



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