

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

28 MARCH 2018

REPORT OF THE CHIEF EXECUTIVE

CARDIFF CAPITAL REGION CITY DEAL - JOINT WORKING AGREEMENT BUSINESS PLAN

1. Purpose of Report.

- 1.1 For Cabinet to consider the draft Joint Working Agreement Business Plan (JWA Business Plan) attached, which is recommended to you by the Cardiff Capital Region Cabinet; and if content, agree and adopt it as the formal "JWA Business Plan".

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 The Cardiff Capital Region City Deal supports the current Corporate Priority 1: Supporting a Successful Economy.

3. Background.

- 3.1 The JOINT WORKING AGREEMENT (JWA), in relation to the delivery of the Cardiff Capital Region City Deal, was signed and the Regional Cabinet established on March 1st, 2017.

- 3.2 The JWA requires the constituent Councils to take a subsequent decision, as a "Matter Reserved to The Councils", on the approval and adoption of the draft JWA Business Plan.

- 3.3 The JWA requires the Regional Cabinet to:
"..... no later than twelve (12) months after the Commencement Date, prepare (or procure the preparation of), finalise (acting in the best interests of the Joint Committee) and recommend for agreement and adoption by the Councils the draft JWA Business Plan which shall comply with the provisions of Clause 7.1.4 below. The intention is to create an overarching five (5) year JWA Business Plan that, amongst other matters, shall set out the Councils objectives and priorities for the delivery of the City Deal that is updated annually."

- 3.4 Clause 7.1.4 of the JWA providing that:

The JWA Business Plan shall, amongst other matters, address the following:

- a) the updated Affordability Envelope; (see section 9 of the JWA Business Plan)
- b) the methodology for agreeing the nature, scope and prioritisation of projects to be developed for the overall benefit of the Cardiff Capital Region (in

- accordance with the terms of the Implementation Plan); (see section 3 of the JWA Business Plan)
- c) the methodology and responsibility for any external audits in relation to this Agreement; (see section 9 of the JWA Business Plan)
- d) the methodology and responsibility of any performance monitoring along with any performance indicators to enable the Joint Committee to measure progress against the JWA Business Plan (see section 3 of the JWA Business Plan); and
- e) any revenue and capital monitoring reports to be prepared for the Joint Committee and the frequency of such reports. (see section 9 of the JWA Business Plan)

3.5 For clarity and cross reference to the JWA, the draft JWA Business Plan is now referred to as the 'CCR Strategic Business Plan for the Wider Investment Fund', to reflect its status and focus, and is titled accordingly on the attached appendix.

4. Current situation / proposal.

4.1 The draft JWA Business Plan (CCR Strategic Business Plan for the Wider Investment Fund) is attached as **Appendix A**.

In accordance with the requirements of the JWA the draft JWA Business Plan contains:

- The Strategic Context which includes:
 - Our Vision; and Strategic Objectives (see section 2 of the JWA Business Plan)
- Our Approach (see section 3 of the JWA Business Plan)
- Spatial Priorities (see section 4 of the JWA Business Plan)
- Our Strategic Themes (Programme Themes¹) which includes:
 - Skills and Employment; (see section 5 of the JWA Business Plan)
 - Innovation; (see section 6 of the JWA Business Plan)
 - Connecting the Region; (see section 7 of the JWA Business Plan) and
 - Regeneration and Infrastructure. (see section 8 of the JWA Business Plan)
- Indicative Five Year Spend Profile (see section 9 of the JWA Business Plan)
- Additional Opportunities for Regional Funding (see section 10 of the JWA Business Plan)

4.2 The draft JWA Business Plan identifies, and provides some detail on, emerging opportunities which will be considered and developed within the life of the plan:

- Skills for the Future;
 - Innovation Portfolio;
 - Metro Plus;
 - Digital Portfolio;
 - Housing Investment Fund; and
 - Strategic Sites.
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4.3 The Plan, which will take the City Deal past its first Gateway Review, due in December 2020, also indicates that other proposals will emerge, within the life of the plan, all of which will be rigidly assessed in accordance with the Assurance Framework.

4.4 **Cardiff Capital Region Wider Investment Fund**

4.4.1 The City Deal provides funding to support schemes which will stimulate the economic growth of the region. The agreement with the UK Government and Welsh Government provides £1.2 billion of which £734m is allocated to the Metro, with the balance of £495m being made available as the 'Wider Investment Fund'.

4.4.2 The Wider Investment Fund is made up of:

- £375m grant from the UK Government paid over 20 years, HM Treasury (HMT) Contribution, with year 1-5 being £50m revenue grant, followed by years 6-20 being £325m capital grant; and
- £120m Local Authority Partnership capital contribution to be drawn down as required.

4.4.3 The Regional Cabinet have stated that the high level aims of the Wider Investment Fund are the creation of 25,000 new jobs and £4bn of private sector investment. The first investment has been made in the Compound Semi-conductor Project, providing a loan of £38.5m, to be repaid, which has the potential to generate 2,000 jobs and over £380m of private sector investment.

4.4.4 As the JWA Business Plan has not yet been adopted the Regional Cabinet has substantially funded this initial investment by use of the HMT Contributions received to date. As these funds are revenue it is hoped that the adoption of the JWA Business Plan will take place in financial year 2017/2018 allowing Local Authority Partnership capital contributions to be substituted for the revenue grant, thereby protecting the revenue funding for future use on schemes and programmes which are revenue intensive such as skills. Funding of the Local Authority Partnership capital contributions will be based on the council contributions agreed and contained in the JWA.

4.4.5 Following this initial investment, the Regional Cabinet have agreed in principle to support a number of schemes:

- The Metro Central Project;
- Regional Housing Investment Fund;
- Digital Strategy; and
- Skills for the Future.

4.4.6 These 'in-principle' schemes, along with others which may emerge, will be developed and assessed to ensure they comply with the City Deal Assurance Framework, contribute to the sustainable economic growth of the region, and demonstrate value for money prior to any implementation investment being made.

4.4.7 This method of identifying, developing, assessing and approving schemes ensures that the Regional Cabinet have the flexibility to ensure investments accurately reflect the needs and encourage the continued development of the region. However, it does also mean that it is difficult to predict accurately the financial implications of the investment programme. Financial modelling for the Wider Investment Fund will therefore be based on educated assumptions and an

indicative programme of investment which will be developed and refined as more investment decisions are made.

5. Effect upon Policy Framework & Procedure Rules

5.1 There is no impact upon the policy framework and procedure rules of the Authority.

6. Equality Impact Assessment

6.1 A Well-being and Equalities Assessment has been undertaken and is attached as **Appendix B**.

6.2 The Assessment demonstrates that the detail contained in the draft JWA Business Plan demonstrates compliance with the well-being 5 ways of working, supports the well-being goals and identifies that the City Deal is expected to have a positive impact on all groups and people with protected characteristics.

7. Financial Implications.

7.1 The Council's contribution to the CCRC is £11.328 million (9.4% of the overall Local Authority Partnership capital funding requirement). A recurrent budget pressure of £598,000 was included within the MTF in 2017-18 to fund the Council's contribution. This was included based on the proposed funding profile at that time, which assumed that the HMT grant would be drawn down at an early stage. Further detail on the funding of the Programme can be found in paragraphs 22- 33 of the JWA Business Plan.

7.2 Given the change in funding profile, the Council is required to make a payment of £2,299,950 before the end of the 2017- 18 financial year. This will reduce later years payments and require the expenditure and funding within the capital programme to be re-profiled, but within the same overall programme envelope. To ensure there is no impact on capital funding availability it is proposed that the balance of funding required over and above the available £598,000 budget (£1,701,950) is met from underspends within other council wide budgets. This will require Council approval for a virement from this budget to the Communities Directorate budget from where the payment will be made and a re-profiling of expenditure and funding for the scheme within the capital programme.

8. Recommendation.

8.1 It is recommended that Cabinet:

- a) Recommend that Council approve the JWA Business Plan attached as Appendix A.
- b) Recommend to Council a budget virement of £1,701,950 (total payment of £2,299,950 less £598,000 already budgeted) from underspends on other council wide budgets to the Communities Directorate to enable the payment to be made in full from revenue budgets in 2017-18, and that the scheme be re-profiled accordingly within the capital programme.

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Background documents

None.