

Report

Cabinet

Part 1

Date: 12 September 2016

Item No: Insert item number here

Subject **City Deal – Update and consideration of Memorandum of Understanding**

Purpose To provide an update to cabinet about the ongoing city deal process and seek agreement to sign the updated Memorandum of Understanding between the 10 authorities which will guide the process.

Author Will Godfrey – Chief Executive

Ward All

Summary In March of this year, the council signed the outline city deal, which is an agreement between the 10 authorities of the Cardiff Capital City Region (CCCR), UK Government and Welsh Government. The deal outlines how all parties can work together to improve economic outcomes across the city region. It also outlines the creation of an Infrastructure Investment Fund of £1.229bn which, if certain conditions are met, could be invested over a 20 year period to deliver projects aimed at improving economic outcomes.

There is still a long way to go and the council will need to consider carefully whether the investment will deliver value for money and outcomes which meet the needs of our communities. However it is important at this point to continue our involvement in the process and work with other partners to secure the best deal possible.

Any final proposal will require sign off by council and it is anticipated this will take place before the end of the 2016/17 financial year.

Proposal **Cabinet is asked to:**

1. Endorse the work to date on the city deal and support the ongoing work to its conclusion.
2. Agree the attached Memorandum of Understanding between the 10 authorities and authorise the Chief Executive to sign on behalf of the council.

Action by Chief Executive

Timetable Immediate

This report was prepared after consultation with:
Leader of the Council

Background

Newport City Council has been working with the other 9 authorities making up the South East Wales region to secure a city deal which could potentially bring investment worth £1.229bn over the next 20 years to improve economic outcomes for the communities across the region.

A city deal is a mechanism designed by UK Govt, which began in 2012, as a means of ensuring better regional working to secure infrastructure investment. A commitment was given by the Chancellor of the Exchequer in November 2014 to consider developing a city deal for the Cardiff region and discussions began in earnest in the summer of 2015. Cabinet received a report in June 2015 to outline the commitment needed from the council, including the agreement to contribute £50,000 to a joint fund to finance the necessary work to secure agreement on a city deal. At this point Welsh Government joined the discussions.

An informal structure was created by the 10 authorities to co-ordinate the work, with each authority represented by the Leader of the Council. Officer working groups were also created to ensure all the authorities worked together to develop an initial proposal.

Essentially there are three phases to a city deal:

Phase 1 – development of initial proposal which outlines the headline commitments from all parties and the overall aims from the deal. This phase is concluded with the signing of a “Heads of Terms” document between the parties – local authorities, UK Govt and Welsh Govt.

Phase 2 – translates the Heads of Terms into more detailed agreement. This needs to outline financial commitments from all parties and also provide more clarity about the projects which will be funded through the city deal money. This phase concludes with each authority signing (or not) an assurance framework which essentially is a document outlining the rules to secure release of the city deal money.

Phase 3 – delivery of the city deal projects and evaluation of the economic impact.

We reached the end of phase 1 in March 2016 when all parties – local authorities, UK Govt and Welsh Govt signed the “Heads of Terms”. The deal document is attached at appendix 1.

No financial commitments have been made at this point as the deal is just an outline commitment and there is still a lot of work to be done to understand the detail of the proposal. A key consideration for the council will be whether we can demonstrate value for money and positive impact for the communities of the city of investments to be made through the city deal mechanism.

We are now in phase 2 of the process where more detailed discussions are taking place with UK and Welsh Govts on the structure of the deal. The 10 authorities also need to work more closely together to determine the projects we would all support as part of phase 3. This is a complex process to balance the views of a large number of parties.

As the work has progressed it has been necessary to formalise some of the governance structures. The Leaders meeting is now described as a “shadow cabinet” and one of the key requirements of the conclusion of the process will be the establishment of a number of regional structures to oversee and guide the work associated with the city deal.

All authorities have been asked to sign up to a memorandum of understanding (MOU), attached at appendix 2 which outlines the work required and seeks a commitment to work together to bring the deal to a conclusion. Each authority is also asked to provide some further funding to provide the necessary resource to complete this work. As the MOU shows the proposal is to set aside a further £500,000 with contributions made by each authority based on population proportions across the city region. For Newport this equates to a contribution of just under £50,000. Cabinet has already agreed to set this money aside as part of the consideration of the year- end report for 2015/16.

The next few months will be critical to help the council come to a judgement about whether to sign up to the final deal. Doing the necessary work to the highest possible standard will be an important aspect to help with this evaluation.

As outlined in the summary, the plan is to consider the final proposal by the end of this financial year.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Insufficient funding and commitment to complete phase 2 of city deal work	H	L	We are participating fully in the process and have already committed funding	Leader & Chief Executive
Other authorities may decide not to participate	M	L	Most other authorities have already agreed to sign the MOU	Leader & Chief Executive
The final proposal may not secure a viable city deal	H	L	Newport is fully engaged in the process and will ensure any deal helps to secure better economic outcomes	Leader & Chief Executive

Links to Council Policies and Priorities

Council recently adopted the 2015/16 Improvement Plan which sets out 8 key activities. One of the 8 objectives is to, "Develop and Regenerate the City". The negotiation of a city deal for South East Wales is a central element of the long term strategy to help improve outcomes for the communities of the city.

Options Available

Option 1: Agree to proceed with preparatory work for city deal and authorise Chief Executive to sign the MOU.

Option 2: Cease participating in city deal and do not sign the MOU.

Preferred Option and Why

The preferred option at this stage is option 1. The opportunities arising from a city deal are significant. We have already committed £50,000 to complete the work for phase 2. It would make sense to complete this work as only then would the council have sufficient information to decide on whether to sign up to the final proposed deal.

Comments of Chief Financial Officer

The Council has set aside £50,000 in order to progress the work for phase 2, therefore there is no additional revenue implication to this report.

A further detailed report would come to Cabinet which would detail the financial commitment of signing

up to the final deal, which will include the commitment to contributing a share of the Local Authorities £120m to the fund.

Comments of Monitoring Officer

Cabinet has previously confirmed the Council's continued participation in the City Deal negotiations and has agreed the original offer document, on the basis that this did not constitute any legally binding commitment. Phase 1 of the project has now been completed and, in order to progress to phase 2, it will be necessary for all the councils to enter into this MOU in order to share the project costs and indemnify Cardiff (in the same proportions) against any costs that it incurs in employing staff or procuring services, to the extent that this is not covered by the fixed contributions. The MOU also establishes enhanced governance arrangements to take the project forward through the next phase. Although the governance arrangements establish a Shadow Joint Committee of Council Leaders, this executive Committee does not have any delegated decision-making powers, as any decision is reserved to each participating council. So, it does not have the power to take collective decisions that would be binding on each council. Similarly, although the Chief Executives Board can take unanimous decisions, that only applies where the decisions are within their own officer scheme of delegation and the agreed pooled budget. The Council's financial contribution of £50k towards the project costs has already been agreed. The MOU does not commit the Council to participate in the final deal and any long-term financial commitment would need to be reported back and formally approved by Cabinet and full Council in due course. The MOU would then need to be superseded by a formal joint agreement between the participating councils.

Staffing Implications: Comments of Head of People and Business Change

None

Comments of Cabinet Member

The Leader of the Council has been fully involved in the city deal negotiations and supports the proposed course of action.

Local issues

This is a citywide issue and it isn't possible at this stage to identify specific local issues.

Scrutiny Committees

To date no consideration by scrutiny

Equalities Impact Assessment

No assessment required at this stage

Children and Families (Wales) Measure

N/a

Consultation

No formal consultation carried out.

Background Papers

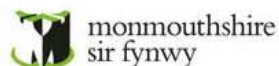
Appendix 1: Cardiff Capital Region City Deal – Outline Heads of Terms – March 2016

Appendix 2: Proposed Memorandum of Understanding between 10 authorities

Dated: 12 September 2016

Appendix 1

Cardiff Capital Region City Deal



VALE of GLAMORGAN



BRO MORGANNWG

Executive Summary

1. This City Deal will provide local partners with the powers and the resources to unlock significant economic growth across the Cardiff Capital Region. It is a deal that seeks to build on the region's sectoral strengths, its high skill base and three successful universities. The City Deal also provides an opportunity to continue tackling the area's barriers to economic growth by: improving transport connectivity; increasing skill levels; supporting people into work; and giving businesses the support they need to innovate and grow.
2. As well as driving economic growth, this City Deal will develop stronger and more effective leadership across the Cardiff Capital Region, enabling ten local authority leaders to join up decision making, pool resources and work more effectively with local businesses.
3. Cardiff Capital Region has secured a deal worth £1.2 billion. Over its lifetime, local partners expect the City Deal to deliver up to 25,000 new jobs and leverage an additional £4 billion of private sector investment.
4. The City Deal includes:
 - **£1.2 billion investment in the Cardiff Capital Region's infrastructure.** A key priority for investment will be the delivery of the South East Wales Metro, including the Valley Lines Electrification programme.
 - **Connecting the Region.** The Cardiff Capital Region will establish 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 the UK Government will invest £50 million to establish a new Catapult Centre in Wales. The Cardiff Capital region will also prioritise investment in research and development and provide support for high value innovative businesses.
 - **Developing a Skilled Workforce and Tackling Unemployment.** The Cardiff Capital Region Skills and Employment Board will be created (building on existing arrangements) to ensure skills and employment provision is responsive to the needs of local businesses and communities. The Cardiff Capital Region and the Welsh Government will work with DWP to co-design the future employment support from 2017, for people with a health condition or disability and/or long term unemployed.
 - **Supporting Enterprise and Business Growth.** A Cardiff Capital Region Business Organisation will be established to ensure that there is 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 will ensure the delivery of sustainable communities, through the use and re-use of property and sites.

Our signing of this document, subject to relevant council approvals, confirms our joint commitment to ensure full implementation of the Cardiff Capital Region City Deal proposed by: City of Cardiff Council; Blaenau Gwent County Borough Council; Bridgend County Borough Council; Caerphilly County Borough Council; Merthyr Tydfil County Borough Council; Monmouthshire County Council; Newport City Council; Rhondda Cynon Taff County Borough Council; Torfaen County Borough Council; and Vale of Glamorgan Council.

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The Rt Hon George
Osborne
Chancellor of the
Exchequer

.....
Carwyn Jones
First Minister of Wales

.....
The Rt Hon Stephen
Crabb
Secretary of State for
Wales

.....
Cllr. Phil Bale
Leader of City of Cardiff
Council

.....
Cllr. Steve Thomas
Leader of Blaenau Gwent
County Borough Council

.....
Cllr. M E J Nott OBE
Leader of Bridgend
County Borough Council

.....
Cllr. Keith Reynolds
Leader of Caerphilly
County Borough Council

.....
Cllr. Brendan Toomey
Leader of Merthyr Tydfil
County Borough Council

.....
Cllr. Peter Fox
Leader of Monmouthshire
County Council

.....
Cllr Bob Bright
Leader of Newport City
Council

.....
Cllr. Andrew Morgan
Leader of Rhondda Cynon
Taff County Borough
Council

.....
Cllr. Robert Wellington
Leader of Torfaen County
Borough Council

.....
Cllr. Neil Moore
Leader of Vale of
Glamorgan Council

Introduction

5. The Cardiff Capital Region is comprised of ten local authorities: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taff; Torfaen; and Vale of Glamorgan. It is the largest city-region in Wales and accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses.
6. The Cardiff Capital Region is an area where people want to live and work. With two cities (Cardiff and Newport) at its core, the region has seen significant regeneration and investment over recent decades. Cardiff, as the capital city, is now dynamic, fast growing and forecast to have a higher population growth rate over the next 20 years than any other city in the United Kingdom.
7. The area is home to a range of competitive business clusters with significant international and indigenous businesses across sectors such as: financial services; creative and digital industries; advanced manufacturing; life sciences; energy; and energy supply. These business clusters are serviced through a wide and supportive ecosystem, not least a higher education sector that includes Cardiff University (recently ranked 2nd in the UK in terms of the impact of its research¹), Cardiff Metropolitan University and the University of South Wales which recently doubled its amount of research rated as world leading.
8. However, despite these strengths, numerous challenges remain. Gross Value Added, which is a measure of goods and services produced in an area, is lower than all but one of the English Core City Regions. There are also connectivity issues across the region which makes it more difficult for people in Valley's communities to access economic opportunities.
9. Recognising these opportunities and challenges all the signatories to this deal are working together to realise the Vision for the Cardiff Capital Region, which is to: *“work together to improve the lives of people in all our communities. We will maximise opportunity for all and ensure we secure sustainable economic growth for future generations”*. This City Deal provides local partners with further powers and tools to realise this vision.

¹ Research Excellence Framework

Key Elements of the Deal

Cardiff Capital Region Investment Fund

10. This City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth plans. Central to this will be the development of a 20 year £1.2 billion Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects.
11. Both the UK and Welsh Government are both contributing £500 million to this fund respectively. The Welsh Government funding will be provided over the first seven years of the Investment Fund, from 2016/17 to 2022/23. The ten Local Authorities in the Cardiff Capital Region will contribute a minimum of £120 million over the 20 year period of the Fund.
12. The Cardiff Capital Region believes investments in these areas will deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment from local partners and the private sector by 2036

South East Wales Metro

13. A key priority, which the City Deal Investment Fund will support, is the delivery of the South East Wales Metro. The scheme has the potential to provide a significantly improved public transport system that will transform the way people travel around the region.
14. Given the importance of the Metro to the UK Government, Welsh Government and Cardiff Capital Region, a proportion of the Investment Fund will be pre-allocated to the delivery of this scheme. This pre-allocation focuses on both phases of the wider Metro scheme. These are:
 - The delivery of the Valley Lines Electrification programme. This City Deal re-confirms the continued shared ambition of both Government's and the Cardiff Capital Region to deliver this element of the wider Metro scheme. £325 million of the £1.2 billion Investment Fund has already been committed to the delivery of this scheme (£125 million from the UK Government, £94 million from the Welsh Government and £106 million from the European Regional Development Fund).
 - The delivery of the wider South East Wales Metro scheme. The Welsh Government will pre-allocate a further funding from the Investment Fund to deliver the wider ambitions around the Metro scheme, which is the subject of ongoing design work. As part of this City Deal the Welsh Government commits to involving the Cardiff Capital Region in the co-design of the wider Metro scheme and in the procurement of a delivery organisation.
15. The Department for Transport will agree the arrangements for making the agreed contribution to the Valley Lines Electrification project with the Welsh Government. The Welsh Government will agree with the local authorities the arrangements for managing the funding of the Metro scheme, and how it interacts with funding for additional Metro investments delivered through this City Deal.

Wider Investment Priorities

16. The remaining element of the Investment Fund will be used to take forward a wide range of projects and schemes that support economic growth across the Cardiff Capital Region. Decisions on the prioritisation of these schemes will be taken by the Cardiff Capital Region Cabinet. Schemes taken forward could include: further transport schemes; investment to unlock housing and employment sites; and development of research and innovation facilities.

Investment Fund Assurance Framework

17. The ten local authorities across the Cardiff Capital Region commit to writing and adopting an assurance framework for this Investment Fund. This will be agreed by the UK and Welsh Government. By adopting the assurance framework prior to the commencement of the Investment Fund, the Cardiff Capital Region will ensure that schemes that are taken forward (outside of the South East Wales Metro which will be subject to a separate assessment against an assurance framework) represent good value for money and are underpinned by a robust business case.

18. This assurance framework will be based on existing best practice from the UK Government and Welsh Government. In addition the framework will also draw upon any local best practice for managing investment decisions across the Capital Region. Key elements that the assurance framework will include are:

- Purpose, structure and operating principles of the framework.
- Arrangements to ensure value for money and effective delivery through strong project development, project and options appraisal, prioritisation, and business case development.
- A description of the arrangements for supporting the effective delivery and implementation of projects and schemes, including relationships with delivery bodies.
- Arrangements which enable effective and meaningful engagement of local partners and the public in the investment decisions taken and subsequent scrutiny of these decisions.

Investment Fund Gateway Assessments

19. Cardiff Capital Region will be required to evaluate the impact of the Investment Fund in order to unlock UK and Welsh Government Funding that has not been pre-allocated to the South East Wales Metro programme. This will be comprised of gateway assessments every five years. To underpin these gateway assessments, an independent review will be commissioned to evaluate the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by the Cardiff Capital Region, but agreed at the outset with the UK Government. The next five year tranche of funding will be unlocked if the UK and Welsh Governments are satisfied that the independent assessment shows the investments to have met key objectives and contributed to national growth.

Local Authority Borrowing

20. Throughout the course of the City Deal programme the ten Cardiff Capital Region local authorities will be responsible for financing the capital investment programme. The difference in the profile between the proposed investment and the capital grant funding may require a local authority or authorities to borrow to fund any difference in expenditure and grant. The cost of any external borrowing is the responsibility of the relevant local

authority or local authorities and is to be managed in accordance with prudential principles – it must be prudent, affordable and sustainable.

21. In a scenario where a future Gateway is not achieved, leading to any reduction or cessation of City Deal grant, then it will be the responsibility of individual local authorities within the Cardiff Capital Region to manage the financial impact of this within their local authority budget, utilising reserves or surpluses as required.

Additional Flexibilities

22. In order to deliver the Cardiff Capital Region's City Deal commitments and a longer-term economic strategy, the ten local authorities have requested greater financial autonomy and flexibility. As part of this City Deal the Welsh Government will explore with the Cardiff Capital Region:

- The devolution of business rate income above an agreed growth baseline to provide funding for the City Deal programme.
- Providing the ability to levy an infrastructure supplement.
- Creating the option for the local authorities to use alternative finance sources.
- Removing conditions around some specific Welsh Government grants, to allow funding to be pooled at the regional level in areas such as school support and interventions that seek to address poverty.

Connecting the Cardiff Capital Region

23. Transport has a key role in delivering economic growth and improving outcomes for people by connecting communities, business, jobs, facilities and services. However across the Capital Region there are significant congestion and transport capacity issues that need to be addressed. The City Deal Investment Fund and South East Wales Metro will make a significant contribution to improving transport connectivity.
24. In addition to this investment the Cardiff Capital Region will establish a new non-statutory Regional Transport Authority to co-ordinate transport planning and investment, in partnership with the Welsh Government. The Cardiff Capital Region Transport Authority will be responsible for:
- Pooled local transport resources.
 - Regional planning for the local transport network.
 - Working with Transport for Wales to ensure objectives for transport investment are aligned.
 - 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 concept and to support its delivery.
 - Working in partnership with Welsh Government to promote the development of integrated aviation routes from Cardiff Airport and St Athan Enterprise Zone, to deliver economic benefit.
 - Developing plans for improvement of Cardiff Central Station and surrounds, working in partnership with the Welsh Government and Network Rail to identify funding and consider how a fair contribution may be drawn from the beneficiaries.

Investing in Innovation and the Digital Network

25. The Cardiff Capital Region has an aspiration to extend the “arc of innovation” that runs along the M4 corridor into the Cardiff Capital Region. Capitalising on the research strengths of the Region’s three universities, the Cardiff Capital Region will designate an “**Innovation District**” that helps to: create and nurture new high growth businesses; increases investment in research and development; and provides the skills that businesses need now and in the future.

Developing the Compound Semiconductor Sector

26. To transform the UK’s capability, and help position Cardiff as the European leader in Compound Semiconductor applications, the UK Government will invest £50 million to establish a new Catapult in Wales. This new Catapult will complement the work of other organisations in Wales who are already working in this important area, including the Compound Semiconductor Institute at Cardiff University and the Compound Semiconductor Centre, a joint venture between Cardiff University and IQE.

27. Recognising this opportunity, the Cardiff Capital Region will prioritise interventions that support the development of an internationally-competitive Compound Semi-Conductor cluster. Local partners believe that this will put the UK at the heart of an emerging global growth technology.

Innovation Investment

28. To accelerate the growth of innovation and facilitate investment in research and development, the Cardiff Capital Region will seek to prioritise:

- Mechanisms to support high growth sectors.
- The development of new facilities and employment sites.
- New approaches to public service delivery.
- The Software Academy in Newport and related programmes across the Capital Region.
- Investment in intellectual property creation and commercialisation.
- Adding value and complimenting existing innovation support.
- Developing a cyber-security academy with the University of South Wales.

Innovate UK

29. Innovate UK is now planning to increase its footprint and presence in Wales, in order to: raise the awareness and engagement in Innovate UK programmes and activities; to strengthen its links with business, Universities and other key partners; and to work with the Welsh Government to promote and support innovation.

Data

30. Cardiff Capital Region commits to developing proposals for how better and more flexible use of data could be used to drive innovation across the public sector and within the wider economy. The Cardiff Capital Region will present a clear case to the UK Government for

how a different approach to the use of specific data would improve service delivery and would benefit particular groups.

The Digital Network

31. Innovation will also be a central theme within the Cardiff Capital Region's ambition to deliver an outstanding digital infrastructure and wider ecosystem to support economic growth. To continue to build on investments in next generation broadband and the Region's reputation as one of the fastest growing tech hubs in the UK, the Cardiff Capital Region will prioritise:

- Exploring the case for direct international connectivity.
- The mobile infrastructure across 4G and 5G technologies that add value to existing provision.
- Increasing Wi-Fi services across public transport.
- Digital solutions to solve the big problems, such as smart housing, citizen payments and open data challenges.
- Facilitating collaboration between stakeholders to identify and exploit opportunities.

Developing a Skilled Workforce and Tackling Unemployment

32. This City Deal will improve the co-ordination and delivery of skills and employment support across the Capital Region. It will help to increase the number of people moving into work (including those that have been out of work for a long time), increase the number of people undertaking an apprenticeship or other relevant skills provision and give people the skills they need to compete in a global employment market.

The Cardiff Capital Region Skills and Employment Board

33. To ensure skills provision is adapted to local economic and social needs and provides the best value for money, the Cardiff Capital Region will strengthen the existing Learning, Skills and Innovation Partnership. This will be re-launched in 2016 as the Cardiff Capital Region Skills and Employment Board.

34. The Partnership will represent a wide range of stakeholders, including: business bodies; higher and further education; local authorities and the Welsh Government. It will be responsible for:

- Cardiff Capital Region's skills and worklessness strategy.
- Pooled local authority skills resource.
- Producing an annual regional plan for employment and skills. This annual plan, led by industry, will set out how both the existing skills needs of businesses and the Capital Region's future skills challenges will 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 meets 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.
- Ensuring European Union funding investments in skills and employment add value and align with other programmes.

Work and Health Programme

35. Cardiff Capital Region and the Welsh Government will work with Department for Work and Pensions to co-design the future employment support from 2017, for people with a health condition or disability and/or long term unemployed², many of whom are currently referred to the Work Programme and Work Choice.

36. The respective roles of the Department for Work and Pensions and Cardiff Capital Region in the co-design include:

- Department for Work and Pensions setting the funding envelope; however Cardiff Capital Region and the Welsh Government can top up if they wish, but are not required to.
- Cardiff Capital Region and the Welsh Government setting out how they will join up local public services in order to improve outcomes for this group.

² Long term unemployed is defined as claiming benefits for 24 months.

- Department for Work and Pensions setting the high level performance framework ensuring support appropriately reflects labour market issues. The primary aim will be to reduce unemployment and move people into sustained employment.
- Cardiff Capital Region, working with the Welsh Government, will have input into determining specific local outcomes that reflect their labour market priorities, however these outcomes should be complementary to the ultimate employment outcome. In determining any local outcome(s) Cardiff Capital Region and the Welsh Government will work with Department for Work and Pensions to take account of the labour market evidence base and articulate how these will fit within the wider strategic and economic context and deliver value for money.

37. Before delivery commences, the Department for Work and Pensions, Cardiff Capital Region and the Welsh Government will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support. This will include a mechanism by which each party can raise and resolve any concerns that arise.
38. The Department for Work and Pensions sets the contracting arrangements, including contract package areas, but should consider any proposals from Cardiff Capital Region on contract package area geography.
39. Providers will be solely accountable to the Department for Work and Pensions, although Cardiff Capital Region and the Welsh Government will be involved in the tender evaluation.
40. The Department for Work and Pensions and Cardiff Capital Region will develop a mechanism by which Cardiff Capital Region (working with the Welsh Government) can escalate to the Department for Work and Pensions any concerns about provider performance/reaching local agreements and require Department for Work and Pensions to take formal contract action where appropriate.

Supporting Enterprise and Business Growth

41. The Cardiff Capital Region is committed to improving the co-ordination of local and national business support arrangements. This includes working in partnership with the Welsh Government to address identified barriers to growth, support spatial and sectoral priorities and to target emerging opportunities for driving economic performance.

The Cardiff Capital Region Business Organisation

42. Local partners recognise that ensuring there is a strong business voice to guide both the design and delivery of business support across the region will be critical.

43. Therefore, working with public sector partners, the business community, and representative bodies, the Cardiff Capital Region will establish a Cardiff Capital Regional Business Organisation. This organisation will provide a direct business voice that will influence and shape business support programmes. In creating the Board, a mapping and consultation process will be undertaken with existing advisory Boards operating within the Region. This will ensure roles and remits are complimentary and add value. The Board will be responsible for:

- Articulating the regional needs of business.
- Identifying regional priorities for existing business support services.
- Designing future business support programmes.

44. Membership will be drawn from across a range of sectors and interests, including social enterprises and mutuals. A joint **Confederation of British Industry**, Federation of Small Business, Institute of Directors and the South Wales Chamber of Commerce statement outlined the underlying principles for the business organisation. The final structure will be designed by the Cardiff Capital Region business community.

Integration of Local Business Support Services and Resources

45. To ensure that business support and promotional activities at the local level are undertaken on the basis the Capital Region local resources will be aligned to create an Integrated Delivery Unit for regionally significant aspects of economic development. This includes: business development; marketing; tourism; and inward investment.

46. The Integrated Delivery Unit, working in collaboration with the Welsh Government, and the proposed Regional Business Organisation, will ensure that any new business support provision complements existing national initiatives. In addition, through this collaborative approach, the Welsh Government is committed to working with the Cardiff Capital Region to explore where existing business support provision can be built on/expanded, whilst avoiding duplication. A number of existing programmes, for example Business Wales, which offers a one stop shop advice and referral service to SMEs and Entrepreneurs and has already been designed through consultation with industry, have the potential to be aligned with identified regional needs and priorities.

47. Further to this, Welsh Government is also committed to working in partnership with the Cardiff Capital Region to promote the area at a global level. As part of this, the Welsh Government will ensure greater levels of visibility with both the Welsh Government's own overseas offices and will continue to work closely with UK Trade and Investment to ensure that its propositions are promoted and co-ordinated across the UK Trade and Investment overseas post network.

Housing Development and Regeneration

48. Delivering an increase in house building across the Cardiff Capital Region will help to address critical housing shortages especially for first time buyers and those unable to join the 'housing ladder'. House building is also a critical element of the economy as it: stimulates demand within the supply chain during construction and through purchases by the eventual occupiers; contributes to a more balanced regional planning framework; and is a major employer in its own right.
49. The City Deal presents a unique opportunity for the ten local authority areas to come together to develop and deliver a strategic approach to housing, regeneration and economic growth which will create an accessible, liveable, 'work-life integrated' and highly connected Capital Region. To support this ambition the Cardiff Capital Region will:
- Commit to development of a partnership between the Region and Welsh Government to take a strategic and balanced approach to housing and regeneration, focussing development on where it is most needed – in a regional and coordinated way.
 - Ensure that new housing is linked to the delivery of sustainable and balanced communities, through the re-use of property and sites. Further, both the Welsh Government and Cardiff Capital Region will ensure that proposals to improve the efficiency and quality of the housing stock are aligned with other regeneration outcomes.
 - Establish a collective way of working, for example, through an asset development vehicle to progress speculative opportunities for potential Cardiff Capital Region regeneration ventures.
 - Develop an integrated public-private housing offer, with clarity over tenure, mix type, design and affordability with prototyping for 'settlements of the future'.
 - Utilise innovation in local procurement to secure supply chain benefits, local labour and other social clauses to maximise value.
 - Establish the delivery of renewable energy-led regeneration and housing programmes and ensure the principles of 'clean-tech' are anchored within physical development initiatives. This will contribute to ensuring 'future-proofing' and creation of new supply chain networks.
 - Engage the affordable housing sector providers in the region as one network. Working with Cardiff Capital Region this network will develop a regional "Housing Plus" strategy in which added value benefits such as training construction apprenticeships, energy resilience and job creation are clearly set out and adopted. This will provide a framework against which site regeneration schemes can be prioritised for investment.
50. In both the planning and delivery of new housing and regeneration projects, the Cardiff Capital Region will ensure that there is alignment to current Welsh Government programmes including Creating Vibrant and Viable Places – the Welsh Government's regeneration framework and increasing the supply and standards of housing

Cardiff Capital Region Governance

51. The ten local authority partners of the Cardiff Capital Region City Deal have agreed to establish a governance model that:

- Complies with the existing Statutory Framework that exists in Wales to deliver this City Deal.
- Strengthens and streamlines the existing governance and partnership arrangements across the Capital Region.
- Improves business involvement in local decision making.
- Provides confidence and assurance to both the UK and Welsh Government that the local authority leaders are making decisions which will drive economic growth across the Capital Region.
- Enables local authorities to explore with the Welsh Government alternative governance arrangements in the medium term.

Cardiff Capital Region Cabinet

52. Utilising the existing statutory framework, the ten local authorities will establish a Cardiff Capital Region Cabinet. The Cabinet will have the status of a Joint Committee and will be the ultimate decision making body in the governance structure.

53. The establishment of a Capital Region Cabinet will be the first step in the development of greater city-region governance across the Cardiff Capital Region. The Cabinet will comprise the ten participating local authorities, and provide the basis for initial decision making regarding the Investment Fund and over areas where decision making will be undertaken on a city-region basis. The Cardiff Capital Region Cabinet will 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 and programmes.
- An Inward investment and marketing strategy.
- Considering the scope for strengthening Capital Region governance further.

54. A comprehensive agreement will be drawn up between the participating authorities which will bind and commit each individual local authority and any successor authority (in the event of Local Government Re-organisation) for such duration as is necessary to deliver the City Deal. The agreement will also allow for the possibility of additional functions and powers to be devolved to the Cabinet in the future.

55. The Cardiff Capital Region commit to reviewing the City Deal governance and exploring the future options for moving to even stronger and effective governance that is legally binding. The review will include consulting the Welsh Government and the UK Government to identify actions needed to take forward future governance options.

Strategic Regional Planning

56. The Cardiff Capital Region, in partnership with the Welsh Government, will commit to the creation of an integrated strategic development plan that incorporates housing and employment land-use with wider transport plans. The strategic plan will provide the underpinning blue-print for development across the city-region.

Cardiff Capital Region Economic Growth Partnership

57. A Cardiff Capital Region Economic Growth Partnership will be established to bring together business, higher education and local government. The partnership would be responsible for setting the overarching city-region economic development strategy, as well as monitoring and making recommendations to the Cabinet with regard to City Deal implementation. The partnership will have a specific role to provide advice on investment decisions to ensure the City Deal and other interventions make an impact on economic growth and increasing employment.

58. The Partnership's membership and terms of reference will be established using the best international practice such as the Danish Growth Forums, as well as the Local Enterprise Partnership model in England and the Economic Leadership Board established in Glasgow.

Independent Growth and Competitiveness Commission

59. The Cardiff Capital Region will establish an independent Growth and Competitiveness commission to support the city region's economic and investment strategy. It will review activities related to the City Deal as well as wider economic and growth interventions.

60. The Commission's first task will be to review the evidence about the functional economic area and advise how best to generate GVA growth and support the ambitions of a dynamic capital region.

61. The commission will be jointly established by the ten local authorities that comprise the Cardiff Capital Region in consultation with the Welsh and UK Governments.

62. The Commission will examine the challenges and opportunities for economic growth and competitiveness and make recommendations for how the Cardiff Capital Region can achieve its full growth potential.

Delivery, Monitoring and Evaluation

63. Cardiff Capital region will work with the UK Government and the Welsh Government to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach delivery and evaluating the impact of delivery.

64. The Cardiff Capital Region City Deal will be monitored by the Joint Cabinet. The joint programme management team will provide the Cabinet, the UK Government and the Welsh Government with quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.

- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

65. The UK Government and Welsh Government will work with the Cardiff Capital Region to agree a timetable for the production of these reports and will convene regular progress meetings.

66. The Cardiff Capital Region commit to recognising the “City Deal” in promoting and branding investments made as a result of this Deal. This includes acknowledging the government equally alongside other funding partners. The Cardiff Capital Region may wish to explore a single unique brand identity that represents the whole Capital Region area and all the partners involved in delivering the City Deal.

APPENDIX 2

**CARDIFF CAPITAL REGION CITY DEAL
2015**

**MEMORANDUM OF UNDERSTANDING
to assist in the development of a City Deal.**

Draft version -10 May 2016

THIS MEMORANDUM OF UNDERSTANDING is made between:

Blaenau Gwent County Borough Council whose principal office is situate at Municipal Offices, Civic Centre, Ebbw Vale, NP23 6XB

Bridgend County Borough Council whose principal office is situate at Civic Offices, Angel Street, Bridgend, CF31 4WB

Caerphilly County Borough Council whose principal office is situate at Penallta House, Tredomen Park, Ystrad Mynach, Hengoed CF827PG

The County Council of the City and County of Cardiff whose principal office is situate at County Hall, Atlantic Wharf, Cardiff CF10 4UW ("Cardiff Council")

Merthyr Tydfil County Borough Council whose principal office is situate at Castle Street, Merthyr Tydfil, Mid Glamorgan CF47 8AN

Monmouthshire County Council whose principal office is situate at County Hall, Rhadyr, Usk Monmouthshire NP15 1GA

Newport City Council whose principal office is situate at Civic Centre, Newport, NP20 4UR

Rhondda Cynon Taf County Borough Council whose principal office is situate at Ty Bronwydd, Porth, Mid Glamorgan CF39 9DL

Torfaen County Borough Council whose principal office is situate at Llanfrechfa Way, Cwmbran NP44 8HT
and

Vale of Glamorgan County Borough Council whose principal office is situate at Civic Offices, Holton Rd, Barry CF63 4RU
(collectively referred to as 'the Councils')

Recitals

- 1 On 15th March 2016 the Leaders of the Councils referred to above, along with Ministers of Welsh Government and UK Government signed a document in respect of the Cardiff Capital Region City Deal ('the City Deal'). The document (copy annexed as schedule 1) outlines in high level terms the scope, financial aspects and proposed governance arrangements for the City Deal.
- 2 The Councils are working together to develop the detailed City Deal proposals and put in place all arrangements and documentation required to finalise the City Deal, which activities are collectively referred to in this Memorandum as the 'City Deal Project Work'.
- 3 The purpose of this Memorandum of Understanding is to set out how the Councils will allocate resources to undertake and co-ordinate the City Deal Project Work. This Memorandum supersedes a Memorandum concluded by the Councils in August 2015, which was put in place to initially develop the City Deal proposals
- 4 The Councils have concluded this Memorandum and are carrying out the City Deal Project Work pursuant to their powers conferred by section 101 and 111 of the Local Government Act 1972,

section 25 of the Local Government (Wales) Act 1994, section 2, 19 and 20 of the Local Government Act 2000 and all other enabling powers now vested in the Councils.

Now it is hereby agreed that

1. OBJECTIVES AND SCOPE OF THE MEMORANDUM OF UNDERSTANDING

1 The Councils agree:-

1.1 to work together to carry out the City Deal Project Work, as outlined in Schedule 2

1.2 to continue, with some modification as set out in this Memorandum, the interim governance arrangements that have been put in place to oversee, direct and or carry out the City Deal Project Work. The arrangements, as modified, include:

- (i) a shadow joint committee to be referred to as the Cardiff Capital Region Shadow Joint Committee (“the Shadow Joint Committee”). The membership and terms of reference of the Shadow Joint Committee shall be as set out in Schedule 3 part 1;
- (ii) a Chief Executives Board. The membership and terms of reference shall be as set out in Schedule 3 Part 2; and
- (iii) officer working groups to carry out the day to day activities required. The membership and terms of reference shall be as set out in Schedule 3 Part 3

2. DECISION MAKING

- 2.1 In terms of the need for decisions to facilitate the City Deal Project Work, then all such decisions shall be referred to each Council to make in accordance with their own decision making rules.
- 2.2 The parties acknowledge that to facilitate the timely progression of the City Deal Project Work that decisions will need to be made in a timely manner and where appropriate the Council's representatives on the various governance bodies referred to in clause 1 may be asked to make certain decisions in respect of their Council at such meetings, to the extent their delegated authority permits the same and subject always to the provisions of clause 2.3.
- 2.3 For the avoidance of any doubt neither the conclusion of this Memorandum of Understanding nor any decision made to facilitate the City Deal Project Work shall serve to commit the Councils or any one Council to approving the Final City Deal Agreement. The signing of this Memorandum of Understanding is without prejudice to the Councils' respective positions as regards approval of the final City Deal Agreement.

3. EXTERNAL ADVICE

- 3.1. The Councils anticipate that specialist financial, legal, technical and other advice will be required to assist the Councils in the City Deal Project Work and have agreed that Cardiff Council should put in place arrangements to secure such specialist advice and deal with all ancillary matters relating thereto.
- 3.2 The Councils agree that all costs incurred by Cardiff Council pursuant to clause 3.1 shall be met from the financial contributions to be paid by the parties and referred to in clause 4 or as provided by clause 9.

4. FINANCIAL CONTRIBUTIONS

Each Council hereby agrees:-

- (i) to pay to Cardiff Council its respective financial contribution listed in Schedule 4 on or before the 15th July 2016 ("Financial Contributions"). Cardiff Council shall hold and use such monies solely in connection with the City Deal and account for any payments made therefrom in accordance with normal accountancy rules and share any interest earned on such monies in accordance with the percentages set out in Schedule 4,
- (ii) that it consents to Cardiff Council liaising with HMRC on its behalf in respect of any permissions necessary to ensure that VAT is correctly accounted for on all Cardiff Capital

Region City Deal expenditure properly incurred and to indemnify Cardiff Council for any irrecoverable VAT that may arise.

- (iii) that, save as provided in clauses 6 and 9, the Financial Contributions from each of the Councils is intended to form each Council's maxim contribution payable for the City Deal Project Work ,
- (iv) that in the event any Council determines to withdraw from the City Deal before the expiry of this Memorandum then the withdrawing Council shall not be entitled to any refund of its financial contributions and it shall remain liable in respect of its financial and indemnity obligations under this Memorandum of Understanding,
- (v) that any residual balance held by Cardiff Council on expiry of this Agreement shall be shared between the Councils in accordance with the percentages set out in Schedule 4, subject to the provisions of clause 9, and
- (vi) that Cardiff Council shall be entitled to retain and use as set out in clause 4 (i) any residual balance of monies held by it out of the financial contributions made by the Councils in the financial year 2015/16 under the Memorandum concluded by the Councils in August 2015, to develop the initial City Deal proposals.

5 COMMENCEMENT AND TERM

This Memorandum of Understanding will be deemed to have come into operation on the 1st June 2016 and shall continue until:-

- 5.1.1 such time as the City Deal Project Work has been completed;
 - 5.1.2 it is changed in any way or superseded by any new arrangement agreed between the Councils; or
 - 5.1.3 the 31st March 2017;
- which ever is the first to occur.

6 GENERAL RESPONSIBILITIES OF EACH PARTNER

- 6.1 Each Council will co-operate with each and every other Council in order to carry out and complete the work required to finalise the City Deal and will provide the resources reasonably required in terms of officers' time and information within their possession and use of Council facilities so as to enable the City Deal Project Work to be carried out and completed.
- 6.2 In carrying out the City Deal Project Work the Councils will have due regard to all legislative requirements, including without limitation to the generality of the foregoing, their duties as regards the Welsh language and the Public Sector Equality Duty.

7 RISK

- 7.1 Each of the Councils should take steps to assess the risk involved for their Council in the City Deal or any part of the process and it shall be a matter for each Council to determine if it wishes to conclude the final City Deal Agreement.
- 7.2 No Council (" the Indemnifier") shall be responsible, liable or be obliged in any way to indemnify another Council or the other Councils (" the Beneficiary") in respect of any decision the Beneficiary may take in respect of the City Deal or for any reliance placed by a Beneficiary on any information or advice provided, assembled , procured or contributed to by the Indemnifier Council.

8 PROGRAMME DIRECTOR

- 8.1 It is intended to appoint a project director to help deliver the City Deal Project Work ('The Project Director').
- 8.2 The Project Director once appointed shall produce for the Chief Executive Board monthly monitoring reports setting out:-
- a. progress made on the City Deal Project Work,
 - b. financial monitoring reports , including details of actual expenditure measured against the financial contributions received , contract sums measured against budget allocations and any financial information reasonable required by the Chief Executive Board ,
 - c. identified risks relating to the completion of the City Deal Project Work, and
 - d. such other information as the Chief Executive Board may reasonable require .
- 8.3 Cardiff Council shall, as its deems appropriate, following full discussion with the Chief Executives of the other Councils, second, engage or employ the Project Director with all costs and expenses incurred by Cardiff Council in respect of such secondment, engagement, employment or termination of any such secondment, engagement or employment being met out of the Financial Contributions or as provided in clause 9.

9 INDEMNITY

- 9.1 Each Council agrees to indemnify Cardiff Council and to pay Cardiff Council within 10 working days of Cardiff Council issuing a demand, its proportion (calculated in accordance with the percentages set out in schedule 4) of:-

- (i) any cost and expenses incurred by Cardiff Council in respect of the matters referred to in clause 3 and 8 that are not met out of the Financial Contributions should the same prove insufficient to meet the costs and expenses, and
- (ii) any costs, expenses, claims, demands, losses or liabilities how so ever incurred by Cardiff Council as a result of any of the matters referred to in clause 3 and 8.3.

9.2 This clause 9 shall remain operative following the expiry of the Memorandum of Understanding.

10. DISPUTE RESOLUTION

All Councils will use best endeavours to work together to achieve the aims and objectives of this Memorandum, complete the City Deal Project Work and avoid disputes. In the event of any dispute the dispute shall be referred to the Councils' Chief Executives to find a resolution.

11 LIABILITY OF THE COUNCILS

No Council shall make any claim of what so ever nature against Cardiff Council to recover any loss, damage, expense, cost or the like which it may incur by reason of or arising out of the carrying out by Cardiff Council of any of its obligations under this Memorandum unless and to the extent such loss, damage or expense arises from a wilful default or wilful breach by Cardiff Council of its obligations under this Memorandum. This clause 11 shall not operate so as to limit any liability that Cardiff Council may have, where such liability cannot be limited by law.

12 CONTRACTS (THIRD PARTY RIGHTS)

The Councils as parties to this Memorandum do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a party to it.

13 NOTICES

13.1 Any notice or demand in connection with this Memorandum shall be in writing and may be delivered by hand, prepaid first class post, special delivery post, or email, addressed to the recipient at the address set out for each Council in this Memorandum or such other recipient address as may be notified in writing from time to time by any of the parties to this Memorandum to all the other parties to this Memorandum.

13.2 The notice or demand shall be deemed to have been duly served:-

13.2.1 if delivered by hand, when left at the proper address for service;

13.2.2 if given or made by prepaid first class post or special delivery post, 48 hours after being posted (excluding days other than Business Days);

13.2.3 if given or made by email, at the time of transmission,

provided that, where in the case of delivery by hand or email such delivery or transmission occurs either after 4.00pm on a Business Day or on a day other than a Business Day service shall be deemed to occur at 9.00am on the next following Business Day.

13.3 For the avoidance of doubt, where proceedings to which the Civil Procedure Rules apply have been issued, the provisions of the Civil Procedure Rules must be complied with in respect of the service of documents in connection with those proceedings.

14 GOVERNING LAW

This Memorandum shall be governed by and construed in all respects in accordance with the laws of England and Wales and the English and Welsh Courts shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Memorandum.

15 ASSIGNMENTS

15.1 The rights and obligations of the Councils under this Memorandum shall not be assigned, novated or otherwise transferred

16 WAIVER

16.1 No failure or delay by any Council to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same or some other right, power or remedy unless a waiver is given in writing by that Council.

16.2 Each Council shall pay their own costs incurred in connection with the preparation, execution and completion of this Memorandum.

17 COUNTERPARTS

This Memorandum may be executed in any number of counterparts each of which so executed shall be an original but together shall constitute one and the same instrument.

18 RELATIONSHIP OF COUNCILS

No Council shall have the right to act on behalf of another nor to bind the other by contract or otherwise except to the extent expressly permitted by the terms of this Memorandum. In particular and for the avoidance of doubt, none of the provisions relating to the principles of working together shall be taken to establish any Partnership as defined by The Partnership Act 1890.

19 DATA PROTECTION

Each Council shall comply with its obligations under the Data Protection Act.

20. FREEDOM OF INFORMATION AND ENVIRONMENT INFORMATION

20.1 Each Council acknowledges that the other Councils are subject to the requirements of the Freedom of Information Act 2000 ("FoIA") and the Environmental Information Regulations 2004 ("EIR") and each Council shall where reasonable assist and co-operate with the other Councils (at their own expense) to enable the other Councils to comply with these information disclosure obligations in relation to the City Deal.

20.2 The Councils shall be responsible for determining in their absolute discretion whether any information requested of them under the FoIA or the EIR is exempt from disclosure under the FoIA or the EIR or is to be disclosed in response to a request for information.

20.3 Each Council acknowledges that the other Councils may be obliged under the FoIA or the EIR to disclose information:

20.3.1 without consulting with the other Councils where it has not been practicable to achieve such consultation; or

20.3.2 following consultation with the other Councils and having taken their views into account.

21. MITIGATION

Each Council shall at all time take all reasonable steps to minimise and mitigate any loss for which the relevant Council is entitled to bring a claim against the other Council(s) pursuant to this Memorandum.

22. STATUTORY RESPONSIBILITIES

Notwithstanding anything apparently to the contrary in this Memorandum, in carrying out their statutory duties, the discretion of any Council shall not be fettered or otherwise affected by the terms of this Memorandum.

AS WITNESSED the duly authorised representatives of the Councils have signed this Memorandum as a deed on the date written at the beginning of this Memorandum.

Signed for and on behalf of

Signed by way of acceptance of the above terms

Authorised signatory on behalf of

Blaenau Gwent County Borough Council

Authorised signatory on behalf of
Bridgend County Borough Council

Authorised signatory on behalf of
Caerphilly County Borough Council

Authorised signatory on behalf of
The County Council of the City and County of Cardiff

Authorised signatory on behalf of
Merthyr Tydfil County Borough Council

Authorised signatory on behalf of
Monmouthshire County Council

Authorised signatory on behalf of
Newport City Council

Authorised signatory on behalf of
Rhondda Cynon Taf County Council

Authorised signatory on behalf of
Torfaen County Borough Council

Authorised signatory on behalf of
Vale of Glamorgan County Borough Council

Schedule 2 – City Deal Project Work

Outline of City Deal Project Work required

1. Preparation of the Joint Working Agreement (that is the detailed agreement that would be required between the Councils to underpin the proposed City Deal arrangements and to establish a Joint committee (referred to as the Cardiff Capital Region Cabinet).
2. Financial work, by way of illustration only:
 - (i) preparation of mechanisms for apportionment of costs between the Councils,
 - (ii) preparation of an assurance framework for the Investment Fund, and
 - (iii) preparation of a Gateway Assessment process.
3. Consideration of the potential for the parties to seek new powers and fiscal flexibilities to support the delivery of the City Deal.
4. Carrying out the preparatory work required to facilitate the establishment of the following new bodies (PROVIDED ALWAYS that the decision to establish such bodies will be a matter for each Council to make in accordance with its own decision making rules and procedures):-
 - (i) Non Statutory Regional Transport Authority
 - (ii) Cardiff Capital Region Skills and Employment Board
 - (iii) Cardiff Capital Region Business Organisation
 - (iv) Cardiff Capital Region Economic Growth Partnership
 - (v) Independent Growth and Competitiveness Commission

**CARDIFF CAPITAL REGION CITY DEAL SHADOW JOINT COMMITTEE
TERMS OF REFERENCE**

1. Parties

Blaenau Gwent County Borough Council
Bridgend County Borough Council
Caerphilly County Borough Council
The County Council of the City and County of Cardiff
Merthyr Tydfil County Borough Council
Monmouthshire County Council
Newport City Council
Rhondda Cynon Taf County Borough Council
Torfaen County Borough Council, and
Vale of Glamorgan County Borough Council

Welsh Government

2. Status and Membership

Status - The Cardiff Capital Region City Deal Shadow Joint Committee is established to provide direction, oversee and facilitate the development of a City Deal for the Cardiff Capital Region, which final arrangements will be submitted to each authority for approval. The City Deal proposal is to be developed in line with the vision and interests of all participating parties and the City Deal Document signed on 15th March 2016.

Membership - 10 Local Authority Leaders (or their nominated deputies) from across the Cardiff Capital Region.

The Chief Executives or delegated deputies may attend any meetings held, as advisors,
An officer appointed by the Minister for Finance of the Welsh Assembly Government may attend meetings as an observer.

Decision Making - Any formal decision required will be a matter for each authority to make in accordance with its own decision making rules and procedures. Where direction on any matters is required from the Board, views will be sought of each Leader Representative on the Board (or deputy) with the aim of reaching a consensus as to the direction to be given.

It is acknowledge that any direction given or comment made by any member at a Board meeting is without prejudice to any decisions that his/her respective authority may be asked to make on this matter and shall not serve to fetter an authority in its decision making.

3. Functions of the Shadow Joint Committee

The Shadow Joint Committee is established to provide direction, oversee and facilitate the development of the Cardiff Capital Region City Deal in line with the vision and interests of all participating parties and the City Deal document signed on 15th March 2016. The Shadow Joint Committee will be requested to consider the final proposed report on the City Deal and business case prior to its submission to each Authority for approval.

The Cardiff Capital Region City Deal Shadow Joint Committee will be invited to consider any reports and recommendations from the Cardiff Capital Region City Deal Chief Executives Group and provide such direction thereon to the Chief Executives Group, as they deem appropriate.

4. Professional and administrative support

The City of Cardiff County Council shall act as the accountable body for the Cardiff Capital Region City Deal Shadow Joint Committee in respect of financial matters and its financial procedure rules will apply in this context.

Administrative support to the Cardiff Capital Region City Deal Shadow Joint Committee will be provided by the City of Cardiff County Council.

The procurement, finance and other rules of the City of Cardiff County Council will apply in respect of projects.

5. Quorum and Notice of meetings

No formal quorum is set for the meetings but each party shall use its reasonable endeavours to ensure one member representative (the Leader or nominated deputy) is in attendance. Reasonable notice is to be given of the dates, times and venues of the proposed meetings.

**CARDIFF CAPITAL REGION CITY DEAL CHIEF EXECUTIVES BOARD
TERMS OF REFERENCE**

1. Parties

Blaenau Gwent County Borough Council
Bridgend County Borough Council
Caerphilly County Borough Council
The County Council of the City and County of Cardiff
Merthyr Tydfil County Borough Council
Monmouthshire County Council
Newport City Council
Rhondda Cynon Taf County Borough Council
Torfaen County Borough Council, and
Vale of Glamorgan County Borough Council

Welsh Government

2. Status, Membership and Decision Making

Status - The Cardiff Capital Region City Deal Chief Executives Board has been established to act as a forum in order to provide senior level officer direction and make arrangements to discharge the instructions of the Cardiff Capital Region City Deal Shadow Joint Committee.

Membership - 10 Chief Executives of the South East Wales local authorities or nominated deputies with delegated authority to act on behalf of their respective Chief Executive (i.e. one from each of the ten member Councils).

An officer appointed by the Minister for Finance of the Welsh Assembly Government may be in attendance as an observer.

A Chair and Deputy of the Chief Executives Board will be appointed by the 10 Chief Executives.

Decision making – Any decision required relating to the functions of the Executive Board will be a matter for each authority to make through its Chief Executive Representative on the Board (or deputy) to the extent that such decision falls within his or her delegated authority. All decisions must be made on a consensual basis of all ten authorities, with each attendee's agreement, if given, being deemed (i) to represent the decision of their respective authority to the course of action / authorisation concerned and (ii) to be within their delegated authority.

Meetings – may be held in person or by telephone conference or matters may be considered via email exchange between all members.

3. Functions of the Executive Board

The Cardiff Capital Region City Deal Chief Executives Board will provide support to the Cardiff Capital Region City Deal Shadow Joint Committee to ensure that the development of the Cardiff Capital Region City Deal is in line with the vision and interests of participating parties and the City Deal Document signed on 15.3.16.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for developing the final proposal and business case for a City Deal for consideration by the Cardiff Capital Region City Deal Shadow Joint Committee and approval by each of the 10 authorities.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for authorising the City of Cardiff County Council to (i) commission external support and (ii) oversee the management of the project expenditure.

The Cardiff Capital Region City Deal Chief Executives Board will be responsible for delegating actions, as appropriate, to the Project Officer Group.

4. Professional and administrative support

The City of Cardiff County Council shall act as the accountable body for the Cardiff Capital Region City Deal Chief Executives Board in respect of financial matters and its financial procedure rules will apply in this context.

Administrative support to the Cardiff Capital Region City Deal Chief Executives Board will be provided by the City of Cardiff County Council.

The procurement, finance and other rules of the City of Cardiff County Council will apply in respect of projects.

Any expenditure on preparatory work required to develop the detailed City Deal proposals, which preparatory work has a value in excess of £20,000, will require the full approval of the Cardiff Capital Region City Deal Chief Executives Board.

Expenditure decisions falling below a cumulative value of £20,000 in a financial year may be made by the Chair of the Project Officers Group.

Expenditure would also be subject to the appropriate delegations relating to the City of Cardiff Council.

5. Reports and recommendations

The Cardiff Capital Region City Deal Shadow Joint Committee will receive reports and recommendations from the Chief Executives Group as appropriate.

Schedule 3 Part 3

Cardiff Capital Region City Deal Officers Group

The Cardiff Capital Region City Deal Officers Group will provide support to the Cardiff Capital Region City Deal Chief Executives Board to ensure that the development of the Cardiff Capital Region City Deal is in line with the vision and interests of participating parties.

The Cardiff Capital Region City Deal Officers Group will comprise officers nominated by the Cardiff Capital Region City Deal Chief Executives Board and may be split into sub groups reflecting particular professional disciplines and expertise.

The Cardiff Capital Region City Deal Officers Group will undertake such activities as directed by the Cardiff Capital Region City Deal Chief Executives Board, to progress the development of the City Deal. The Cardiff Capital Region City Deal Officers Group will, if required, work with any appointed specialist advisor to develop the City Deal .

Welsh Government appointed officials may attend all City Deal Officer Group meetings as appropriate.

Schedule 4 - Financial Contributions

CITY DEAL PARTNER CONTRIBUTIONS

	Pro Rata
Blaenau Gwent	£23,366
Bridgend	£47,034
Caerphilly	£59,989
Cardiff	£117,736
Merthyr Tydfil	£19,751
Monmouthshire	£30,832
Newport	£49,076
Rhondda, Cynon, Taff	£79,037
The Vale of Glamorgan	£42,582
Torfaen	£30,597
Column Total	£500,000

Calculations

<u>local authority</u>	<u>Population</u>	<u>%</u>	<u>£ pro-rata</u>
Blaenau Gwent	69,800	5%	£23,366
Bridgend	140,500	9%	£47,034
Caerphilly	179,200	12%	£59,989
Cardiff	351,700	24%	£117,736
Merthyr Tydfil	59,000	4%	£19,751
Monmouthshire	92,100	6%	£30,832
Newport	146,600	10%	£49,076
Rhondda, Cynon, Taff	236,100	16%	£79,037
The Vale of Glamorgan	127,200	9%	£42,582
Torfaen	91,400	6%	£30,597
Column Total	1,493,600	100%	£500,000

ACCOUNTING PERIODS

Start of Accounting Period	End of Accounting Period
1 April	30 June
1 July	30 September
1 October	31 December
1 January	31 March