

# **The Vale of Glamorgan Council**

**Cabinet: 25 July, 2016**

## **Report of the Leader**

### **Cardiff Capital Region: City Deal - Update Report**

#### **Purpose of the Report**

1. To update members on the progress made in taking forward the provisions of the Cardiff Capital Region City Deal Heads of Term agreement with the Welsh and UK Government.

#### **Recommendations**

1. That Cabinet notes the contents of this report and the requirement to enhance the interim Governance Arrangements in order to take forward the provisions of the Cardiff Capital Region City Deal Heads of Terms Agreement with the Welsh and UK Governments.
2. In pursuance of recommendation 1 above, Cabinet agrees that the Cardiff Capital City Deal Region Board of Leaders is renamed the "Cardiff Capital Regional City Deal Shadow Joint Cabinet".
3. In pursuance of recommendation 1 above, Cabinet notes the establishment of the new bodies, as set out in the Cardiff Capital Region City Deal Heads of Terms Agreement, as follows:
  - Non Statutory Regional Transport Authority;
  - Cardiff Capital Region Skills and Employment Board;
  - Cardiff Capital Region Business Organisation;
  - Cardiff Capital Region Economic Growth Partnership; and an
  - Independent Growth and Competitiveness Commission;
4. That in pursuance of recommendation 3 a further report be brought to Cabinet in due course to provide further details on terms of reference of any new bodies that will necessitate any changes to the Council's scheme of delegation.
5. That Cabinet notes the appointment of an Interim Programme Director, seconded from one of the ten local authorities.
6. To commit a further sum of £42,582 from the Policy Budget, representing this Council's contribution to an additional regional fund of £500,000 to continue to fund the development of the City Deal.

7. To agree to procure and appoint specialist legal advisors to draft all appropriate and necessary documents for the Cardiff Capital Region City Deal including but not limited to the "Joint Agreement" from the Crown Commercial Services Framework Agreement.

## **Reasons for the Recommendations**

1. In order to progress the Heads of Terms Agreement with Welsh and UK Governments.
2. To establish appropriate governance arrangements in shadow form.
3. To meet the Heads of Terms Agreement with the Welsh and UK Governments.
4. To ensure appropriate governance arrangements are put in place.
5. To progress work on the City Deal.
6. To allow the Council to financially contribute to the City Deal development work.
7. To allow the work on the City Deal to be progressed and to ensure good governance arrangements.

## **Background**

2. Members will recall that I presented a report to Cabinet on 27 July 2015 (minute C2873 refers) and a further report to Cabinet on 22 February 2016 (minute C3088 refers). On the basis of that report, it was resolved that I be authorised to sign an 'in principle' City Deal document on behalf of the Council and that the Council continued to work with partner authorities, the UK and Welsh Government to progress the City Deal. That report was also referred to Council for information on 2 March 2016.
3. Since the report on 22 February 2016 and the update to Council on 2 March, a considerable amount of further work has been undertaken on the City Deal. In March the ten local authority leaders, alongside the Welsh and UK Governments signed the Cardiff Capital Region City Deal Heads of Terms Agreement. A copy of that agreement is attached at [Appendix A](#). That document gives the scope of a City Deal. However, before the deal can be finalised and agreed, further negotiations and details need to be developed, which each of the ten local authorities will have to approve, again alongside Welsh and UK Government. This will also require the establishment of robust governance arrangements, the scope of powers available and the financial elements of the City Deal.

## **Relevant Issues and Options**

4. In terms of the work already undertaken since the signing of the Heads of Terms, interim governance arrangements have been put in place. This includes the establishment of the Cardiff Capital Region City Deal Project Board (consisting of the 10 Council Leaders), supported by a Chief Executive's/Managing Director Group and additional working groups.
5. It is proposed that these interim arrangements continue but with the Project Board being renamed 'Cardiff Capital Regional City Deal Shadow Joint Cabinet'. It is however important to note that at present, decision making rests with each council. The Shadow Joint Committee or Cabinet would not be a decision making body save for those powers delegated to each council Leader in accordance with its respective scheme of delegation.

6. The City Deal Agreement also sets out the requirement to create the following governance structure:-

- **Cardiff Capital Region Transport Authority (non statutory)**

The City Deal document states that the 'Cardiff Capital Region will establish a new non statutory Regional Transport Authority to co-ordinate transport planning and investment, in partnership with the Welsh Government. The Cardiff Capital Regional Transport Authority will be responsible for: pooled local transport resources; regional planning for the local transport network; working with Transport for Wales to ensure objectives for transport investment are aligned; exploring the creation of a single integrated ticketing platform for public transport across the Cardiff Capital Region; and working in partnership with the Welsh Government to define the priorities of the South East Wales Metro concept and to support its delivery'.

- **Cardiff Capital Region Skills and Employment Board**

The City Deal document makes reference to the "existing Learning, Skills and Innovation Partnership. This will be re-launched in 2016 as the Cardiff Capital Region Skills and Employment Board. The Partnership will represent a wide range of stakeholders, including: business bodies, higher and further education; local authorities and the Welsh Government. It's responsibilities will include informing the Region's skills strategy and producing an annual regional plan for employment and skills programmes for the region.

- **Cardiff Capital Region Business Organisation**

The City Deal documents states that "working with public sector partners, the business community, and representative bodies, Cardiff Capital Region will establish a Cardiff Capital Regional Business Organisation. This organisation will provide a clear business voice that will influence and shape business support programmes. In creating the Board, a mapping and consultation process will be undertaken with existing advisory Board operating within the region. This will ensure roles and remits are complimentary and add value". The document is clear that the membership will be drawn from across a range of sectors and interest, including social enterprises and mutuals. The final structure will be designed by the Cardiff Capital Region business community.

- **Cardiff Capital Region Economic Growth Partnership**

The City Deal document states that the "partnership would be responsible for setting the overarching city-region economic development strategy, as well as monitoring and making recommendations to the Joint Cabinet with regard to City Deal implementation. The partnership will have a specific role to provide advice on investment decisions. This will ensure the City Deal and other interventions make an impact on economic growth and increase employment". The Partnership's membership and terms of reference will be established using the best international practice such as the Danish Growth Forums, as well as the Local Enterprise Partnership model in England and the Economic Leadership Board established in Glasgow.

- **Independent Growth and Competitiveness Commission**

The City Deal document states that the "The Commission's first task will be to review the evidence about the functional economic growth and support the ambitions of a dynamic capital region. The Commission will be jointly established by the ten local authorities that comprise the Cardiff Capital Region in consultation with the Welsh

and UK Governments. The Commission will examine the challenges and opportunities for economic growth and competitiveness and make recommendations for how the Cardiff Capital Region can achieve its full growth potential". The Commission will need to undertake its work in a timely manner to inform the final investment decisions of the City Deal infrastructure fund and overall project composition of the programme. The Commission was launched on 27 June. The Commission is chaired by Professor Greg Clark and other appointed commissioners include Alexandra Jones (Chief Executive of Centre for Cities), Kevin Gardiner (Rothschild) and Helen Molyneux (Chief Executive officer, New Law).

7. In order to establish the new bodies, as required by the Cardiff Capital Region City Deal Agreement, and take the other steps necessary to develop a robust City Deal business case, at pace, it was proposed to appoint a dedicated Programme Director and a small support team. The Programme Director and Project Manager are officers that have been seconded from two of the ten local authorities and the secondments are for the period that covers the preparation and submission of the City Deal business case.
8. Members will recall that in July 2015, the ten councils created a fund of £500,000 to meet the costs of preparing the City Deal bid. Contributions were based on population share. The fund has been used to commission support for preparing the original submission and the ongoing support required to ensure we were able to secure the agreement of the Heads of Terms document.
9. To date £332,000 of the fund has been spent or committed. The remaining £168,000 is insufficient to meet the likely costs over the next 12 months as progress is made to the next stage of the city deal process. There are a number of likely commitments that include the costs of:
  - The Programme Director and small team
  - The Independent Growth and Competitiveness Commission
  - Strategic advisers for next stage
  - Independent legal advisers
  - Communications and Meetings/EventsWhilst these are just some of the anticipated areas of expenditure over the next 12 months, inevitably there are likely to be additional costs and it is proposed to add £500,000 to the fund. It has been proposed that the individual contributions are provided on the same basis as before - % of population across the city region. This equates to a payment of £42,582 for Vale of Glamorgan. This funding requirement can be made from the Policy Budget.
10. It is also proposed that to ensure the governance arrangements are sufficiently strong, that the ten local authorities agree to procure and appoint specialist legal advisors to draft all appropriate and necessary documents for the Cardiff Capital Region City Deal including but not limited to the "Joint Agreement" from the Crown Commercial Services Framework Agreement. This cost will be incurred from within the £500,00 fund set out in the paragraph above.

### **Resource Implications (Financial and Employment)**

11. The financial implication for the Council is for £42,582, representing the Council's share of the £500,000 fund to develop the City Deal business case. Members will recall from prior reports that in the event that a City Deal is successful, the final

business case and agreement will set out the financial implication and funding availability as key requirements of any Deal. Only once each constituent authority is in full agreement to the proposals being put forward and is content to sign up to the Deal document will it become binding. The development of the legal agreement could take between 9 to 18 months after the announcement of the agreement of the City Deal in March 2016.

### **Sustainability and Climate Change Implications**

12. Projects and interventions leading to the City Deal will seek to contribute to the sustainability of the region, through transport improvements and community based growth.

### **Legal Implications (to Include Human Rights Implications)**

13. The Cabinet previously resolved that the Council works with the other South East Wales local authorities to develop a business case for a City Deal. This culminated in the Heads of Terms document being considered in March 2016. This development of the City Deal region is still on-going and forms the basis of the negotiations with UK and Welsh Governments.

### **Crime and Disorder Implications**

14. None directly attributable.

### **Equal Opportunities Implications (to include Welsh Language issues)**

15. The City Deal is currently in its infancy and no decisions have yet been taken on areas of investment. Equality Impact Assessments will be undertaken on a regional basis as City Deal decisions are brought forward in the future.

### **Corporate/Service Objectives**

16. The City Deal links to the Corporate Plan well-being objective of an Environmentally Responsible and Prosperous Vale.

### **Policy Framework and Budget**

17. The report is a matter for Executive decision. The final agreement of a City Deal will be after full Council.

### **Consultation (including Ward Member Consultation)**

18. A key element of the City Deal will be consulting and engaging businesses, higher and further education, all local authority members and the wider community. Initial information sharing meetings have already been undertaken to brief business and higher and further education providers in the Region in order to seek their views and ideas on how we maximise the benefits of a City Deal. In the coming months, greater consultation will be undertaken with a range of stakeholders, which will initially be undertaken by the proposed Independent Growth and Competitiveness Commission.

### **Relevant Scrutiny Committee**

19. Corporate Performance and Resources

## **Background Papers**

City Deal Heads of Terms document ([Appendix A](#))

## **Contact Officer**

Rob Thomas, Managing Director

## **Officers Consulted**

CMT

Head of Legal

Head of Finance

## **Responsible Officer:**

Rob Thomas, Managing Director