



COUNCIL – 19TH APRIL 2016

SUBJECT: CITY DEAL – APPROVAL OF OUTLINE AGREEMENT

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To advise members of the approval of the outline terms of a City Deal investment plan for the Cardiff City region, comprising the ten local authorities in South East Wales, and to seek approval for further negotiation of the next steps in the process.

2. SUMMARY

- 2.1 Members agreed at Council in February of this year that that the Leader be authorised to sign an in principle agreement with the other nine local authorities in the region, UK and Welsh Government for the purposes of agreeing the framework of a £1.2 billion investment plan for the region.
- 2.2 Accordingly, on the 15th March 2016 an agreement was signed by the ten local authority Leaders in the region, the First Minister for Wales, Carwyn Jones, and Greg Hands, Chief Secretary to the Treasury. This agreement sets out, subject to formal approval by each of the parties at the appropriate stage, an outline proposal for the £1.2 billion investment plan.
- 2.3 Further work will now be required to agree funding contributions and the mechanism for drawing down UK and Welsh Government contributions, and for agreeing detailed plans for the use of the fund.

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 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 £500,000 fund for this purpose. On the 6th October last year, 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. In February of this year, members agreed that the authority (through the Leader) should formally sign a commitment to participate, subject again to further reports and formal approval by council for any financial contribution.

- 4.2 Accordingly, on the 15th March 2016 an agreement was signed by the ten local authority Leaders in the region, the First Minister for Wales, Carwyn Jones, and Greg Hands, Chief Secretary to the Treasury. This agreement sets out, subject to formal approval by each of the parties at the appropriate stage, an outline proposal for the £1.2 billion investment plan.
- 4.3 Further work will now be required to agree funding contributions and the mechanism for drawing down UK and Welsh Government contributions, and for agreeing detailed plans for the use of the fund. It will also be necessary to develop appropriate management and governance arrangements and a sound methodology for the apportionment of funds to particular projects, and to enable effective monitoring of the results and the performance of the plan.
- 4.4 As Members will recall from earlier reports, 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. Their contribution is made alongside a contribution from the local authorities in the area concerned and, in the case of Scotland and Wales, from the respective devolved government also. In addition, further funding can be drawn in for particular schemes from other sources such as the European union.
- 4.5 In outline, the main elements of the agreement reached on the 15th March are;
- That a £1.2 billion investment fund be established based on per head of population, this is the biggest City Deal entered into anywhere in the UK so far.
 - £500m of the fund will come from the UK government; £500m from Welsh Government; and £120m will come from the ten local authorities. Detailed plans for the relative share by each local authority and how that is to be funded, and over what timescale, will be developed for consideration by each authority as part of the next stage.
 - That the largest part, £734million, will be earmarked for the South East Wales Metro project which will radically improve rail and other public transport provision.
 - £495 million will be allocated for other schemes. These could include new employment sites and premises; measures to promote housebuilding (perhaps in areas not currently being targeted by developers); measures to boost employability and skills; support for new and expanding businesses; and other measures designed to grow the local economy;
 - The scheme will extend over 20 years.
 - That appropriate governance mechanisms will be developed for overall management of the scheme by a Joint Committee / Joint Cabinet from the 10 local authorities.
 - That an Independent Growth and Competitiveness Commission will be established to undertake research and recommend on the crucial and most important steps which the region needs to take to catch up with rates of economic growth in other parts of the UK and Europe.
 - That a representative body or voice for business be established in the region to ensure that businesses are able to contribute effectively to the plan.
 - That a wider representative body (an Economic Growth Partnership) be established to enable other key partners (in education, voluntary and community enterprise, and the like) to play their part in shaping the plan.
- 4.6 It is anticipated that further reports will come before members in due course dealing with:
- (i) The constitution, responsibilities and governance of the proposed Joint Committee / Joint Cabinet which will be required to manage and direct the plan;
 - (ii) Detailed arrangements for the funding of the plan, outlining the exact contribution required from each authority;
 - (iii) Proposals for determining the allocation of the fund to specific projects.
- 4.7 Each of these will need to be approved by members, and today's report is provided solely to update members as to progress since the last meeting.

5. EQUALITIES IMPLICATIONS

5.1 There are no specific equalities implications from this report.

6. FINANCIAL IMPLICATIONS

6.1 No commitment to contribute to the City Deal fund will be entered into without specific approval of Full Council at a later date once further details are known.

6.2 As indicated previously, some relatively small contribution towards a team of officers may be required to support the development of the plan. This will be met from within existing resources.

7. PERSONNEL IMPLICATIONS

7.1 None.

8. CONSULTATIONS

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

9. RECOMMENDATIONS

9.1 It is recommended that Members note the in principle agreement reached on the 15th March 2016 and await further reports as outlined.

10. REASONS FOR THE RECOMMENDATIONS

10.1 This City Deal proposal will secure at least £1.2billion additional investment in the region. 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.

11. STATUTORY POWER

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

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Background Papers:
Report to Cabinet 17th June 2015
Report to Council 6th October 2015
Report to Council 24th February 2016