



CABINET – 17TH JUNE 2015

SUBJECT: CAPITAL REGION / CITY DEAL

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek agreement from Cabinet to participate in development work around a 'City Deal' proposal for South East Wales.

2. SUMMARY

- 2.1 Members will recall a recent presentation to Council on the 'Cardiff Capital Region', which is one of the Welsh Government's key plans for regenerating the economy in South East Wales.
- 2.2 One emerging idea to help with the implementation of this initiative is that of a 'City Deal' which would be a collaborative approach between the UK Government, Welsh Government and local authorities. This could unlock significant funding, with some estimates being as high as £1 billion, for a package of measures to stimulate the economy and create jobs in the region.
- 2.3 Following a series of meetings between Council leaders in the region there is a proposal for a joint study to develop ideas and funding plans for this initiative. This will require a contribution from each authority.
- 2.4 This represents an opportunity for Caerphilly County Borough to attract investment in a series of projects which could lead to significant job creation and it is recommended that the Council agrees to be party to this arrangement.

3. LINKS TO STRATEGY

- 3.1 Economic Development and regeneration is a priority within the council's own plans and in the multi-agency Single Integrated Plan for the county borough, overseen by the Local Service Board. This proposal would contribute significantly to delivering against these priorities.

4. THE REPORT

- 4.1 Members are aware of the Welsh Government's initiative around 'City Regions'. For the Cardiff Capital Region this embraces the 10 local authority areas in South East Wales. To date this has been led by a Board appointed by the Minister, but that initial process is coming to an end and a decision is expected in the near future as to ongoing governance and leadership arrangements for this project.

- 4.2 The emerging plans for the region include a number of exciting proposals including that of an improved 'Metro' system of transportation. This could include improved rail services, with electrification and possibly even a 'light rail' system which could offer much improved frequencies and journey times for services from the Valleys. Alongside this would be ideas for job creation, skills and training for local people.
- 4.3 One possible means of securing funding for the implementation of some of these projects might be a "City Deal" to support investment to support economic growth across the city-region. City Deals have been introduced in numerous cities across the UK where they have provided up to £2.75bn in funding for improvements in infrastructure and skills to kick-start growth in jobs and income.
- 4.4 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 provide a much needed boost to infrastructure investment 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.
- 4.5 In March the Chancellor for the Exchequer announced that a City Deal for South East Wales was in development. The City Deal will offer a huge opportunity to invest on our economy and support the development of the city-region creating jobs and increasing incomes.
- 4.6 Elsewhere City Deals are delivering a wide range of benefits – but the larger City Deals have some very clear outputs for the city-region economies. In Glasgow the City Deal is expected to grow the economy by over £2bn by the mid-2030s, creating 28,000 jobs. In Manchester the impact is expected to be even bigger, creating 37,000 jobs and increasing economic output by £3.6bn.
- 4.7 The area covered by any City Deal is something that is to be determined by the areas themselves. However in South East Wales the City Deal is seen as an opportunity to bring together city-region partners, as well as the Welsh Government, and provide resource to deliver projects together for the 10 local authority areas within city-region.
- 4.8 There are no set rules on which the City Deal money can be spent – other than they need to show a positive impact on the city-region economy. Throughout the UK City Deals have been used to invest in things such as transport, skills and housing.
- 4.9 Across the UK the City Deals have been funded in a variety of ways. Generally a local contribution is expected, though the level of contribution would need to be determined in developing a City Deal proposal.
- 4.10 Following a number of discussions between Leaders of the 10 local authorities, a plan would now need to be developed for the 10 authorities, working with the Welsh Government, to present to the UK Government later this year, outlining a proposal in terms of funding, and what this would mean for the local economy.
- 4.11 The proposal will need to be comprehensive and make a strong case for the investment required, outlining the types of project which will be included, the associated costs and the economic impact of the overall plan. This will require specialist input from a range of disciplines. If we wish to participate then a contribution will need to be made towards the cost of developing this proposal. On a pro rata basis, calculated on the relative size of each authority, the contribution needed from Caerphilly CBC will be £59,989.
- 4.12 These emerging plans for the Capital Region and for the 'City Deal' represent the biggest hope for developing investment plans for the region for the foreseeable period and Caerphilly County Borough cannot afford not to be part of these developments. We are part of a regional economy and a high proportion of our residents already travel to work in other parts of the

region, especially to Cardiff and Newport. Job creation in these areas, especially if we see improved transport links, will in itself be a benefit.

- 4.13 However, by being part of this proposal we will have the opportunity to ensure that investment projects within Caerphilly County Borough are included. We need to have the ability to attract investments and jobs into this area, and being part of the Capital Region and City Deal arrangements will be our best chance of doing so.

5. EQUALITIES IMPLICATIONS

- 5.1 No equality impact assessment has been undertaken on this report as any impact will arise from individual proposals which develop in the scheme as it unfolds.

6. FINANCIAL IMPLICATIONS

- 6.1 There is a cost of £59,989 as a contribution to the development of the proposal. This one off expenditure can be funded from Divisional Reserves.
- 6.2 As the project unfolds individual proposals may require a contribution from all of the parties including the UK Government, Welsh Government and the ten local authorities. There may also be the opportunity to attract significant European funding for some of the projects. Each and every scheme will need to be evaluated and agreed individually as appropriate by the council in the same way as any other financial commitment of the council.

7. PERSONNEL IMPLICATIONS

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

8. CONSULTATIONS

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

9. RECOMMENDATIONS

- 9.1 Cabinet is requested to agree to contribute £59,989 towards the development of a City Deal proposal for the reasons outlined in the report, utilising Divisional Reserves.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To enable the council to participate in this exciting initiative for regeneration for the south-east Wales region.

11. STATUTORY POWER

- 11.1 Wellbeing Powers, Local Government Act 2000.

Author: Chris Burns, Interim Chief Executive
Consultees: Nicole Scammell, Director of Corporate Services
Pauline Elliot, Head of Regeneration and Planning
Gail Williams, Head of Legal Services
Cllr. K V Reynolds, Council Leader
Cllr. Colin Mann, Leader Plaid Cymru Group
Cllr. David Rees, Leader Independent Group