

The Vale of Glamorgan Council

Cabinet: 22 February 2016

Report of the Leader

Cardiff Capital Region - City Deal Proposal

Purpose of the Report

1. The purpose of the report is to update members on the progress made since the report of 27 July 2015 which provided an outline of the concept of City Deals and that summarised the work undertaken up to that point on a potential City Deal.

Recommendations

1. That Cabinet notes and endorses the work undertaken to date on a potential Cardiff Capital Region City Deal.
2. That the Leader be authorised to sign an "in principle" 'City Deal' document on behalf of the Council (on the understanding that the final terms of the City Deal will be a matter for the agreement of full Council).
3. That pursuant to recommendation 2 above, the Council continues to work with partner local authorities, the UK and Welsh Government to progress the City Deal.
4. That a further report be presented to Cabinet in due course on progress made on the City Deal.

Reasons for the Recommendations

1. The report updates members on work on a City Deal.
2. To enable the Council to agree in principle to a City Deal proposal.
3. To allow further work to be progressed on a City Deal for South East Wales.
4. To update Cabinet in due course.

Background

2. Cabinet will recall the consideration of a City Deal proposal at its meeting of 27 July 2015. That report provided a background to City Deals and made reference to the early investigations into whether a City Deal was appropriate for the Cardiff Capital Region. The report also considered the need to contribute funding (on a pro rata basis) to the development of a business case for a City Deal proposal. Cabinet resolved as follows: (Minute C2873 refers).

RESOLVED –

- (1) T H A T the Council contributes to work on a Cardiff Capital region basis to develop an initial business case on a City Deal proposal.
- (2) T H A T this Council contributes up to £42,582 to the development of a business case for a City Deal proposal, and that this contribution be funded from within the existing Policy budget.
- (3) T H A T a further report be brought back to Cabinet in due course following the conclusion of the Business Case, or sooner if deemed necessary.

Reasons for decisions

- (1) To enable the Council to participate in the development of a Business Case for a City Deal for the Cardiff Capital Region.
 - (2) To allow the Council to financially contribute to the City Deal proposal.
 - (3) To allow further consideration of the issues relating to the progression of the City Deal and the implications to the Council.
3. The background to the concept of City Deals was provided in the report to Cabinet on 27 July and is not repeated here. However, in summary the following points are relevant:
- The City Deal concept is the UK Government's strategy for building stronger growth and productivity, by prioritising spending on infrastructure and other investments to promote economic growth.
 - In South East Wales (Cardiff Capital Region), a City Deal would involve a contract between the region, the UK Government and the Welsh Government. The focus will be on productivity and growth.
 - The City Deal will bring together other regional partners, community groups and business, to secure a more enterprising, strategic approach to economic development, growth and resilience.
 - City Deal projects and interventions will be assessed in terms of their ability to promote jobs and productivity, the overall aim being to achieve improvements in Gross Value Added (GVA) growth. A City Deal promotes a move away from budgets operating in silos and assesses projects and interventions in terms of their wider, strategic impact.

Relevant Issues and Options

4. At the time of the earlier report in July 2015, the 10 South East Wales local authorities were still at the initial stages of negotiating a Cardiff Capital Region City Deal with the UK and Welsh Governments. Since the report in July a considerable amount of work has been undertaken in relation to working towards a City Deal and the 10 local authorities are now at a critical point as the signing of a high level agreement is imminent. This agreement will take the form of a 'Heads of Terms' that outlines the proposed structure of the City Deal in terms of governance, the scale of funds and areas of intervention. The City Deal document will provide the foundation for more detailed work on a final programme of investment and mechanisms for delivery.

5. In Autumn 2015, the UK Government signalled a commitment to work with the 10 local authorities on the development of a City Deal, and a headline submission document was submitted by the 10 local authorities outlining a commitment to commence negotiations on a £1.28 billion City Deal. The Welsh Government, through the First Minister, outlined a similar commitment.
6. Since the Autumn of 2015, officers, with the assistance of advisors, (who have worked on previous City Deals) have been preparing a City Deal document. The document is being used as a basis for challenge sessions to be held with the UK Government and with the Welsh Government. Discussions will include setting out a strategic statement, the governance structure that will be at the core of any Deal to ensure that each constituent authority is committed to its delivery, the elements that make up the finance that is required as well as a series of interventions and themes for addressing across the region. These interventions and themes include improving connectivity, innovation, skills, regeneration and Business support.
7. As things currently stand, the potential value of a City Deal stands at £1.28b over a 20 year period, with UK Government and Welsh Government contributing £580m each and the 10 local authorities contributing £120m. It does, however, have to be clarified, that at this stage there is a non-financial commitment from the 10 South East Wales local authorities whilst progress and discussing the terms of the Deal are ongoing.
8. In order that the case can be made for a City Deal in an effective manner, it was agreed by the ten local authority leaders that a Core Team of up to 6 individuals be established. The core team includes the three council leaders from RCT, Cardiff and Monmouthshire alongside 3 representatives from the Business and Higher Education sectors. Briefing sessions with the core team are currently taking place ahead of challenge sessions that at the time of writing are imminent.
9. All ten local authorities are in the process of presenting reports to their respective Cabinets to allow for progress to be made alongside and as a result of the challenge sessions. If the challenge sessions prove successful and the principles of a Deal accepted it is likely that a formal announcement could be made as early as March of this year, with the formal signing of the City Deal document referred to in paragraph 10 below, taking place quickly thereafter. If a Deal agreement is reached then additional work will be necessary to allow the working up of further detail. In signing the City Deal document the Council would be committing to work with the other authorities, the Welsh and UK Governments to finalise detailed elements relating to the City Deal. Discussions will include matters relating to project prioritisation, programming and how contributions to the City Deal will be made between the 10 authorities. Consideration of all these matters will be brought to Council in due course.
10. As a result and at this juncture, it is worth noting that in the event that agreement is reached it will set out what financial contributions are from Welsh Government, UK Government and the ten local authorities on an "in principle" basis. It will in a sense commit the constituent authorities to explore ways of delivering the principles as set out in a Heads of Terms document with the need to work up more detailed proposals, policies and projects. In essence, therefore, it will represent a signing, in principle, of a City Deal. Recommendation 2 seeks endorsement for the Leader to sign this, in principle commitment, but only on the basis that it does not commit the constituent authority financially. It merely commits the Vale of Glamorgan as one of the constituent authorities to explore further the ways of delivering the principles and objectives. Only once each constituent authority is in full agreement to the specific

proposals being put forward and is content to sign up to a more detailed proposal will it become binding. This could take anything between 6 and 18 months.

Resource Implications (Financial and Employment)

11. At present there are no financial implications at present that are over and above those referred to in the earlier report to Cabinet in July 2015. However, if there is a successful outcome to the ongoing negotiations, this will lead to further work on a City Deal, and there will be a need to establish a dedicated Cardiff Capital Region Project Team to take the Deal forward.
12. This is an issue that will need a further report. Likewise the relevant contributions from each constituent authority will also require additional reports, and it is only when this is known that the Council will be in a position to commit itself financially (or otherwise) to any City Deal. As the City Deal negotiations continue, further information will be made available to members on potential risks and benefits.

Sustainability and Climate Change Implications

13. None directly attributable to this report, although projects and interventions relating to the City Deal will seek to contribute to the sustainability of the region, through transport improvements and the provision of community based growth.

Legal Implications (to Include Human Rights Implications)

14. In July 2015, Cabinet resolved that this Council contributes to work on a Cardiff Capital Regional City Deal with a report back to Cabinet following the conclusion of the business case or sooner if deemed necessary. At the time of writing the Heads of Terms Document is being concluded.

Crime and Disorder Implications

15. No specific issues arising from the report.

Equal Opportunities Implications (to include Welsh Language issues)

16. Given that the City Deal is currently in its early stages of development, no decisions have yet been taken on investment areas. Equality Impact Assessments will be undertaken on a regional basis in due course.

Corporate/Service Objectives

17. The potential for a City Deal for the Cardiff Capital Region links with the corporate objective of regeneration.

Policy Framework and Budget

18. This report is a matter of Executive Decision. The final agreement on a City Deal will be a matter for full Council in due course.

Consultation (including Ward Member Consultation)

19. As this is a Council wide matter, no specific consultations have been undertaken.

Relevant Scrutiny Committee

20. Corporate Resources

Background Papers

None applicable

Contact Officer

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Officers Consulted

Corporate Management Team
Head of Legal Services
Head of Finance

Responsible Officer:

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