
CARDIFF CAPITAL REGION CITY DEAL AGREEMENT

Purpose of report

1. To provide Members with details of the Cardiff Capital Region City Deal Agreement which was signed on 15 March 2016.

Background

2. A City Deal is an agreement between government and a city (or city region). The deals give new freedoms, powers and tools to help the cities go for growth, including:
 - More power to invest in and create economic growth.
 - More freedom to support local businesses.
 - More power over public money, budgets and resources to drive infrastructure development.
 - Powers to deliver the skills training local people and businesses need.
3. In terms of the City Deal mechanism, an agreement is reached where national government provides money to a city or city region for investment in return for a guarantee of economic growth. The aim being to deliver economic growth, support growth in employment and boost infrastructure investment. The priorities to be covered by a City Deal are to be determined by the areas themselves, having been subjected to business case testing.

4. On 15 March 2016, the ten leaders of the local authorities in the Cardiff Capital Region, secretary of state for Wales Stephen Crabb, chief secretary to the Treasury Greg Hands, and first minister Carwyn Jones met to sign the City Deal document. This document can be found at **Appendix A**.
5. The Chair of the Economy and Culture Scrutiny Committee agreed to include this item as an urgent item to the meeting agenda, prior to a report being taken to Council on 24 March 2016.
6. **Appendix A** details the key elements agreed within the Cardiff Capital Region City Deal. This includes:
 - **Cardiff Capital Region Investment Fund** – the fund is approximately £1.2 billion over 20 years. Details are given of the contributions to this fund and the proportion that has been pre-allocated to the South East Wales Metro.
 - **Connecting the Cardiff Capital Region**
 - **Investing in Innovation and the Digital Network** – detailing the aspiration to extend the “arc of innovation” along the M4 corridor into the region and to designate an “Innovation District”
 - **Developing a Skilled Workforce and Tackling Unemployment** – including the launch of the Cardiff Capital Region Skills and Employment Board from the existing partnership
 - **Supporting Enterprise and Business Growth** – detailing the establishment of a Cardiff Capital Regional Business Organisation and an Integrated Delivery Unit to ensure any new business support compliments existing national initiatives.
 - **Housing Development and Regeneration**
 - **Cardiff Capital Region Governance** – detailing the creation of a Cardiff Capital Region Cabinet comprising of the ten participating local authorities, the establishment of a Cardiff Capital Region Economic Growth Partnership, and an independent Growth and Competitiveness Commission

Previous Scrutiny

3 December 2015

7. The Economy and Culture Scrutiny Committee considered an update on the City Deal at its meeting 3 December 2015. Members received a presentation giving an overview of the City Deal, examples of the benefits other cities have seen, the indicative level of funding, evaluation metrics for proposed projects and the next steps to be taken. Following the meeting, Members wrote to the Leader to raise the following points:

- Members of the Committee were conscious that the specific projects to be funded through the City Deal had not been finalised and felt it was hard to gain a comprehensive understanding of the levels of benefit to be delivered
- Members were pleased with the Gross Value Added (GVA) approach being taken; where chosen projects must demonstrate a certain level of benefit to the region.
- the Committee did not wish to see the full allocation of City Deal finance being used to fund the Metro.
- Some Members of the Committee questioned the impact that can be achieved by an indicative £1.28bn City Deal Fund given that it is spread across 10 local authorities and a 10 year programme
- Members stressed the importance of aligning Local Development Plans across the local authorities signed up to the City Deal.

8. A reply to this letter was received from the Leader on 18 February 2016, which included the following comments:

“With regard to the issue of private delivery of the Metro, it is important to note that this is primarily a Welsh Government led initiative. Nonetheless, in taking forward the development of an improved city-region transport infrastructure it is important that we explore a range of options. As you note, strategic planning is also an integral part of the city-region development agenda, and as such it is

anticipated that the City Deal will involve a movement towards a more co-ordinated approach to spatial planning.

“It is proposed that the Cardiff City-Region City Deal will use ‘net fiscal bottom line’ as the primary objective. This essentially relates to ensuring there is GVA uplift arising from proposed projects, as well as a reduction in dependency (worklessness, etc). There will also be secondary objectives that relate to ensuring that each participating local area experiences some benefit from the City Deal investment.”

“Whilst the final governance structure is to be determined, the model established in Glasgow has been recommended by KPMG as an appropriate model to follow.”

Way Forward

9. The Leader, Councillor Phil Bale has been invited and may wish to give a statement. The Chief Executive, Paul Orders will also be in attendance to present on the next steps for the City Deal and to answer Members' questions.

Legal Implications

10. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken

having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

11. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendations

12. The Committee is recommended to give consideration to the information attached to this report and received at this meeting and to submit any recommendations, observations or comments to the Cabinet Member.

David Marr

Interim Monitoring Officer

11 March 2016