LJ
[] July 2016**



COUNCIL – 19TH JULY 2016

SUBJECT: INTERNAL INVESTIGATION OF SENIOR OFFICERS – ADDITIONAL FINANCIAL PROVISION

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To seek Council approval of additional financial provisions in relation to the ongoing internal investigation of three Senior Officers.

2. SUMMARY

- 2.1 The report sets out the need for further financial provisions to ensure that sufficient funding is set-aside to meet costs associated with the ongoing internal investigation of three Senior Officers.

3. LINKS TO STRATEGY

- 3.1 As a part of prudent financial management the Council is required to set-aside funding to meet its liabilities.

4. THE REPORT

- 4.1 Members will be aware of the current interim arrangements in place within the Authority arising from the ongoing internal investigation of three Senior Officers.
- 4.2 There are revenue budgets established for the posts of Chief Executive, Director of Corporate Services and Head of Legal Services/Monitoring Officer and the postholders currently fulfilling these duties on an interim basis are funded from these revenue budgets.
- 4.3 Members will recall that the additional costs associated with the three Senior Officers have been funded from a provision established using General Fund reserves as approved by Council. At its meeting on the 9th June 2015 Council approved a further provision of £278k to cover the anticipated salary costs of the three Senior Officers to the 31st August 2016.
- 4.4 Members will also recall that an Investigating & Disciplinary Committee was established in 2013 and an independent investigator was engaged from Blake Morgan LLP. However, this independent investigation was put on hold at the request of the police due to the ongoing Criminal Proceedings.

- 4.5 Members will be aware that the Criminal Proceedings against the three Senior Officers were dismissed in October 2015 and the Authority is now progressing internal investigations in accordance with the Council's approved procedures and statutory requirements.
- 4.6 These procedures must be conducted fairly and thoroughly in accordance with the statutory process over which we have no discretion. It is therefore now necessary to review the current financial provision to ensure that sufficient additional funding is set-aside to meet the salary costs of the three Senior Officers during the ongoing investigation process.
- 4.7 It is recommended that a further provision of £282k should be established from General Fund balances to cover the period 1st September 2016 to the 31st March 2017. This will ensure that sufficient funding is available to meet the salary costs of the three Senior Officers if the investigation process is not concluded during the 2016/17 financial year.
- 4.8 In addition to the salary costs of the three Senior Officers, legal costs are also being incurred as part of the ongoing investigation process. Due to the specialist nature of the investigation process and as one of the three Senior Officers is the Head of Legal Services & Monitoring Officer, it is clearly not possible for anyone from the Council's own Legal Team to provide the advice and support that would normally be provided. Consequently, the services of external legal advisors have been required.
- 4.9 At its meeting on the 23rd May 2016 the Investigating & Disciplinary Committee was provided with an update on legal costs. During the 2015/16 financial year actual net legal costs of £71k were incurred for the period following the dismissal of the Criminal Proceedings in October 2015 to the 31st March 2016. These costs were funded from the 2015/16 revenue budget for Counsel Fees. However, this position is not sustainable as we move forward so it is now necessary to consider establishing an additional financial provision in relation to ongoing legal costs.
- 4.10 Actual legal costs of £56k have already been incurred in 2016/17 to the end of May 2016. In the event that matters are not concluded during the current financial year it is anticipated that the full-year costs could be in the region of £220k. It is therefore recommended that a further provision of £220k should be established to meet potential legal costs for the period 1st April 2016 to the 31st March 2017.
- 4.11 The financial provision for the salaries of the three Senior Officers and for legal costs will need to be reviewed again in early 2017 if it is anticipated at that time that the investigation process will not be concluded in the current financial year. An earlier report may be necessary if legal costs are higher than currently anticipated.

5. EQUALITIES IMPLICATIONS

- 5.1 No equality impact assessment has been undertaken on this report as it essentially seeks approval for an extension of financial arrangements previously agreed.

6. FINANCIAL IMPLICATIONS

- 6.1 It is proposed that the additional financial provisions in this report totalling £502k should be funded from General Fund balances.
- 6.2 Members will recall that the Section 151 Officer recommends that the minimum balance on the General Fund reserve should be £10m i.e. circa 3% of the Council's net revenue budget.
- 6.3 Based on the 2015/16 provisional outturn position the proposed provisions within this report can be funded from the General Fund reserve without compromising the recommended minimum balance of £10m.

7. PERSONNEL IMPLICATIONS

7.1 The personnel implications are included in the report.

8. CONSULTATIONS

8.1 All consultation responses are included in the report.

9. RECOMMENDATIONS

9.1 It is recommended that Council:-

9.1.1 Approves a further financial provision of £282k to be funded from General Fund balances to cover the potential salary costs of the three Senior Officers for the period 1st September 2016 to the 31st March 2017.

9.1.2 Approves an additional financial provision from General Fund balances of £220k to meet potential 2016/17 legal costs arising from the ongoing investigation process.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that sufficient funding is set-aside to meet the potential costs of the ongoing investigation process.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2000.
Local Authorities (Standing Orders) (Wales) Regulations 2006.
Local Government and Housing Act 1989.

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Lynne Donovan, Acting Head of Human Resources and Organisational Development
Gail Williams, Interim Head of Legal Services/Monitoring Officer
Cllr Keith Reynolds, Leader of the Council
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services

Background Papers:-

Cabinet Report 23/07/13 - Provisional Outturn for 2012/13

Council Report 26/02/14 - Budget Proposals 2014/15 and Medium-Term Financial Strategy 2014/2017

Cabinet Report 02/04/14 – Interim Arrangements – Head of Legal Services

Council Report 25/02/15 – Budget Proposals 2015/16 and Medium-Term Financial Strategy 2015/2018

Council 09/06/15 – Contract Arrangements of Interim Chief Executive

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