

<b>SUBJECT:</b>	<b>IN PRINCIPLE ENDORSEMENT OF A CITY DEAL FOR THE CARDIFF CAPITAL REGION</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>24 FEBRUARY 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

**1. PURPOSE:**

- 1.1 To delegate authority to the Leader of the Council to endorse an 'in principle' commitment to a City Deal for the Cardiff Capital Region (CCR) on behalf of Monmouthshire County Council. This will allow Monmouthshire County Council, along with the other nine local authorities comprising the CCR, to engage in the detailed discussions and negotiations required prior to committing to a City Deal in the forthcoming months.

**2. RECOMMENDATIONS:**

- 1.1 Provide delegated authority to the Leader of the Council, to sign the City Deal Document (referenced in para 3.3), on behalf of Monmouthshire County Council and along with the nine partner local authorities comprising the Cardiff Capital Region (CCR). This will be clearly predicated on the understanding that the City Deal Document sets out endorsements at this stage, are subject to final agreement of Full Council.
- 1.2 Pursuant to the City Deal Document, the Council continues to work with the CCR partner local authorities, UK and Welsh Government to develop the final City Deal Agreements.
- 1.3 Further reports on this matter are submitted to Council as appropriate to keep members apprised of developments.

**3. KEY ISSUES:**

- 3.1 Following the reports to Cabinet and Council entitled 'A City Deal for the Cardiff Capital Region' in June 2015, an announcement was made by the Chancellor of the Exchequer in the November 2015 Comprehensive Spending Review that in principle backing would be given to delivering an estimated £1.2bn City Deal for the south-east Wales region. The support was given on the basis that the CCR would work with Central and Welsh Government's to set out the headline terms of a high-level Deal early 2016.

- 3.2 A £1.2bn City Deal means that the CCR is able to make strategic investments in programmes that will have a material and measurable impact on the city-region economy, as well as implement a range of devolved powers which will allow the region to exert greater influence over its economic future. Whilst agreeing the exact nature of the programmes and projects that will comprise the Deal is some way off and further work is required to establish the full nature of the Deal and commit fully to it, UK Government has now signalled its intention to set-out and approve the head terms of a City Deal for the CCR, in March 2016, in order for it to be formally agreed and announced in the Chancellor's budget later on in the month.
- 3.3 This timescale identifies a critical point in the development of the City Deal - as the initial signing of a high level agreement ('The City Deal Document'). This document will take the form of a 'Heads of Terms' that outlines the proposed structure of the City Deal in terms of governance, scale of funding and key areas of intervention. The City Deal Document will provide the basis for more detailed work in developing a final programme of investment and detailed governance arrangements. The document is currently being developed by the UK Government in consultation with Cardiff Capital Region partners and the Welsh Government. In the event that the City Deal Document is agreed, it will commit the participating authorities to exploring ways of delivering the City Deal principles and strategic objectives.
- 3.4 The timescale for the City Deal over the forthcoming months is thus, set out:
- **March** – Chancellor's Budget and agreement of City Deal Document
  - **April – June** – Development of economic model (with WG), project prioritisation and development of programme
  - **June – August** – Programme optimisation, and agreement of funding and financing details between CCR partners and UK and Welsh Governments
  - **Late summer** – Finalisation of programme financial, governance and delivery arrangements
- 3.5 Discussions have outlined that the City Deal Document will include proposals for the establishment of an Infrastructure Investment Fund of up to £1.28 billion for the Cardiff Capital Region, including a capital contribution of circa £120 million from participating local authorities. It will also include proposals to establish a Joint Cabinet Committee (to be known as a Joint Cabinet) formed of the Leaders of the participating local authorities to oversee the delivering of the Infrastructure Investment Fund. The City Deal will also explore proposals for regional working, including pooling appropriate resources in areas of planning, transport and economic development, the retention of elements of growth of business rates within the region and the establishment of a Regional Skills and Employment Board.
- 3.6 The City Deal Document detailing the above requires 'in principle' approval of all ten participating Local Authorities. This report therefore seeks to provide delegated authority to the Leader of the Council to sign the City Deal Document. This will commit Monmouthshire County Council to working with the other nine local authorities, Welsh and UK governments to finalise all elements of the

proposed City Deal. This includes detailed consideration of the governance structure, financial contributions, a robust assurance framework for project identification and the overall agreement of the infrastructure investment programme. There will also need to be agreement on how the local contribution to the Fund will be allocated as between the ten authorities. Consideration of these further details will be brought to Council in due course. Based on experience from other City Deals it is expected that it will take between 6 and 18 months for the full programme to be agreed and the detailed legal agreements to be finalised.

- 3.7 In developing the overall City Deal governance and investment programme it is also anticipated that a dedicated team will be put in place. It is proposed that local authorities make a contribution to the costs of putting this team in place. Again, the detail of this will be reported at the appropriate juncture.

#### **4. REASONS:**

- 4.1 The timescales for the UK Budget requires that the ten participating local authorities in the CCR, provide an 'in principle' commitment via signing of the City Deal Document.

#### **5. RESOURCE IMPLICATIONS:**

- 5.1 Notwithstanding the c£120m contribution stated as being required from the ten participating local authorities, these costs are estimates at this time and remain subject to further negotiation and consideration – a process in which s151 officers for the city-region are currently engaged. As shown above, the final decision as to whether to commit to a City Deal for the CCR is several months away. The action by the Leader of the Council to sign the City Deal Document will see Monmouthshire County Council remain in the Deal process and will not commit us to any financial outlay at this point in time.

#### **6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:**

- 6.1 This report seeks approval to remain in a City Deal process that could secure the investment, freedoms and flexibilities and delivery vehicles that allow the city-region to exert more direct influence and control over regional economic productivity – providing a more prosperous future for generations to come. Given this is an in principle decision at this time, allowing the Leader to continue his part in negotiations and finalisation of agreements, a full Wellbeing of Future Generation Assessment will be carried out at the time of approval

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

There are no safeguarding implications associated with this report.

**8. CONSULTEES:**

SLT  
CCR  
Cabinet Members

**9. BACKGROUND PAPERS:**

**10. AUTHORS:**

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