

THE VALE OF GLAMORGAN COUNCIL

Minutes of a Special meeting held on 9th February, 2017.

Present: Councillor Stuart Egan (Mayor); Councillors Julie Aviet, Antony Bennett, Richard Bertin, Jonathan Bird, Bronwen Brooks, Lis Burnett, Geoff Cox, Claire Curtis, Pamela Drake, John Drysdale, Chris Elmore, Christopher Franks, Eric Hacker, Howard Hamilton, Val Hartrey, Nic Hodges, Jeff James, Gwyn John, Fred Johnson, Dr. Ian Johnson, Maureen Kelly Owen, Peter King, Kevin Mahoney, Anne Moore, Neil Moore, Andrew Parker, Bob Penrose, Anthony Powell, Audrey Preston, Rhona Probert, Adam Riley, Gwyn Roberts, John Thomas, Ray Thomas, Rhodri Traherne, Steffan Wiliam, Margaret Wilkinson, Christopher Williams, Clive Williams, Edward Williams and Mark Wilson.

767 APOLOGIES FOR ABSENCE -

These were received from Councillors Janice Birch, Rhiannon Birch, Kate Edmunds, Christopher Elmore, Keith Hatton and Hunter Jarvie

768 DECLARATIONS OF INTEREST -

The following declarations were received. Councillor Powell left the meeting prior to the commencement of the debate, given his declared interest and in the absence of any dispensation granted by the Standards Committee

Councillor Richard Bertin	Employed by Cardiff Bus. Dispensation granted by the Standards Committee to speak only during any debate in connection with Cardiff City Transport.
Councillor Anthony Powell	Daughter employed by Arriva Trains Wales.

769 CARDIFF CAPITAL REGION: CITY DEAL PROPOSAL (LEADER) -

The Leader indicated that he would go through the report before Members in detail. In doing so, he firstly drew Members' attention to the ten Cabinet recommendations which were before Council for consideration and sign-posted Members to the relevant paragraphs of the report and the Joint Working Agreement (JWA) which related to each recommendation.

In 2015, each of the ten constituent Authorities in South East Wales agreed to work towards developing proposals for a Cardiff Capital Region City Deal. A report was presented to Cabinet on 27th July, 2015 (Minute C2873) which provided information on the concept of City Deals and outlined the work undertaken up until then on a potential City Deal. At that meeting it was resolved (in summary) that this Council contributed to work on an initial business case for a City Deal and that a contribution of circa £42.5k be provided from the Policy Budget to progress the business case.

On 15th March, 2016, each of the ten constituent Leaders in South East Wales, the First Minister, the Welsh Government Minister for Finance and Government Business, the Secretary of State for Wales and the Chief Secretary to the Treasury signed the Cardiff Capital Region City Deal Heads of Terms Agreement. This represented a significant step in working towards a City Deal for South East Wales. This agreement was the subject of a report to this Council's Cabinet on 22nd February, 2016 (Minute C3088) and in summary Cabinet resolved that the Leader be authorised to sign an 'in principle' City Deal document and that further work be undertaken with constituent Authorities, the United Kingdom Government and Welsh Government to progress further the City Deal. Council on 2nd March, 2016 resolved to approve the proposals as set out in the Cabinet Report.

The City Deal Heads of Terms Agreement included:

- £1.229 billion investment in the Cardiff Capital Region's infrastructure - with a key priority for investment being the delivery of the South East Wales Metro, including the Valley Lines Electrification programme.
- Connecting the region - with the creation of a new non-statutory Regional Transport Authority to co-ordinate transport planning and investment, in partnership with the Welsh Government.
- Support for innovation and improving the digital network - to develop capabilities in Compound Semiconductor Applications.
- Developing a skilled workforce and tackling unemployment - with the creation of a Cardiff Capital Region Skills and Employment Board to ensure skills and employment provision was responsive to the needs of local businesses and communities.
- Supporting enterprise and business growth - through the creation of a Cardiff Capital Region Business Organisation to ensure that there was a single voice for business to work with Local Authority Leaders.
- Housing development and regeneration. The Welsh Government and the Cardiff Capital Region commit to a new partnership approach to strategic planning. This would ensure the delivery of sustainable communities, through the use and re-use of property and site.

A small number of key targets were set out in the Heads of Terms Agreement to ensure that the right investments were made to secure significant economic growth. Such targets included the creation of 25,000 new jobs by 2036 and the leveraging of an additional £4 billion of private sector investment as a result of the £1.229 billion public sector investment that made up the City Deal.

The Heads of Terms Agreement was attached at Schedule 7 of the JWA at Appendix A to the report before Council. Of particular reference to this report were paragraphs 51-55 inclusive which referred to governance arrangements. The Heads of Terms Agreement at paragraph 51 agreed to establish a governance model that:

- Complied with the existing statutory framework that existed in Wales to deliver the City Deal proposals;
- Strengthened and streamlined the existing governance and partnership arrangements across the Capital Region;

- Improved business involvement in local decision-making;
- Provided confidence and assurance to both the UK and Welsh Governments that Local Authority Leaders were making collective decisions which would serve to drive economic growth across the Capital Region; and
- Enabled Local Authorities to explore with Welsh Government alternative governance arrangements in the medium term.

The Heads of Terms Agreement at paragraph 53 related to the establishment of a Capital Region Cabinet which would comprise the ten participant Authorities and provide the basis for initial decision-making regarding the Investment Fund. The Heads of Terms Agreement stated that the Cardiff Capital Region Cabinet would be responsible for:

- Management of the Cardiff Capital Region Investment Fund;
- Additional devolved funding provided to the Capital Region;
- The Cardiff Capital Region Transport Authority;
- Contracting with Transport for Wales on prioritised Metro projects;
- Control over devolved business rate income above an agreed growth forecast, subject to Welsh Government agreement;
- Strategic planning including housing, transport planning and land use;
- Influencing skills and worklessness programmes;
- An Inward investment and marketing strategy; and
- Considering the scope for strengthening Capital Region governance further.

Since the signing of the Heads of Terms Agreement on 15th March 2016, the ten Authorities had been progressing work, in partnership with the Welsh and UK Governments to establish the necessary governance arrangements required to release the £1.229 billion investment fund, which comprised of two distinct elements, as follows:

- A £734 million Metro Scheme Fund consisting of £503 million Welsh Government funding provided over the first seven years of the Investment Fund (2016/17 to 2022/23), £106 million from the European Development Fund (committed and guaranteed by both Welsh and UK Government) and £125 million from UK Government. This £734 million would be the direct responsibility of Welsh Government.
- A £495 million Regional Cabinet Fund. This arose from the commitment of the ten constituent Councils to borrow £120 million over the 20 year period of the Investment Fund, together with the £375 million funding from the UK Government. This element would be the responsibility of the Cardiff Capital Region Regional Cabinet (The Joint Committee).

Given the commitments as outlined in the Heads of Terms Agreement, much of the recent work had focused on the development of necessary governance arrangements. This work had been prioritised as the experience of other City Deals had highlighted the importance of effective and robust arrangements. As a result and following the signing of the Heads of Terms Agreement in March 2016, a Shadow Cabinet was established for the Cardiff Capital Region in the Summer of 2016, comprising the 10 Leaders of the participating Local Authorities. This Shadow

Cabinet had provided interim governance and momentum to taking matters forward. Alongside this, a Project Management Office had been established, consisting of a Programme Director and Project Manager. This office had been responsible in supporting Officers and the Shadow Cabinet in taking forward and developing key elements of the City Deal, which were covered in the body of the report before Council under “Relevant Issues and Options”. Finally, external legal support had been appointed to develop the JWA (Appendix A) which would provide the legal framework for the establishment of the Joint Committee for the Cardiff Capital Region.

In addition, and since March 2016, a non-statutory Shadow Regional Transport Authority had been established in line with a commitment contained in the Heads of Terms Agreement. A key aim was to co-ordinate transport planning and investment, in partnership with Welsh Government, with responsibility for:

- Pooled local transport resources;
- Regional planning for the local transport network;
- Working with Transport for Wales to ensure alignment of objectives for transport investment;
- Exploring the creation of a single integrated ticketing platform for public transport across the Cardiff Capital Region;
- Working in partnership with the Welsh Government to define the priorities of the South East Wales Metro and to support its delivery; and
- Working in partnership with the Welsh Government to promote the development of integrated aviation routes from Cardiff Airport and St. Athan Enterprise Zone, to deliver economic benefit.

The Heads of Terms included a commitment to initiate the establishment of a Cardiff Capital Regional Economic Growth Partnership. This multi-agency advisory board would assist shape the development of the wider city-region economic development agenda. It had been agreed that the partnership would include recommending a regional economic vision to the Cardiff Capital Regional Cabinet, providing recommendations relating to City Deal Investment decisions; and providing a broader advocacy role for the Cardiff Capital Region. The overall membership would cover local government, business and employee bodies, higher education and skills, community development, the third sector and social enterprise.

An independent person would be appointed in early 2017 to lead the process of the formation of the Regional Economic Growth partnership and the appointment of an independent Chair. Such an approach reflected those taken by city-region partnerships across the UK to ensure wider public, private and voluntary sector buy-in to city-region governance and strategy.

The Cardiff Capital Region was committed to strengthening the existing Learning, Skills and Innovation Partnership, to be re-launched as the Cardiff Capital Region Skills and Employment Board. The Board would represent a wide range of stakeholders, including: business organisations; higher and further education; Local Authorities and the Welsh Government. It would be responsible for:

- Cardiff Capital Region's skills and worklessness strategy;

- Pooled Local Authority skills resources including any devolved Welsh Government budget;
- Producing an annual regional plan for employment and skills. This annual plan, led by industry, would set out how both the existing skills needs of businesses and the Capital Region's future skills challenges would be addressed;
- Influencing and monitoring the delivery and impact of employment and skills programmes across the region;
- Ensuring an industry-led approach to the design and delivery of apprenticeship programmes met the needs of both business and apprentices;
- Supporting the Welsh Government's 'Curriculum for Wales, Curriculum for Life' plan, by encouraging closer alignment between future employer skills needs and education provision across the region; and
- Ensuring the committed European Union funding investments in skills and employment added value and align with other programmes.

Another commitment in the Heads of Terms was to develop a Regional Business Organisation consisting of key business stakeholder groups across the region. A single voice for the businesses across the region would strengthen the input of business to relevant City Deal activity. Launch of this new organisation was anticipated in the Spring of 2017.

Since March 2016, a major element of work had been undertaken, which involved procuring an Independent Growth and Competitiveness Commission which was charged with reviewing evidence considering key challenges to economic growth and making recommendations as to how the Cardiff Capital Region could meet its full potential.

The Independent Growth and Competitiveness Commission was established under the Chairmanship of Professor Greg Clark and reported its findings on 16th December, 2016 in a formal report with recommendations. That report was attached at Appendix B to the report before Council.. The key assertion in that report was that the Region had the potential to develop into a prosperous capital city region, but that this required an integrated economic strategy. The report considered the evidence base by reviewing previous studies and reports and also considered evidence from other City Regions across the world. Part 3 of the report included the review and recommendations, the latter focusing on key areas of Economy, Inclusion, Spatial Development, Housing and Economic Regeneration and Governance and Leadership.

In particular recommendation 13 'Organising the Capital Region' refers to:

"The Cardiff Capital Region Cabinet should quickly establish itself as the primary strategic decision making body for the city-region and build a strong partnership with WG to ensure that Local and Welsh Government act in tandem, as the City Deal requires. This means that the CCR Cabinet should integrate appropriate strategic activities in Economic Development, Spatial Development, Transport, and Skills and Employment within a single framework of authority and reporting, and avoid fragmented initiatives."

Given the work that had been undertaken in recent months, all ten participating Councils were now in a position to consider matters relating to the governance of the Cardiff Capital Region City Deal. Alongside issues of governance were issues relating to the financial principles within which the City Deal would operate. Three specific requirements needed to be considered and these related to:

- The JWA which established a Regional Cabinet as a Joint Committee and allows the current Shadow Regional Cabinet to move "out of shadow arrangements";
- Formal approval of an Assurance Framework for Investment Fund; and
- Formal approval of the Implementation Plan.

The JWA was a legal document that would formally establish the Regional Cabinet as a Joint Committee. The JWA was attached as Appendix A to the report before Council. This was the document that would establish governance arrangements, determining the roles and responsibilities for a joint committee and the powers that would be conferred to that Committee as delegated functions. Subject to approval, it was recommended that the commencement date for the Joint Committee would be 1st March 2017. At the time of writing, arrangements were being made for the JWA to be signed at Cardiff Airport.

The Joint Committee model was a model that was effective and was used in other major collaborations, such as Project Gwyrdd and the Shared Regulatory Services. It confirmed that the Joint Committee would be formed by the ten participating Authorities, working on a one member one vote principle. Decisions would be made by a simple majority, notwithstanding the fact that decisions would always be sought by consensus. A quorum of seven was provided for. The Joint Committee would be able to establish sub committees, such as the Regional Transport Authority.

It was clear, that by approving the JWA and establishing a Joint Committee, functions would be delegated to that Joint Committee. The responsibilities for overseeing the implementation of the City Deal would be delegated to the Joint Committee with only reserved matters being brought back to respective Councils for approval.

Clause 9 of the JWA set out the decision making process and identified three categories of decision-making, namely (i) the Regional Programme Director (in consultation with the Chair and relevant portfolios lead) (ii) the Joint Committee, where it was expected that the elected Member of each Council would be able to make decisions and (iii) matters reserved to Councils.

In terms of the latter, a matter reserved to Council was a matter which would require the unanimous approval of all ten Councils before implementation was possible.

Schedule 1 set out the three matters that are reserved to Councils, namely:

- Approval and adoption of the JWA Business Plan. Clause 1 of the JWA defined this as the strategy which defined the regional objectives, including the high level programme to be agreed which should include, amongst other matters (i) the indicative investment programme for the programme themes

(defined under the Implementation Plan and any agreed strategic projects together with the indicative spend profile for the wider investment fund, and (i) the updated affordability envelope, methodology for agreeing projects, methodology and responsibility for external audits and performance indicators and monitoring plus addressing any revenue and capital monitoring reports for the Joint Committee.

- Agreeing any increase to the affordability envelope (which was the overall costs and investment of each Council under the JWA) over the 25 year evaluation period, which should not exceed, in aggregate £210,800,000 and should include, without limitation, all interest and UK Government cost of carry and should be updated to reflect the terms of the JWA Business Plan, including the high level programme (once approved by the constituent Councils).
- Approval of any increase to the Councils' contribution above the £120 million.

It was important to note that the JWA also authorised the Joint Committee to have discretion over £50 million of HM Treasury funding before the JWA Business Plan was agreed by the ten constituent Authorities as a reserved matter. This sum of £50 million was approximately 10% of the £495 million investment fund and would be funded by the first five years of the UK Government funding. Notwithstanding this ability any potential spend within this period (in advance of the approval of the JWA Business Plan) would have to be subject to the Assurance Framework and all associated evaluation. In the event that the Regional Cabinet did commit or spend a sum of up to £50 million in advance of the approval of the JWA Business Plan and a Council or Councils subsequently failed to agree the JWA Business Plan, the Regional Cabinet would still be liable for any spend committed. As a result, approval of the JWA would bring with it a risk and associated liability relating to that committed expenditure.

Importantly, the Agreement committed Councils to participation in the Joint Committee for a minimum of five years or, if later, the completion of the first five years Gateway Review. This was referred to as the "lock-in" period. "Lock-in" provisions also featured in other collaborations involving the Council, including the Shared Regulatory Service. For the sake of completeness, if this or any other Council sought to withdraw from the joint working arrangement during the lock-in period it would be in breach of the provisions of the JWA, (unless a negotiated arrangement could be reached with the other Councils). Entering the agreement therefore, created a legitimate expectation that the Council would remain a part to the City Deal arrangements for at least the lock-in period.

Following the lock-in period, any Council may withdraw from the Agreement at any time, in accordance with the defined withdrawal provisions. This would however be subject to liabilities determined by, among other matters, the extent of financial commitments made.

It was also important to note that if the reserved matter relating to the JWA Business Plan was not approved, then the Council would still be locked into the Joint Committee for the lock-in period. This would serve to constrain the Committee since it would not have an agreed plan against which to deliver the City Deal investment programme. In practice it was intended that all parties would be actively involved in

the preparation of the JWA Business Plan and that this would be agreed by all Councils.

The JWA outlined the administrative arrangements that would be put in place, including the establishment of an Accountable Body. The Accountable Body would administer the City Deal and would hold the funds from UK Government, local government and other sources. The Accountable Body would also be responsible for ensuring financial and legal compliance.

It was proposed that the City of Cardiff Council should become the Accountable Body of the City Deal, and as outlined in the JWA, the Accountable Body would be required to:

- Act diligently and in good faith in all its dealings with the other Councils and it should use its reasonable endeavours to discharge the Councils' obligations in relation to the City Deal pursuant to and in accordance with the Agreement and all applicable legislation;
- Act as the primary interface (on behalf of itself and the other Councils) with the Welsh Government, the UK Government and the European Regional Development Fund and any other body necessary to discharge the Councils' obligations in relation to the City Deal; and
- Act as the Accountable Body to hold any funds received directly from the Welsh Government, the UK Government, the Regional Development Fund, the Councils and/or any other sources in relation to the City Deal and only to use and release such funds as agreed in accordance with the terms of such funding and this Agreement.

Resources to cover the costs of the Accountable Body role would be allocated on a population basis among constituent Local Authorities.

The Assurance Framework (the Cardiff Capital Region City Deal Wider Investment Fund Assurance Framework) was attached in Schedule 8 to the JWA. The Assurance Framework applied to the £495 million Investment Fund and was the document that outlined the set of systems, processes and protocols designed to provide an evidence based and independent assessment of the governance, risk management and control processes of that Investment Fund.

The Assurance Framework had been scheduled as part of the JWA as it was important in the context of decisions made in relation to the City Deal. It set out a reporting structure with regards to the development of a programme and specific projects. This Assurance Framework would apply to the Investment Fund as well as any additional funding devolved in the Cardiff Capital Region, additional borrowing by the constituent Authorities and any use of devolved business rate income above an agreed growth forecast (subject to Welsh Government agreement).

The Implementation Plan was set out in Schedule 9 of the JWA and detailed the work to be undertaken over the next three to five years, setting out key milestones and activities against which the Gateway review (as defined in the JWA) would assess performance of the City Deal activities at the first five year milestone.

The Implementation Plan outlined the approach that would be taken to deliver the key elements of the City Deal Heads of Terms and the Independent Growth and Competitiveness Commission recommendations. The Leader indicated that the Implementation Plan needed to go forward and that all nine other constituent Councils had already considered and approved the series of recommendations in relation to the City Deal.

As indicated in the earlier reports to Cabinet, work had progressed on the City Deal for some time. In July 2015, Cabinet resolved to contribute £42,582 to the development of a business case for a City Deal, and that this contribution was funded from within the existing Policy Budget. This contribution was based on a sum of £500,000 being provided to take forward work on the City Deal, and followed the establishment of a Memorandum of Understanding which set out a Partnership Contribution Budget.

It was recommended (recommendation 4) that this arrangement continued for 2017/18 but that the sum was increased to £1 million. The share for the Vale of Glamorgan would be a maximum of £85,164 and it would be recommended in due course that this would be included within its base budget for 2017/18. It was also recommended (recommendation 3) that the underspend for the existing Partnership Contribution Budget be carried forward into 2017/18 to support the Partnership.

This was the first City Deal awarded to Wales. The administration of an Investment Fund totalling £495m introduced a number of practical and accounting considerations. As a consequence officers had engaged with senior officials from both Welsh Government and Wales Audit Office to work through the implications of such considerations.

One of the issues related to the Terms and Conditions that would accompany the UK Government Funding to the City Deal. These terms and conditions were yet to be received and as a consequence the JWA contained a condition that its continuation was subject to the terms and conditions being acceptable to the Joint Committee.

Another issue related to a detailed technical accounting matter which required further dialogue with the Wales Audit Office, and related to grant expenditure potentially being received prior to receipt of City Deal Investment Funds. Other City Deals had faced similar challenges (such as Glasgow and Clyde Valley) but successfully resolved the issues with their auditors. These matters did not alter the costs of the City Deal but could alter the payment profiles during the course of the 25 year repayment term.

As alluded to earlier in the report, the Cardiff Capital Regional City Deal comprised two distinct elements:

- £734 million - METRO scheme. This would comprise £503 million, Welsh Government funding provided over the first seven years of the Investment Fund, from 2016/17 to 2022/23; £106 million from the European Development Fund, (which was committed and guaranteed following Brexit by both UK and Welsh Government); and £125 million from UK Government. This element would be the direct responsibility of Welsh Government.

- £495 million - Regional Cabinet Fund, comprising the ten constituent Councils' commitment to borrow £120 million over the 20 year period of the Investment Fund, together with the £375 million from UK Government, for investment in infrastructure, housing, skills and training, innovation, business growth and 'Metro plus' transport proposals. This element would be the responsibility of the CCR Joint Committee.

The £375 million of funding provided by the UK Government to the Regional Cabinet Fund was funded on a staged basis over 20 years, £10 million a year over the first five years, £21 million a year over the following 5 years and £22 million a year over the remaining ten years. Therefore, if the Joint Committee was to generate the economic improvement the region required, it was likely that investments would be made early in the life of the Fund and the ten constituent Councils would have to borrow funding to cover the temporary shortfall in funding from the UK Government. This was called the carry costs of the funding.

The Section 151 Officers had modelled a number of potential scenarios, agreeing 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 was a prudent funding model which estimated that the total costs of the deal at the regional level was projected to be £210.8 million, of which £166.8 million was the estimated cost of the Local Authorities' capital contribution and £44.0 million was the estimated carry costs of financing the UK Government debt as described above. The Vale of Glamorgan share (8.5%) of the estimated total costs was projected to be in the order of £17.9 million over a 25 year repayment period (based on an assumed average asset life).

The annual revenue budget requirement to fund this contribution was profiled over the life of the deal given the timing of spend and income requirements. The total cost would be smaller in the early years of the deal (years 1 to 5 estimated to be a total of £903,000) and would peak in Year 11 at £1.1 million for that year. Prudently this Council would include a sum within its base budget requirements when the first year contribution was needed and would seek to set aside funding to support the future years as part of the medium term financial planning arrangements.

In summary therefore, the modelling provided for a total affordability envelope of £210.8 million. The Vale of Glamorgan Council's share stood at £17.9 million. Approval of the City Deal on this basis would set the envelope in which the ten Local Authorities will manage the cost of the Cardiff Capital Region Investment Fund.

As part of the terms of the City Deal, the CCR Joint Committee would be required to evaluate the impact of the £495 million Investment Fund in order to unlock UK Government funding. Every five years a gateway assessment would be undertaken, which consisted of an independent review to evaluate the economic benefits and economic impact of the investments, including whether the projects had been delivered on time and on budget. The gateway reviews were likely to be structured to occur at Years 5, 10 and 15. Therefore, funding from Year 6 onwards would be subject to the agreed performance objectives being achieved at each of the gateway stages. If a future Investment Fund gateway was not achieved, leading to a reduction or cessation of City Deal grant, then it would be the responsibility of the ten

constituent Councils to manage the financial impact of this within their existing Council budgets. In order to mitigate this risk, the projects selected would go through the Assurance Framework to inform the key discussions that will take place around performance measures. The final performance targets agreed would include a 'margin of safety', which would further reduce the risk of targets not being achieved.

Progress on the City Deal linked with the sustainable development principle under the duties of the Well Being of Future Generations (Wales) Act 2015. The City Deal would allow for an integrated approach to service delivery and economic development across the region, being an excellent example of collaborative working. The Joint Committee would need to look to the long term over a 20 year City Deal time frame. The report also indicated that partner organisations would be at the heart of decision-making, being able to influence opportunities for strategic investment and intervention. In summary, the Cardiff Capital Region City Deal provided for an excellent opportunity for the ten Local Authorities to work together in addressing the seven Welsh Government Well Being goals.

Many legal implications were covered within the body of the report. In summary, the JWA set out the basis for establishing a Joint Committee, which included details relating to decision-making and duties of the Joint Committee. The JWA also set out the responsibilities of the Accountable Body (Clause 5) and other participant Councils (Clause 6). Clauses 15 and 16 referred to the withdrawal from the agreement and the consequences of termination, these being matters that had been addressed earlier in this report. Terms of reference of the Joint Committee were attached to the JWA at Schedule 2.

There were a number of legal powers available to the Councils to facilitate the proposed collaboration and creation of Joint Committees. These powers included Sections 101, 102, 111 and 113 of the Local Government Act 1972, Sections 2, 19 and 20 of the Local Government Act 2000, Section 9 of the Local Government Wales Measure 2009, Section 1 of the Local Authorities (Goods and Services) Act 1970 and Section 25 of the Local Government (Wales) Act 1994. These powers included the ability to delegate functions, the ability for two or more Authorities to discharge any of their functions jointly, and where this occurred to do so via a Joint Committee, and/or by their officers and the ability to supply administrative professional and technical services. Councils also had the power to spend outside their area, where there were benefits to their area from doing so.

To facilitate the delivery of the City Deal it was proposed that the ten constituent Councils conclude a JWA which would serve to establish a Joint Committee to be known as the 'Cardiff Capital Region Joint Cabinet' (recommendation 1). It was proposed that the Councils would delegate their relevant Executive and Council functions relating to delivering the City Deal to the Joint Committee save for the matters detailed in the report. These legal implications highlighted the relevant legal issues raised by the JWA, within the body of the report.

It is proposed that one Authority (namely Cardiff Council) would act as the 'Accountable Body' (recommendation 5). As the Accountable Body, the Council would take responsibility for employment of staff directly affected, enter any third

party agreements required and provide all support services required by the Joint Committee. Of significance, the Council would act as the primary interface (on behalf of itself and the other Councils) with the Welsh Government, UK Government and the European Regional Development Fund (if applicable) and any other body necessary to discharge the Councils' obligations in relation to the City Deal. Further, as the Accountable Body, Cardiff Council would hold any funds received directly from the Welsh Government, the UK Government (if any), the European Regional Development Fund (if any), the Councils and/or any other sources in relation to the City Deal. Cardiff Council would have the primary obligation to ensure that the funding received was only used and released in accordance with the terms of the funding imposed by Welsh Government, which in turn were passed back to the other Councils via the JWA.

At the time of writing the report the terms that would attach to the City Deal funding were not definitively known. Accordingly, the JWA contained a condition (referred to as a condition subsequent) that approval of the terms of any Welsh Government funding conditions relating to the City Deal was a "Matter Reserved to the Joint Committee and Cardiff Council, as the Accountable body for approval".

The JWA sets out that each Council would appoint one elected Member to the Joint Committee (recommendation 1). Decisions would be taken by simple majority vote and each Council would have one vote exercisable by their appointed elected Member. It was proposed that the Chairperson would be one of the elected Member representatives, appointed for 12 months, with the position of Chairperson allocated in turn to each Council. The JWA provided that the Chair would agree not to exercise their casting vote.

The JWA provided that the Joint Committee would be supported by a Programme Board comprising of one officer nominated from each Council. This Board would not be a decision-making body. The Board would be chaired by the Programme Director, who was given certain delegated powers (which were primarily intended to relate to day to day operational matters) more particularly detailed in schedule 1 of the JWA. The Joint Committee would provide an annual report on progress, which would be reported to the Council / Cabinet as appropriate.

It was important to note that the JWA contained 'lock-in' provisions. What that meant in practice was that no Council could withdraw from the JWA for a period of five years from the commencement date (proposed to be 1st March, 2017). Thereafter a party could withdraw, but such withdrawal was likely to come at significant costs to the withdrawing Authority. The reason for this was that the withdrawing party had to make good to the other Authorities in respect of any additional costs they would incur as a result of the withdrawal (in effect the monies the Council had agreed to contribute).

The JWA contained what were referred to as reserved matters. These were matters which had been referred to in the body of this report. A key such matter was approval of the City Deal Joint Working Agreement Business Plan. If the reserved matter was not approved, then the Council would still be locked into the Joint Committee for the lock-in period but in effect the Committee would be stymied in its actions because it would not have an agreed JWA Business Plan against which to

deliver the City Deal investment programme. In practice it was intended that all parties would be actively involved in the preparation of the JWA Business Plan and that the same would not be presented to Councils for formal approval until all were content. It was, however, proposed that prior to approval of the reserved matter (the JWA Business Plan) that the Committee would be empowered to spend up to £50m on City Deal projects identified as having regional benefit and meeting the other requirements set in the Assurance Framework. It should be appreciated that even if the Council did not approve the reserved matter (JWA Business Plan) that it would nonetheless be obliged to meet its part of any expenditure committed up to the sum of £50 million. This Council's contribution was 8.5%.

The JWA at Clause 12 set out the totality of the Council's agreed financial contributions. The JWA set out how the costs associated with delivering the City Deal and running the Joint Committee were to be met, which would be shared on a per capita population basis as at 2015 figures for the Vale of Glamorgan this was 8.5%.

The JWA contained provision to address matters such as disputes, variations, data protection and freedom of information. As Accountable Body, Cardiff Council's Senior Information Risk Owner (SIRO) would retain responsibility for all information security and information management policies regarding the upkeep and exchange of data.

There were a range of approaches to scrutiny of collaborative activities, which included scrutiny by existing Scrutiny Committees on a 'Council by Council' basis, joint meetings between Council's Scrutiny Committees through to the establishment of new joint overview and a Scrutiny Committee. It was proposed that, initially, scrutiny would be undertaken by Councils' existing Scrutiny Committees but that the Councils would work together to create a new City Deal joint overview and Scrutiny Committee. It was anticipated that Scrutiny would be involved in monitoring the performance and governance of the City Deal on an ongoing basis; but it would be a matter for the Scrutiny Committee to determine what areas it wished to scrutinise.

Councillor Dr. Ian Johnson thanked the Leader for his detailed presentation. However, he had some strong reservations regarding the proposals (for example, regarding some of the claims made in terms of what could be achieved). He was not convinced that the outcome would turn out to be 'transformative'. He referred to the Vale of Glamorgan as lagging way behind in terms of transportation generally and elements such as electrification of the railways. He felt that the most important thing for most commuters was actually the state of the rail franchise itself. Whilst, to some extent welcoming the £495 million element, he did not consider it to be overly significant in terms of the overall public sector element. Referring to the suggestion that £4 billion private sector investment could be generated, together with the creation of 25,000 jobs, he referred to that job figure as equating to just a 3.5% increase across the ten Local Authorities.

Referring to the proposed transfer of responsibility for Planning and Housing to the Cardiff Capital Region process, Councillor Dr. Johnson expressed concern regarding the concept of passing responsibility to those he considered to have been extremely poor in terms of their projection of housing figures for the Vale of Glamorgan. He

also suggested that there appeared to be a rush to conclude the process and to there having been a lack of consultation with the public and insufficient discussion regarding governance arrangements. He suggested that Recommendation (9) before Council constituted a 'take it or leave it' approach, whereas he felt the matter should be left for consideration by Councils after the May 2017 elections.

Councillor Dr. Johnson indicated he would be requesting a Recorded Vote on the issue. Sufficient Members stood to confirm that a Recorded Vote would, indeed, take place.

Councillor Bertin, whilst having certain reservations regarding the proposals, felt he was able to lend his support to them, caveating that he was not able to vote on the matter (given his personal interest and limited dispensation). In doing so, he referred to the fact that, should it prove necessary, the Council would be able to leave the City Deal after five years. He felt there to be a need to put party politics aside and to work towards an inclusive process, whilst ensuring the Vale obtained a good deal from the arrangement.

Councillor Mahoney had significant reservations regarding the proposals. He did not consider it to be the significant deal that was being presented to the public. He referred to the extremely large element of the overall funding that was being set aside for the Metro Scheme. Whilst acknowledging the benefits of such, he nevertheless considered that it was the duty of Welsh Government and franchise operators to put investment into such matters. He pointed out that, once the Metro figure was excluded, the remaining investment equated to around £1.9 million for each Local Authority per year over the 20 year period (possibly less if spend was accrued earlier than anticipated).

Councillor Mahoney suggested that the Vale of Glamorgan Council had a poor record of fighting for sufficient Block Grant from Welsh Government. It had also been suggested to him that the Metro Scheme itself would not happen if the City Deal did not proceed (which he suggested could be construed as 'blackmail'). Finally, he felt that there was a risk of the Vale of Glamorgan Council, with its excellent performance record, as possibly suffering as a result of partnership with / actions of other less well performing Councils.

Councillor John Thomas, Leader of the Conservative Group, thanked both the Leader and Managing Director for both the briefing given to Group Leaders and also the briefing session for all Members held immediately prior to the Council Meeting. He acknowledged that the proposals were not without risks, but considered the benefits to clearly outweigh any risks. As such, he could see no reason to oppose the recommendations. Referring to the fact that within the Vale of Glamorgan there was both the Airport and an Enterprise Zone, he felt that the area was likely to do well. However, he pointed out that that was not the main intent of such an arrangement, the whole concept of which was to work together on a much wider basis for the benefit of the overall region. He did not feel that Members should vote on the matter in the context of potentially leaving after five years. In concluding, he confirmed his support for the proposal and looked forward to it benefitting the people of the Vale of Glamorgan.

Councillor James recognised some of the concerns expressed by Members. However, he considered it prudent to consider the benefits / advantages of the City Deal Project. He pointed out that, for example, the Vale of Glamorgan did not currently benefit from accessing certain elements of European Union Funding as some areas did or to benefitting from being a capital city. He felt there to be a need to work together with other Councils and pointed out that there would be increasing links between the ten Local Authorities, Welsh Government and the United Kingdom Government. Whilst there were questions he could pose, he did not wish to do so in a negative manner. However, he would like it acknowledged that future accountability would not need to just be about how scrutiny arrangements operated. For example, he asked for clarification as to how the 'Accountable Body' would be overseen / audited. In concluding, he considered the potential benefits for the Vale of Glamorgan to be very good and confirmed his support for the proposals.

Councillor Franks, Leader of the Plaid Cymru Group, was concerned that the Treasury would be 'calling the tune'. He suggested that there was a feeling amongst some that the Vale of Glamorgan might become 'marginalised'. He was concerned that the United Kingdom Government would totally dominate the Project and/or that it would become solely 'Cardiff-focused'. He suggested that there might, for example, be very little development north of Taffs Well or within the Vale of Glamorgan beyond the Airport.

Referring to paragraph 39 of the Growth Commission report before Members, he suggested that, whilst not saying as much, the content reflected the fact that there would be no provision of a Dinas Powys By-Pass or particular benefit to Barry, albeit there would be a direct link to Junction 34 of the M4. Councillor Franks felt that it was not the grand scheme that had been suggested and that there was no particular indication of what categories of industry would be involved in attracting the potential/suggested private sector investment.

Councillor John, Leader of the Llantwit First Independent Group, concurred with the comments expressed by Councillors John Thomas and James. He reminded Members that the existing transport links to the Airport and Enterprise Zone were in great need of improvement. He felt that the improvement of such links would encourage investment. Councillor John was of the view that it was vital that businesses within the Western Vale were supported. He felt that the Council could not afford to be left out of the City Deal Project and also confirmed he had confidence in the representation of the Vale of Glamorgan Council which would exist on the Joint Committee. He confirmed that the Llantwit First Independent Group would be supporting the Recommendations.

Councillor Burnett reminded Members that the Council was no stranger to collaboration and was already involved in collaborative arrangements with seven of the Constituent Local Authorities. The City Deal Project would take collaboration to a whole new level and also afford opportunities for organisations outside Local Authorities. City Deal would have a framework which would facilitate benefits for people across the region. She referred to a 'scarcity mentality' as being focused on individual Authorities seeking to receive a 'bigger share of the cake', whereas she was firmly of the view that Authorities should work together to achieve a 'bigger cake' with more for all, adding that if the City Deal succeeded "we all succeed".

Councillor Burnett expressed her disappointment regarding some Members' comments. Her understanding was that, in September 2016, Plaid Cymru had published their Programme for Opposition in the Welsh Assembly and they had talked about an All-Wales approach that would leave no community and no individual behind. They had talked of transport fit for the 21st Century and an integrated public transport and network system. They had also alluded to wanting to pursue the creation of regional combined Authorities and Regional Development Agencies. She suggested that Plaid Cymru had "brought nothing to the table" in terms of the evening's debate. The strategic collaboration of the City Deal was as much about a belief in communities and the people who lived in them as it was Councils' ability to drive change and economic growth. She felt that it was important that Authorities worked together to remove the barriers to success facing people in the Vale, such as skills and connectivity and she duly confirmed her support for the proposals.

Councillor Hodges compared the contribution from the United Kingdom Government (alluding to the "strings attached") to much higher levels of contribution it had made in terms of other schemes. He also alluded to the fact that, once the funding for Metro had been removed from the overall figure of £1.22 billion, the remaining sum constituted just £495 million over 20 years across ten Authorities (whilst involving an investment from the Vale of Glamorgan Council of £17.9 million).

Councillor Hodges was greatly concerned regarding the Welsh Government population projection figures contained on page 37 of the Growth Commission report (which was attached to the report before Members), which projected an increase of just 1% over the period to 2036. He contrasted that to a figure issued by the Cardiff and Vale Local Health Board, which he said suggested an increase of around 20%. He was concerned that money would be allocated to the areas being indicated within the Growth Commission report as having the highest projected growth of population (e.g. Cardiff, Newport and Bridgend). As far as the Metro Project was concerned, Councillor Hodges did not currently consider there to be any improvement emerging. He questioned what benefits would accrue for the Vale of Glamorgan beyond those which were already happening via other means. He felt that organisations such as Arriva Trains should themselves be funding improvements and he also looked forward to there eventually being a nationalised regional rail service for South Wales (under the auspices of the Welsh Government).

Councillor Chris Williams thanked the Managing Director and Leader for the briefing held immediately prior to the Council Meeting. He considered the approach of looking at the 'bigger picture' to be the correct one and would be supporting the proposals.

Councillor King concurred with the above comment regarding the importance of the 'bigger picture'. As far as the earlier comment regarding the dominance of the Treasury was concerned, he felt that Local Authorities were actually spelling out what would happen. Whilst the biggest part of the deal was concerned with transport links (i.e. the Metro), these were intrinsically linked with improved investment. He was firmly of the view that, unless continued efforts were made to move people to modes of transport other than cars, the level of vehicle growth would simply continue to increase to fill 'available tarmac'.

Councillor Clive Williams, acknowledging the fast-growing population of Cardiff as the capital city, expressed his full support for the proposals which he considered to be in the interests of the Vale of Glamorgan.

Councillor Wilson felt that the project would provide a 'synergy' across the ten Local Authorities. He referred to the significant economic growth occurring across the Manchester area as part of the Greater Manchester City Deal. He was convinced that investment opportunities would increase as Local Authorities worked together. Expressing disappointment regarding some of the comments made by Members, he felt that the development of an integrated transport system would, indeed, benefit areas such as Dinas Powys and Barry.

The Leader responded to the points raised by Members. He considered it perfectly valid to uphold bold claims, otherwise there was nothing to aim for. Goals did have to be challenging and were. He expressed surprise and disappointment that some Members appeared to be 'talking down' what was being looked to achieve in terms of private sector investment. He disagreed that the process had, in any way, been rushed. As far as the reference to £1.9 million per Local Authority per year was concerned, he pointed out that that would still represent double the investment that the Vale of Glamorgan Council would be making. He acknowledged the importance of the point made by Councillor John Thomas regarding the existing of the Airport and Enterprise Zone within the Vale of Glamorgan and concurred with Councillor James that the benefits of the City Deal proposals would outweigh the risks.

Referring to governance arrangements, the Leader hoped all Members would take the opportunity to be actively involved in scrutinising the project (for example through the requirement of the Joint Committee to produce an Annual Report). The Leader felt that Councillor Franks had attempted to make the debate 'political' by referring to the potential of little development above the M4 and to not wanting an M4 link road. He also questioned Councillor Franks seeming to want to "read between the lines" in terms of some of the content of the documentation before Members. The Leader disputed suggestions that the areas of perceived population growth (i.e. in terms of population projections) would receive more funding, by referring to the need for all schemes and interventions to be judged against an agreed Assurance Framework. He also referred to the fact that all Councils would have a role to play in agreeing the JWA Business Plan, as this was a matter that was not delegated. He acknowledged the point made by Councillor Chris Williams regarding the need to take account of the 'bigger picture' and those made by Councillors King and Wilson.

In concluding, the Leader thanked those Members who had expressed their support for the proposals and confirmed his own support. He was firmly of the view that, if the Council was not involved, then it would miss out significantly on the benefits. He accepted there were risks, but reiterated the point that he considered the benefits would outweigh those and that there were also various checks and balances which would be in place to mitigate against risks.

Having declared an interest earlier in the meeting, Councillor Bertin left the room at this point and took no part in the vote.

At this point a Recorded Vote took place as follows:

For the Motion	Against the Motion	Abstain
Councillors	Councillors	
Julie Aviet	Christopher Franks	
Antony Bennett	Val Hartrey	
Jonathan Bird	Nic Hodges	
Bronwen Brooks	Dr. Ian Johnson	
Lis Burnett	Steffan Wiliam	
Geoff Cox		
Claire Curtis		
Pamela Drake		
John Drysdale		
Stuart Egan		
Eric Hacker		
Howard Hamilton		
Jeff James		
Gwyn John		
Fred Johnson		
Maureen Kelly Owen		
Peter King		
Kevin Mahoney		
Anne Moore		
Neil Moore		
Andrew Parker		
Bob Penrose		
Audrey Preston		
Rhona Probert		
Adam Riley		
Gwyn Roberts		
John Thomas		
Ray Thomas		
Rhodri Traherne		
Margaret Wilkinson		
Christopher Williams		
Clive Williams		
Edward Williams		
Mark Wilson		
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RESOLVED -

(1) T H A T the Joint Working Agreement (JWA) 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 1st March, 2017; and the elected Member representative to the Regional Cabinet shall be the Leader of the Council, with the Deputy Leader as a nominated Deputy be approved.

- (2) T H A T 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 be approved.
- (3) T H A T the carry forward of any remaining revenue funds from 2016/17, contributed by each constituent Council, into 2017/18 in order that the support structure for the Joint Committee continues be approved.
- (4) T H A T the collective revenue contributions of up to £1 million (inclusive of Recommendation (3) above, on a proportionate basis as set out in the JWA) to the 2017/18 budget, in order that the support structure for the Joint Committee continues be approved.
- (5) T H A T the City of Cardiff Council acting as the Accountable Body with the responsibilities as set out in the JWA be approved.
- (6) T H A T 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 be approved.
- (7) T H A T the Implementation Plan in the form attached to the JWA, subject to each constituent Council approving the JWA Business Plan, be approved.
- (8) T H A T the Managing Director in consultation with the Leader of the Council, the Head of Legal Services and S151 Officer be granted delegated authority to agree such amendments as are necessary to the JWA, Assurance Framework and Implementation Plan (as are appropriate) from the date of acceptance of these recommendations to the Commencement Date of 1st March, 2017.
- (9) T H A T the Managing Director in consultation with the Leader of the Council, the Head of Legal Services and S151 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 1 - 7 above.
- (10) T H A T the Leader of the Council or his/her nominated Deputy be granted delegated authority to sign the JWA on behalf of the Council.
- (11) T H A T the use of the Urgent Decision Procedure (Cabinet Minute No. C3447, 6th February, 2017) as set out in Section 14.14 of the Council's Constitution, in order to enable consideration of the matter by the Council on 9th February, 2017, be noted.

Reasons for decisions

- (1) To allow the mechanism for creation of the Joint Committee and to secure representation on that Committee.
- (2) To allow this Council to fund its share of the City Deal Investment Fund.

- (3) To allow the use of funds currently held to support the work of the Shadow Joint Committee to be carried forward to support the work of the Joint Committee in 2017/18.
- (4) To allow for a fund to be established to support the work of the Joint Committee during 2017/18.
- (5) To allow the City of Cardiff Council to fulfil the role of Accountable Body.
- (6) The Assurance Framework is included as a schedule within the JWA and will allow a robust consideration of all potential City Deals proposals by the Joint Committee.
- (7) The Implementation Plan is included as a schedule within the JWA.
- (8) To allow any amendments to be undertaken in the interest of clarity.
- (9) To allow further consideration being given to the merits or otherwise of a City Deal if not all ten South East Wales Councils agree to progress at this stage.
- (10) To allow the JWA to be executed on 1st March, 2017.
- (11) To enable the matter to be considered by Council.