

**CARDIFF CAPITAL REGION CITY DEAL AND WESTERN GATEWAY
PARTNERSHIPS: UPDATE**

Purpose of the Report

1. To provide background information for Members to aid their scrutiny of key regional partnerships – the Cardiff Capital Region City Deal (City Deal) and the Western Gateway Partnership.

Scope of Scrutiny

2. During this scrutiny, Members can explore:
 - i. The policy priorities for the City Deal and Western Gateway
 - ii. The fit between the above and those of Cardiff Council
 - iii. Partnership working
 - iv. Work towards the Corporate Joint Committee
 - v. Financial implications for Cardiff Council
 - vi. Whether there are any risks to the Council
 - vii. The timeline and next steps for delivering proposed projects.

Background – City Deal

3. On 15 March 2016, the ten leaders of the local authorities in the Cardiff Capital Region¹, Secretary of State for Wales, Chief Secretary to the Treasury, and Welsh First Minister signed the City Deal document. This included:
 - i. Cardiff Capital Region Investment Fund – approximately £1.2 billion over 20 years
 - ii. Connecting the Cardiff Capital Region

¹ The Cardiff Capital Region's ten local authorities are Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan

- iii. Investing in Innovation and the Digital Network
 - iv. Developing a Skilled Workforce and Tackling Unemployment
 - v. Supporting Enterprise and Business Growth
 - vi. Housing Development and Regeneration
 - vii. Cardiff Capital Region Governance.
4. The high-level aims of the CCR City Deal are to create 25,000 jobs and lever in £4bn private sector investment, enabling economic change, improved digital and physical connectivity, improved skills and educational opportunities and regeneration across the region. The aim is to use the City Deal to act as a catalyst to drive positive change in the region.
 5. The Joint Working Agreement provides the legal framework for the City Deal, establishing the governance arrangements and outlining the roles and responsibilities of the Regional Cabinet², as well as the relationship with other regional bodies and organisations. It also includes the principles for financial contributions by local authorities.
 6. The Cardiff Capital Region Investment Fund provides £1.2 billion, of which £734m is allocated to the Metro programme. The remaining balance of £495m is known as the 'Wider Investment Fund'. This is made up of:
 - i. £375m grant from UK Government (HM Treasury) paid over 20 years, with £50m in years 1-5; and
 - ii. £120m local authority partnership capital contribution – the value of each local authority's contribution determined by their percentage population; Cardiff Council's contribution is £50m.
 7. The CCRCDC has its own website at:
[Cardiff Capital Region - Re-energising our Region, Reshaping our Future](#)
 8. The CCRCDC Joint Overview and Scrutiny Committee (JOSC) was established in 2018, via reports agreed at all ten local authority council meetings; in Cardiff, this council meeting was held on 21 June 2018. There have been several reviews of the JOSC arrangements, and it now consists of one non-executive Member from

² The Regional Cabinet consists of the Leaders and Chief Executives of the Cardiff Capital Region's ten local authorities.

each of the ten local authorities, with a deputy who is only entitled to speak and vote at meetings of the JOSD in the absence of the principal representative. The CCRC had an initial budget line of £69,000 allocated for scrutiny. It is currently supported by Rhondda Cynon Taf Scrutiny Services. Details and papers for meetings since 2020 can be found [here](#).

Background – Corporate Joint Committee - CJC

9. Between February 2021 and June 2022, Welsh Ministers laid Regulations establishing four CJs, covering all of Wales³. Cardiff is included in the South East Wales CJC, which has the same footprint as the CCRC, and consists of the Leaders of the ten local authorities as well as a representative from the Bannau Brycheiniog National Park.
10. Some of the Regulations came into force in April 2021, requiring CJs to agree a budget for 2022/23 and approve a levy on constituent authorities.
11. Since 30 June 2022, CJs are responsible for preparing strategic development plans and regional transport plans. CJs also have the power to do anything to enhance or promote the economic well-being of their area; local authorities retain economic well-being powers, meaning there will need to be agreement between constituent local authorities and CJs on what remains at a local level and what would be best undertaken by the CJC⁴.
12. The CCRC Regional Cabinet has taken the lead in establishing the South East Wales CJC, with the aim of transitioning from the City Deal to the CJC. Work is underway to achieve this, with a Transition Plan, steering group, and workstreams; the latest progress report was taken to 9 October 2023 CJC meeting and is available here: [item-6-transition-plan.pdf \(cardiffcapitalregion.wales\)](#)
13. The executive arrangements adopted must include provision for the appointment of one or more overview and scrutiny committees or joint overview and scrutiny committees, with power between them to review, scrutinise and make reports or recommendations in relation to the discharge of any of the authority's executive

³ The Local Government and Elections (Wales) Act 2021 provided for CJs, with Regulations and Statutory Instruments establishing the legal framework for CJs.

⁴ [Written Statement: The role of Corporate Joint Committees \(15 July 2022\) | GOV.WALES](#)

and or non-executive functions (section 21 of the Local Government Act 2000). This includes a requirement to make arrangements for the scrutiny of functions delegated to the CJC.

14. The CJC Regulations⁵ do not require a CJC to establish its own overview and scrutiny committee but do require them to provide information to, attend meetings of, and consider any report or recommendations made by a '*relevant overview and scrutiny committee*', which is defined as an overview and scrutiny committee of a constituent council, a joint overview and scrutiny committee of constituent councils, or a sub-committee of these.
15. The Welsh Government Statutory Guidance accompanying the CJC Regulations states that '*in considering the most effective and efficient approach to scrutiny, constituent councils and CJCs should give thought to the benefits of a joint overview and scrutiny committee made up of the constituent councils.*'
16. The CJC considered a report on the proposed scrutiny arrangements for the CJC at their meeting on 31 July 2023 and endorsed the proposal that the JOSc provide the scrutiny arrangements for the CJC, subject to discussions with the existing hosting authority – Rhondda Cynon Taff - and agreement from all constituent authorities.
17. This proposal was also considered by the JOSc at their meeting on 27 July 2023. After the meeting, the Chair of the JOSc wrote a letter to the CJC's Interim Monitoring Officer to confirm that:
'Members were supportive of the proposed arrangements for the Joint Overview and Scrutiny Committee to be appointed as the Joint Overview and Scrutiny Committee for the CJC and highlighted the importance of ensuring that an effective model of governance and scrutiny arrangements for the CJC are put in place. This included ensuring that the arrangement is adequately resourced to include funding for Members to receive sufficient training and support to take forward future Scrutiny for the CJC. In doing this, Members welcomed the opportunity to shape and revise their Terms of Reference to ensure they are fit for purpose and provide a clear and defined purpose on the Committee's future objectives and responsibilities.'

⁵ Regulations 8-10 CJC (General) (No.2) (Wales) Regulations 2022

18. Following consideration of the above at Committee on 19 September 2023, the Chair, Councillor Wong, and the Chair of the Environmental Scrutiny Committee, Councillor Owen Jones, wrote to the Leader setting out the comments and observations of the Committee, including three recommendations. Full Council considered the above at their meeting on 21 September 2023, and agreed the report and recommendations, which were attached on the Amendment Sheet.

Background - Western Gateway

19. The Western Gateway Partnership⁶ covers the council areas of Cardiff, Bristol, Newport, Swansea, Gloucestershire, South Gloucestershire, North Somerset, Bath and North-East Somerset, Swindon, and Wiltshire as well as the Cardiff Capital Region City Deal and West of England Combined Authority. It brings together the Welsh and UK Governments, local authorities, city regions and Local Enterprise Partnerships (LEPs). Its purpose is to boost economic productivity, improve transport and digital connectivity, and lead the UK's green transition. It acts as a convener, bringing together actors across the region to tackle collective challenges and opportunities that can only be considered at a pan-regional level.

20. At a UK level it provides a voice and case for strategic investment for South Wales and the West of England alongside similar pan-regional partnerships including the Northern Powerhouse and Midlands Engine.

21. The Western Gateway is led by a Partnership Board, where each member has one equal vote. Membership is comprised of:

- i. An Independent Chair
- ii. Leaders of the following public authorities: Bath & North East Somerset, Bristol, Cardiff, Cardiff Capital Region, Gloucestershire (plus one District Council representative), Newport, North Somerset, South Gloucestershire, Swansea, Swansea Bay City Region, Swindon, West of England Combined Authority and Wiltshire
- iii. Two representatives from universities in the Western Gateway area

⁶ [About the Western Gateway | Western Gateway \(western-gateway.co.uk\)](https://www.western-gateway.co.uk)

- iv. Up to three representatives from businesses in the Western Gateway area, appointed via a public appointment process, and
- v. Chairs of the following LEPs: Gloucestershire First LEP, Swindon & Wiltshire LEP, West of England LEP.

22. The Western Gateway Secretariat function is hosted by South Gloucestershire Council, which is the Accountable Body for the partnership. There is a director to lead the partnership's work and engagement programme, supported by a policy, projects and communications team.

23. In July 2019, the '*A Powerhouse for the West*' report, commissioned by Cardiff, Newport, and Bristol Councils, was published and launched at an event held at the House of Commons. The report highlighted the following:

- i. Expanding the Western Gateway, from the original core of Cardiff, Bristol and Newport to a wider region connected from Swindon to Swansea, would create the size and scale needed to compete with the Northern Powerhouse and Midlands Engine areas.
- ii. The area has significant and complementary sector strengths in advanced manufacturing and engineering, cyber, green energy, fintech and creative industries.
- iii. There is a need to push for significant levels of Government funding and investment in infrastructure, comparable with those given to the Northern Powerhouse and Midlands Engine areas, to avoid becoming relatively less well-connected.
- iv. Transport links and connectivity are key to enhancing labour supply, labour market matching, labour productivity and knowledge spillover.
- v. The Western Gateway region is losing out in terms of foreign direct investment, compared to the Northern Powerhouse and Midlands Engine, as it lacks a co-ordinated approach to internationalisations and its own trade missions to key global markets.
- vi. The Severn Estuary brings an important opportunity for economic growth and decarbonisation as it has high potential for renewable energy generation via tidal power.

24. In November 2019, the UK Government announced £400k of start-up funding to help kickstart the new 'Western Gateway' partnership, together with a related future 4-year funding commitment. Katherine Bennett CBE, then Senior Vice-President of Airbus UK was appointed as the first Chair of the Western Gateway.
25. In Autumn 2021, the Western Gateway published an Independent Economic Review report, which they had commissioned Deloitte to undertake, to provide further evidence and identify key priorities for cross-region action. Following this, the Western Gateway agreed to focus activity on:
- i. NetZero – Decarbonising Energy Generation
 - ii. Strategic Connectivity
 - iii. Innovation
 - iv. Inward Investment.
26. Programmes of work are underway under each of the priority areas, with active engagement from Cardiff Council. As set out in the Cabinet report of December 2021 the workstreams of particular significance to Cardiff Council are Net Zero and Strategic Connectivity.
27. The Net Zero programme includes workstreams on: the energy potential of the Severn Estuary; Nuclear Power; and Hydrogen. In October 2021, the Western Gateway Partnership Board agreed to establish an Independent Commission on the potential for tidal energy of the Severn, and the Leader of Cardiff Council was nominated to lead this initiative. The Leader chairs a sub-group of the Western Gateway Board containing public, private and environmental sector stakeholders to progress this initiative. Recent progress includes:
- An initial study assessing the tidal energy potential of the Severn, UK and Welsh government policy, potential funding models and an assessment of previous projects has been completed and presented to the Western Gateway Board and key stakeholders. This work will provide an initial evidence base for the work of the Commission when in place.
 - Recruitment has been completed for a Head of Sustainable Energy from the Severn Estuary to lead this programme of work.

- The Western Gateway is partnering with a number of project bids to the Welsh Government Tidal Lagoon Challenge (of £750,000).
- Work is underway to appoint a Chair and independent commissioners with the intention of launching the Commission in early 2024.

28. More broadly on Net Zero, the Western Gateway has expanded its work on Net Zero to include working to become the UK's first Green Energy Super Cluster, hosting a conference on hydrogen energy and working with academic partners to secure £2.5m EPSRC⁷ funding and £1.5m additional funds and in-kind support from academic, civic and industry partners to develop a hydrogen supercluster⁸.

29. The initial work on Strategic Connectivity focused on securing investment into the strategic rail infrastructure linking Cardiff to other Core Cities and London. In March 2023, the [Western Gateway 2050 Rail Vision](#) was launched in the House of Lords; this highlights the area's engineering strengths, looking at innovative methods for quicker trains and new stations, including modern methods of construction. The report highlights that Cardiff is one of the least well directly connected major cities in the UK and sets out the case for a number of strategic rail investments including: reducing journey times and increasing frequency of trains between Bristol and Cardiff; reduced journey times to London; and improvements to the South Wales Mainline and Severn tunnel. Since then, the Western Gateway has endorsed the Global Centre for Rail Excellence vision, which provides research, product development and testing, and is located in a former opencast mine in the Dulais Valley⁹.

30. The Western Gateway Partnership has also worked to increase its visibility and reach, holding events in Westminster, attending party conferences, and hosting a pavilion at the UK's Real Estate Investment Infrastructure Forum¹⁰ in which

⁷ EPSRC - Engineering and Physical Sciences Research Council

⁸ [Multimillion pound investment to develop hydrogen supercluster in South West England and South Wales | Western Gateway \(western-gateway.co.uk\)](#)

⁹ [Businesses and decision makers gather in Swindon to bring the world's future railways to South Wales and Western England | Western Gateway \(western-gateway.co.uk\)](#)

¹⁰ [News and Events | Western Gateway \(western-gateway.co.uk\)](#)

Cardiff Council and the CCR both participated. A major Western Gateway Conference is being planned for mid-2024.

31. Following the completion of her tenure as Chair of the Western Gateway Katherine Bennett will step down in early 2024. A recruitment process for a new Chair is currently underway.

32. The resource and financing arrangements are:

- i. In 2020/21, the partnership received £500,00 from the Ministry for Housing, Communities and Local Government (which has since been renamed as the Department for Levelling Up, Housing and Communities - DLUHC) and £190,000 in payments from member organisations (comprised of a £10,000 contribution by each partner).
- ii. At their meeting on 16 December 2021, the Cabinet gave approval to continue to participate in the partnership and to approve an annual financial contribution of £10,000.
- iii. In August 2022 DLUHC confirmed a three-year capacity funding settlement for the Western Gateway with yearly contributions of £1million.

Previous Scrutiny

33. The previous Economy & Culture Scrutiny Committee considered an update report on the Western Gateway at their meeting on 13 December 2021 – papers available [here](#). The then-Chair's letter is attached at **Appendix A** for information.

34. This Committee has received regular updates on the City Deal and work towards the South East Wales Corporate Joint Committee, most recently at their meeting on 19 September 2023 - papers available [here](#). The Chair's letter, including recommendations, is attached at **Appendix B** for information.

Way Forward

35. Councillor Huw Thomas (Leader) will be invited to make a statement. He, Gareth Newell (Head of Performance and Partnerships) and Jon Day (Operational Manager, Tourism and Investment) will attend to answer Members' questions.

Legal Implications

36. 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

37. 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.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and information provided at the meeting
- ii) Determine whether they would like to make any comments, observations, or recommendations to the Cabinet on this matter, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

Leanne Weston
Interim Deputy Monitoring Officer
15 November 2023