



## **SPECIAL COUNCIL**

### **MINUTES OF THE SPECIAL MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON TUESDAY 31ST JANUARY 2017 AT 5.00PM**

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#### **PRESENT:**

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

#### **Councillors:**

Miss L. Ackerman, M. Adams, Mrs K.R. Baker, P.J. Bevan, L. Binding, Mrs A. Blackman, D. Bolter, D.G. Carter, Mrs. P. Cook, C.J. Cuss, H.W. David, W. David, H.R. Davies, D.T. Davies, K. Dawson, N. Dix, C. Elsbury, M. Evans, Mrs C. Forehead, J.E. Fussell, Mrs J. Gale, L. Gardiner, N. George, C.J. Gordon, R.W. Gough, D.T. Hardacre, L. Harding, D. Harse, D. Havard, C. Hawker, A.G. Higgs, G.J. Hughes, K. James, M.P. James, G. Johnston, Mrs B.A. Jones, Ms J.G. Jones, S. Kent, G. Kirby, Mrs A. Leonard, Ms P. Leonard, A. Lewis, K. Lloyd, C.P. Mann, P. Marsden, S. Morgan, Mrs. G. Oliver, Mrs L. Phipps, D.V. Poole, D.W.R. Preece, M.J. Prew, J. Pritchard, J.A. Pritchard, D. Rees, K.V. Reynolds, J.E. Roberts, 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), N. Scammell (Acting Director of Corporate Services), C. Harray (Corporate Director - Communities), G. Williams (Interim Head of Legal Services and Monitoring Officer), 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 Mrs E.M. Aldworth, A.P. Angel, Miss E. Forehead, Mrs P. Griffiths, A. Rees and R. Saralis.

#### **3. DECLARATIONS OF INTEREST**

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

## **REPORT REFERRED FROM CABINET**

Consideration was given to the following report referred from Cabinet.

### **4. CARDIFF CAPITAL REGION CITY DEAL (CRR CITY DEAL)**

Cabinet considered this report on 31st January 2017 and, in endorsing its content, recommended its acceptance by Council.

Consideration was given to the report which provided an update on the progress made since the last report to Council and sought approval for the formal establishment of the Cardiff Capital Region City Deal (CCR City Deal) Joint Committee (which will oversee the region's economic growth agenda and delivery of the twenty year CCR City Deal). It also sought approval for the CCR City Deal Joint Working Agreement and the CCR City Deal Assurance Framework and Implementation Plan, which are required to establish the Regional Cabinet and the City Deal Investment Fund.

It was noted that the report is being presented to each of the 10 constituent authorities and to date, 6 have considered and approved its content and subsequent recommendations. The Joint Working Agreement which includes the Assurance Framework and Implementation Plan were appended to the report and details of the legal and governance implications arising from the Agreement were detailed within the report.

The Interim Chief Executive gave an overview of the report and referred to the requirement to consider the formal establishment of the CCR Joint Cabinet and associated documentation, which will enable the commencement of a programme of economic growth across the region through the 20 year CCR City Deal. He advised that the City Deal 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.

He advised that one of the key issues within the City Deal is the creation of 25,000 new jobs within the region. On a pro rata basis, and being 12% of the region in terms of population, this could result in the creation of a 2,500 to 3,000 new jobs in this area. Reference was made to the development of the partnership between the UK Government, Welsh Government and the 10 local authorities and to the £1.28bn investment fund or infrastructure fund that will be available as a result of this initiative.

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.

The report detailed how the funding is made up and for where the funding is intended. £734m of the investment, by far the largest element, is intended for the metro project which is principally but not exclusively about rail infrastructure which will open up prospects for the county borough in terms of increasing frequency, reducing the travel time and even of reopening some branches of the rail network that are currently closed to passenger transport (depending upon the operator and the solution that is chosen). £495m is intended for other activities and the assurance framework and implementation plan (as appended to the report) outlines the types of areas in which this investment is intended to be made (e.g. sites infrastructure, premises for business, investment funds for businesses, investment funds for start-up businesses, skills and training).

In terms of governance, the report detailed the management arrangements and it was explained that the Assurance Framework outlines a set of systems, processes and protocols designed to provide an evidence based and independent assessment of the governance, risk management and control processes of the Investment Fund. It was explained that the establishment of a Joint Cabinet provides the decision making structure without having to seek an individual decision from each of the constituent authorities, which would prolong the decision making process. Details of the proposed terms of reference for the Joint Committee were detailed in the report.

Members noted that in order to create jobs in the private sector, the support of the business community is essential and as such, were advised that provision has been made to establish two bodies who will help with advice in the implementation of the programme. One will be a new Regional Business Forum, which will bring together businesses who may be members of existing bodies (such as the CBI, the federation of small businesses, more local groups such as the Caerphilly Business Forum). There will also be a Regional Economic Growth Partnership that will bring together a whole host of stakeholders, business people, universities, colleges for further education, the voluntary sector, local authorities, and all potential stakeholders so that there is a broad based influence and advice available to the Regional Cabinet in making the decisions that they reach.

The Interim Chief Executive then referred to the financial implications as detailed within the report with specific reference to the query that has been raised as to whether the council's contribution is in terms of capital or debt repayment. It was explained that as part of the funding package, the 10 local authorities have to commit £120m between them over a period of the City Deal. It was explained that funding could come by way of putting in capital or borrowing to fund the share of that contribution. The report presented was based on the assumption that the county borough would borrow so would be incurring debt charges and capital repayment. The other element of our funding contribution would be to meet any debt charges. Any interest charges in relation to the treasury funding (because the funding will come down over a period of 20 years) may be invested, with the capital being repaid with the money from the treasury as it comes through in annual instalments. The table outlined in the report detailed the investment fund indicative modelling and proposed affordability envelope and the forecast of costs that would fall to the county borough (12% of the population of the capital region so responsible for 12% of the cost liabilities). Reserved matters relate to the business plan, the affordability envelope and were detailed in the report.

It was accepted that there will be inter-relationship between the City Deal and other funds and bodies. It was explained that whilst City Deal operates entirely as a separate entity, it may well be that some of the projects in which it invests will have a package of finance which may come from a range of sources (the Metro being an example). In order to help to position Cardiff as the European leader in compound semiconductor application, the UK government will invest £50m to establish a new Catapult Centre for Wales. It was confirmed that in terms of the government funding it is outside the City Deal. In noting that in some cities there has been more than one City Deal, it was confirmed that in the event this is proposed, it would be for each of the 10 local authorities to sign it off.

The Acting Director of Corporate Services advised that the Section 151 Officers of the 10 authorities have been meeting regularly over the last 12 months and have modelled a number of potential scenarios and agreed appropriate assumptions in respect of variables such as the profile of likely spend, interest rates for borrowing, the split of capital and revenue funding and the treatment of inflation. The result of this detailed work is a prudent funding model which estimates that the total costs of the deal at the regional level is projected to be £210.8m, of which £166.8m is the estimated cost of the local authority's capital contribution and £44.0m is the estimated carry costs of financing the UK Government debt as described in paragraph 8.9 of the report. CCBC's share (12%) of the estimated total costs is projected to be in the order of £25.2m over a 25 year period (based on an assumed average asset life).

Reference was made to the two elements that have been modelled into the financial envelope. The first being the share of the £120m LA contribution to the £495m, which at 12% is £14.4m. The model assumes the £14.4m will be prudentially borrowed at an interest rate of 3% (interest rates are currently lower in respect of long term borrowing). The other cost being the cost of carry which is akin to an interest free loan. These elements when added together provide a total collective revenue cost across the 10 authorities of just under £211m with the share for Caerphilly being £25.2m. With regards to capital, of the local authority contributions of £220m, our share would be £14.4m. The £120m is a reserved matter and as such a cap that the Joint Committee will have to work within.

The Acting Director of Corporate Services advised that the costs in relation to the financial envelope will appear in the medium term financial plan and be outlined in the budget report being presented to Council at the end of February. Costs to the local authority will mirror the profile and the model that is being used to determine the figures. She gave an indication of the costs which will be incremental over the course of the City Deal. In addition to the costs of actually funding the whole scheme (the £495m and our contributions) there is also a cost associated with the project management of the scheme. All the associated costs for the accountable body, the costs of supporting the Scrutiny and the Joint Committee etc will be presented in the budget report. The Section 151 Officers have seen the assurance framework and feel that it will mitigate the risk but it is not possible to give any guarantees that the risk can be completely taken away but there will be quite a rigorous, robust screening exercise for the schemes.

Another of the key priorities which the City Deal Investment Fund will support is the delivery of the South East Wales Metro (including the Valley Lines Electrification programme). The £734m scheme has the potential to provide a significantly improved public transport system that will transform the way people travel around the region. 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 and as such, is being progressed.

Members were reminded that the CCR City Deal Investment Fund comprises two distinct elements, the Regional Cabinet Fund (the responsibility of the CCR Regional Cabinet) and the Metro scheme (which is the direct responsibility of Welsh Government). With regards to the latter, the running costs will be a matter between Welsh Government and the operator chosen at the end of the tender process and is not a matter or a liability for the local authority.

In that transport has a key role in delivering economic growth and improving outcomes for people by connecting communities, business, jobs, facilities and services, reference was made to the need to ensure the transport infrastructure is adequate and to the fact that there are significant congestion and transport capacity issues that need to be addressed. It was noted that the Cardiff Capital Region will establish a new non-statutory Regional Transport Authority to co-ordinate transport planning and investment on a regional basis, in partnership with the Welsh Government. Cross valley links and integrated bus routes to tie with the rail network will be part of the consideration. Clive Campbell (Transportation Engineering Manager) has been seconded to assist in this role.

The Assurance Framework outlines the process and decisions that are required for the approval of the programme and overall projects, which include the appraisal criteria for submitted projects. It was noted that the City Deal is in its early stages of development and in that it is over a 20 year period, some decisions on the Investment Fund may not be taken for a number of years and projects will be developed in accordance with the prescribed themes. The business plans will be required to be submitted to each authority for consideration. The exception to that, as detailed within the report, is that the first £50m of the treasury money can be invested over the next 12 months in advance of that business plan being agreed. This is a decision that the Regional Cabinet would have to reach.

Following concerns as to whether the fund will be allocated to projects in those areas that require investment, Members had been provided with a link to the recently undertaken Competitiveness Commission Report. This has looked at the strategic overview of how this fund should be used to ensure that every part of the region benefits from this scheme. They were reminded of the report of the Competitiveness Commission and how any proposed projects would be assessed.

Members were reassured that there will be a process of scrutiny which will be established so that decisions of the Regional Cabinet can be subject to proper scrutiny in the way that decisions in each local authority have to be subject to scrutiny and there is also provision that there will be an annual business plan and an annual review that will come back to each local authority to enable Members to track the decisions and the investments that are being made. Reserve matters also require that any external factors or any decisions being made that affect the affordability envelope would require the agreement by each of the 10 authorities. Regional Cabinet will have the responsibility for investing the fund but they cannot commit the local authority to any further funds unless they received approval from all.

During the course of the debate Members stressed the importance of improving accessibility and transportation to help people get to jobs and educational opportunities wherever they arise within the region. Reference was made to the need to ensure there is investment in education, skills and employability to ensure there is an alignment between future employer skills needs and education provision across the region, which in turn will improve productivity and participation in the economy. It was noted that there are plans to strengthen the existing Learning, Skills and Innovation Partnership and the City Deal is supported by the higher education sector which includes Cardiff University, Cardiff Metropolitan University and the University of South Wales.

It was reiterated that the authority is committed to employment in the northern end of the borough and as such, arrangements are in hand to produce approximately 20 small business units on The Lawn Industrial Estate and will continue to liaise with the private sector.

A query was raised in relation to the Joint Working Agreement (paragraph 10.5) in that 'each council shall be entitled from time to time to appoint the deputy for its representative but such deputy (in each case) shall only be entitled to attend meetings of the Joint Committee in the absence of his/her corresponding principal' and as to whether it should be mandatory that there should be deputies for all the proposed committees. The Interim Chief Executive advised that it is intended to convey that if authorities have a deputy (and it would be expected that authorities would be represented at all of these meetings) they can nominate a deputy but cannot send the Leader and a deputy. An assurance was given that to date the authority has been represented at every meeting and this will continue to be the case.

Reference was made to the benefits and virtues of the City Deal and the opportunity to look at new projects and new initiatives, as detailed within the implementation plan. Specific comments were made on housing investment and the opportunity to look at developing sites and attract housing developers further north into the county borough and Members welcomed this opportunity. An assurance was sought that social and affordable housing would form part of any project and Members were advised that it was not possible to give any guarantees. It will be for the authority to decide where the investment should be in the borough and submit proposals for consideration accordingly.

A query was also raised as to whether if the region is given the power to strategically decide where major housing sites are to be built, it would supersede the county borough's Planning Committee. The Interim Chief Executive advised that it was not the intention to circumvent the planning process but to develop a more regional approach to a development plan. Following recent discussions at the Shadow Joint Cabinet, approval has been given to start on a regional land use plan. The Corporate Director for Communities has been asked to lead on this project and will report back to the Board as to how this master plan can be developed and how it might evolve into a more formalised regional development. When the local

development plan is developed, it would be mindful of the regional allocations and there may be an opportunity for collaborative local development plans with other local authorities.

A query was also raised in relation to the proposal of Welsh Government to establish a National Infrastructure Commission for Wales and whether this will impact on the City Deal. The Corporate Director for Communities advised that whilst there have been no discussion to date, Officers have been tasked to provide a regional response to the questions from Welsh Government regarding the National Infrastructure Commission and will feed that into the next meeting of the Joint Cabinet for consideration.

In that different wards in the borough have different requirements, it was requested that there be engagement with residents, voluntary organisations and various groups at the earliest possible opportunity. The Corporate Director Communities advised that at the recent Members Seminar ideas were presented around potential projects which were generated as a result of engagement with ward members (representing their communities) and the Business Forum. Work is still in progress and there is still an opportunity to share any ideas.

A query was also raised as to the difference between the City Deal and other initiatives that have been previously been introduced. Members were advised to view the report of the Competitiveness Commission which seeks to address the economic inactivity and provides an economic indicator, which shows how prosperous a region is (Gross Value Added). This assists in identifying those areas in need of assistance. The City Deal supports the principle of creating jobs, supporting people back into the labour market and into higher value, higher paid and higher productivity jobs in order to change the shape of the regional economy and will use the information provided in order to achieve this.

It was reported that Cabinet had agreed that the Leader of the Council or his/her nominated deputy be granted delegated authority to sign the Joint Working Agreement on behalf of the Council.

It was moved and seconded that the recommendations from Cabinet be approved. The Interim Chief Executive advised that there is also a requirement to authorise the Interim Head of Legal Services and Monitoring Officer to amend the Council's Constitution to reflect the proposals as set out in the report and this was accepted by both the mover and seconder of the motion. By show of hands this was unanimously agreed.

RESOLVED that for the reasons contained in the report it be agreed to:-

- (i) approve the Joint Working Agreement as the legal document that formally establishes the Cardiff Capital Region (CCR) Joint Committee (the Regional Cabinet) as a Joint Committee, with delegated functions, with a Commencement Date of the 1st March, 2017. The elected member representative to the Regional Cabinet shall be the Leader of the Council, or his/her nominated Deputy;
- (ii) approve the financial contributions from each constituent Council towards the collective £120m total, (together with such associated costs e.g. carry costs), as detailed in the body of this report;
- (iii) approve the carry forward of any remaining revenue funds from 2016/2017, contributed by each constituent Council into 2017/2018 in order that the support structure for the Regional Cabinet continues;
- (iv) approve the collective revenue contributions of up to £1 million inclusive of recommendation (iii) above, on a proportionate basis as set out in the Joint Working Agreement) to the 2017/2018 budget, in order that the support structure for the Regional Cabinet continues;

- (v) approve the City of Cardiff Council acting as the Accountable Body with the responsibilities as set out in the Joint Working Agreement;
- (vi) approve the Assurance Framework as the open and transparent, robust decision making process for considering all proposals requiring support from the CCR City Deal Wider Investment Fund;
- (vii) approve that the Interim Chief Executive in consultation with the Leader of the Council, the Interim Head of Legal Services and Monitoring Officer and Acting Director of Corporate Services and Section 151 Officer be granted delegated authority to agree such amendments as are necessary to the Joint Working Agreement Assurance Framework and Implementation Plan (as are appropriate) from the date of acceptances of these recommendations to the Commencement Date of the 1st March, 2017;
- (viii) approve that the Interim Chief Executive in consultation with the Leader of the Council, the Interim Head of Legal Services and Monitoring Officer and Acting Director of Corporate Services and Section 151 Officer be granted delegated authority to decide whether the Council should continue to explore the opportunity to participate in the CCR City Deal in the event that one or more of the ten constituent Councils fail to agree any of the recommendations detailed above;
- (ix) authorise the Interim Head of Legal Services and Monitoring Officer to amend the Council's Constitution to reflect the proposals as set out in the report.

The meeting closed at 7.10pm

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 7th March 2017 they were signed by the Mayor.

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MAYOR