



## **COUNCIL - 6TH OCTOBER 2015**

**SUBJECT: CITY DEAL – CARDIFF CAPITAL REGION**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

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### **1. PURPOSE OF REPORT**

- 1.1 To advise Members of the latest developments in the emerging “City Deal” for the Cardiff Capital Region and the 10 local authorities in the south east Wales region.

### **2. SUMMARY**

- 2.1 Members may recall a presentation made at Full Council in March of this year by David Waite from the School of Planning and Geography at Cardiff University, regarding the Cardiff Capital Region. It is anticipated that the future shape of this project, and the Board which oversees the project, will be the subject of a Ministerial announcement in the near future. This was a project initiated by the Minister for Economy, Science and Transport, Mrs Edwina Hart, to develop plans for a City Region approach to economic development and regeneration in South East Wales. A similar plan is underway in the Swansea City Region, with similar approaches also being adopted in North Wales.
- 2.2 More recently, plans have been under development for a ‘City Deal’ covering the 10 local authorities in the South East Wales region. Though separate to the Capital Region Board project, this is a related initiative as a means to give effect to and implement some of the vision developed by the Board. It will be important that the two operate in tandem.
- 2.3 All 10 authorities have been participating in the development of this City Deal which promises to be an exciting opportunity to drive development, economic growth and job creation at a faster pace than we have seen for a long time.
- 2.4 There have been a number of similar ‘City Deal’ initiatives in England and one to date in Scotland. It would be a tripartite agreement between the 10 local authorities, UK Government and Welsh Government to collaborate on investment in infrastructure, business development skills, training and related areas over a 10 – 15 year period.

### **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 A City Deal is an agreement where the national government provides money for cities or city regions to invest in return for a guarantee of economic growth. The aim is to support growth in employment and economic output. So far there have been around 30 City Deals across the UK, ranging in size from tens of millions of pounds to larger deals worth more than £2.5bn. The aim of the deal is to support the local economy, which in turn supports the national economy through bigger tax returns and lower costs in terms of supporting those out of work.
- 4.2 In March the Chancellor for the Exchequer announced that a City Deal for South East Wales was in development. Following that announcement the Leaders of the ten local authorities in South East Wales met and commenced work on putting together a structure and a vision for what that a City Deal could mean for our region.
- 4.3 On the 17<sup>th</sup> June 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 £1/2 million fund for this purpose. To date some of these funds have been used to employ specialist advisors who have worked on City Deals in other parts of the UK, and they are now working with the local authorities to develop an outline plan and methodologies for selecting projects. This appointment was made by the lead authority, Cardiff, following an extensive interview process.
- 4.4 In initial meetings with UK Government officials in August it became clear that an initial outline of the basis of a Cardiff City Region City Deal would need to be presented to the government by the beginning of September so that it could be included in assessments around the Spending Review which is currently being undertaken.
- 4.5 On 4th September the requested position statement to UK Government was delivered in order to commence negotiations for a City Deal for the region.
- 4.6 This submission signifies the beginning of the process. It suggests that significant investment could be built around the following themes:
- Tackling worklessness which currently costs UK Govt £4bn in welfare payments in the region.
  - Improving productivity and economic performance – a 5% increase in GVA (Gross Value added) – the accepted measure of economic growth would deliver around £1bn extra per annum to UK economy.
  - Building on the foundations of innovation we have across the region in sectors such as advanced manufacturing, software development, bioscience which will bring higher quality jobs to the region.
  - Working with other partners to invest in the necessary physical and digital infrastructure, such as the Metro, to make it easier to move people and goods across the region and provide better connectivity to other parts of the UK.
  - Providing effective support for businesses to grow.
  - Ensuring the economic benefit of the necessary investment is felt across all parts of the region.
- 4.7 The scale of the City Deal, in financial terms, is not yet clear and will be subject to ongoing discussion between the UK, Welsh and local government. Some estimates have suggested that the investment will be in the region of £1billion, but there are, as yet, no firm indications.
- 4.8 It will be important to engage partners in this project. Initial discussions have already been held with the Caerphilly Business Forum who have already organised a first meeting of some of their members to discuss how they can contribute, and there seems real enthusiasm from the business community in Caerphilly County Borough. We will also need to work closely with education partners – in schools, Further and Higher Education – as raising skills will be an important aspect of the initiative.

- 4.9 One of the investments receiving considerable attention is that of the 'Metro' project. This is an investment in public transport – bus and rail – intended to assist people to travel more easily, especially to jobs which are created in the region. The City Region plan will need to tie in with and build upon this exciting proposal.
- 4.10 A key challenge for the authority will be to identify suitable projects within the county borough that may form part of the City Deal. An initial meeting of relevant officers has already taken place and ideas are currently being worked up for consideration. They would, eventually, need to be assessed by the City Deal Board and would need to demonstrate that they deliver the objectives of the City Deal. These are likely to include job creation, stimulating new and expanding businesses, raising skill levels and helping people in jobs. There is also likely to be scope for necessary infrastructure – improving communications, developing necessary sites and premises and the like. However, the precise nature of qualifying projects will not become clear until the discussions over priorities and funding between UK, Welsh and local government develop and mature later this year and into 2016.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 No equality impact assessment has been undertaken on this report as it has no implications on service delivery at this time.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 To date the council has contributed towards the initial planning and preparation of the emerging City Deal proposal. No other formal commitment of funds is required at this time.
- 6.2 As the plan emerges the contribution required from the three partners – UK Government, Welsh Government and the ten local authorities – will become clearer. Any further financial contribution from the authority will be the subject of further reports before any firm commitment is made.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 None at this time, other than officer time in working with the City Deal Board and project group.

## **8. CONSULTATIONS**

- 8.1 Any consultation responses have been reflected in this report.

## **9. RECOMMENDATIONS**

- 9.1 Council is requested to:

- (i) Note the progress to date and future plans for developing the City Deal;
- (ii) Confirm the council's willingness to continue to develop this concept, but subject to further reports at an appropriate time as to any additional funding implications and the type of investment likely to be generated.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 To enable the authority to participate in and benefit from this exciting opportunity.

## **11. STATUTORY POWER**

11.1 Not applicable.

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