

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

### REPORT OF THE CORPORATE DIRECTOR OPERATIONAL AND PARTNERSHIP SERVICES & MONITORING OFFICER

5 JULY 2016

#### THE CARDIFF CAPITAL REGION CITY DEAL

##### 1. Purpose of the Report

The purpose of this report is:

- 1.1 To update Cabinet on the progress made since the report of 16<sup>th</sup> February 2016.
- 1.2 To seek Cabinet's approval to execute a further Memorandum of Understanding to be entered into between the ten local authorities (the Councils) participating in the City Deal project. The Memorandum details the allocation of resources and the governance structure to progress the project.
- 1.3 To obtain from Cabinet appropriate delegated powers in order to undertake the functions related to the governance structure.
- 1.4 To commit a further sum of £47,034 representing the Council's contribution to a regional fund of £500,000 to continue to fund the development of the City Deal.
- 1.5 To seek Cabinet's approval of the appointment of a Programme Director on behalf of the participating Councils.
- 1.6 To agree to the procurement and appointment by Cardiff Council of specialists advisors as part of the project work.

##### 2. Connection to the Corporate Improvement Objectives/ Other Corporate Priorities

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

##### 3. Background

- 3.1 Since the report to Cabinet on the 16<sup>th</sup> February 2016, the Councils through the Leaders of the respective Councils have signed the Cardiff Capital Region City Deal Agreement (City Deal) with the Welsh and UK Governments in March 2016. The Councils are now working together to develop the detailed City Deal proposals and put in place all arrangements and documentation required to finalise the City Deal. The Councils now have to develop a robust business case that will enable each of the ten Councils to undertake their own assessment as to whether they commit to the financial terms and conditions of the City Deal. In order to develop the robust business case, the UK and Welsh Governments expect the Councils to have established the appropriate governance arrangements (in shadow form), actively

engaged the business sector and have in place an Investment Fund Assurance Framework that ensures the respective funded projects represent value for money. The current proposal is that this is to be completed by the early part of 2017.

#### **4. Current Proposals**

- 4.1 The City Deal Agreement signed in March 2016 outlines the scope of a City Deal. However, further detail and negotiations have to be undertaken before a sufficiently robust business case is prepared, which each of the ten local authorities will have to approve, along with the UK and Welsh Governments. The next stage of the process requires the ten Councils to establish the robust governance arrangements, in shadow form and to develop the City Deal Agreement.
- 4.2 The Councils have therefore agreed to enter into a further Memorandum of Understanding to undertake the City Deal project work, which is detailed in Appendix 1 of the report. The Memorandum of Understanding also details how the Councils will allocate resources to undertake and co-ordinate the City Deal project works. Cabinet is asked to note in particular the work relating to the new bodies specified in paragraph 4 of Appendix 1. Members will find at Appendix 5 further details of the proposals in respect of each of these bodies which has been extracted from the City Deal Agreement.

#### Governance Structure

- 4.3 Interim governance arrangements are already in place, which facilitated the initial work on the City Deal proposal. The Councils in the proposed new Memorandum of Understanding will continue with these arrangements, subject to some modifications. The arrangements as modified include:
- (a) a shadow joint committee to be referred to as the Cardiff Capital Region Shadow Joint Committee (“the Shadow Joint Committee”). The draft membership and terms of reference of the Shadow Joint Committee are set out in Appendix 2 of this report;
  - (b) a Chief Executives Board to be known as the Cardiff Capital Region City Deal Chief Executives Board (Chief Executives Board). The membership and terms of reference of the Board are set out in Appendix 3 of this report; and
  - (c) an officer working group to be known as the Cardiff Capital Region City Deal Officers Group (City Deal Officers Group) to carry out the day-to-day activities required to progress the project. The membership and terms of reference of the City Deal Officers Group are set out in Appendix 4 of this report.
- 4.4 The new Memorandum of Understanding preserves the fundamental requirement that decision making rests with each of the individual Councils, although certain delegated powers will be required and these are detailed later in this report.
- 4.5.1 The Shadow Joint Committee is to be established to provide direction, oversee and facilitate the development of a City Deal for the Cardiff Capital Region as contained in the City Deal Agreement. The Shadow Joint Committee will not be a decision making body, save for those powers delegated to each of the Councils’ Leaders in accordance with its respective scheme of delegations, or any specific further delegated powers given to the individual Leaders by their Council. The Shadow Joint Committee will, in due course, be requested to consider the final proposed

report on the City Deal, and the business case, prior to its submission to each individual Council for approval. The Shadow Joint Committee will be invited to consider any reports and recommendations from the Cardiff Capital Region City Deal Chief Executives Board and provide such direction thereon to the Chief Executives Board, as they deem appropriate.

- 4.5.2 The membership of the Shadow Joint Committee is to consist of the Leaders of the ten Councils from across the Cardiff Capital Region. A delegated deputy can attend in the absence of any of the Leaders. The Chief Executives or delegated deputies may attend any meetings held, as advisors; an officer appointed by the Minister for Finance of the Welsh Government may also attend meetings as an observer. The full terms of reference are contained in Appendix 2 of this report.
- 4.6. Whilst the terms of reference at Appendix 2 state that any decision making functions of the Shadow Joint Committee are reserved matters for the individual Council, it is suggested that to avoid any delay in the decision making process that the Leader and his appointed deputy be given delegated power to make any decisions on behalf of this Council, provided this is within the remit of the terms of reference of the Shadow Joint Committee as set out in Appendix 2.
- 4.7 The Chief Executives Board is to be established to act as a forum in order to provide senior level officer direction and to make arrangements to discharge the instructions of the Shadow Joint Committee. The function of the Chief Executives Board will be to provide support to the 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 Agreement executed in March this year. The Chief Executives Board will be responsible for developing the final proposal and business case for a City Deal for consideration by the Shadow Joint Committee, and approval by each of the ten Councils. The Chief Executives Board will be responsible for authorising Cardiff Council to (i) commission external support and (ii) oversee the management of the project expenditure. The Chief Executives Board will also be responsible for delegating actions, as appropriate, to the City Deal Officers Group.
- 4.8 The membership of the Chief Executives Board is to consist of the Chief Executive Officers of the ten Councils from across the Cardiff Capital Region. A delegated deputy can represent a Council if that Council's Chief Executive Officer is unavailable. An officer appointed by the Minister for Finance of the Welsh Government may attend meetings as an observer. In respect of the Chief Executives Board there will be a need to delegate power to the Council's Chief Executive Officer and the appointed deputy in order to facilitate the timely progression of the project work in respect of the functions and terms of reference as contained in Appendix 3 of this report. There is also a requirement for an additional power to appoint nominated officers to the City Deal Officers Group or any sub-group of the City Deal Officers Group.
- 4.9 The City Deal Officers Group is to be established to provide support to the 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 City Deal Officers Group will comprise officers nominated by the Chief Executives Board. The full terms of reference of the City Deal Officers Group is contained in Appendix 4 of this report

4.10 Cabinet is requested to approve the appointment of the Leader to the Shadow Joint Committee and the Chief Executive Officer to the Chief Executives Board. As indicated earlier in the report it is also necessary to delegate their attendance, functions, and decision-making requirements to deputies if they are unavailable. It is suggested in the case of the Shadow Joint Committee that this should be the Deputy Leader and in respect of the Chief Executives Board, the Corporate Director, Communities.

#### Financial Issues and Resources

- 4.11 In order to establish the new bodies, as required by the City Deal Agreement, and to take the other steps necessary to develop a robust City Deal business case, it is proposed to appoint a dedicated Project Director and a small support team. The Memorandum of Understanding also provides for a commitment from all the Councils to work together to complete the required work to finalise the City Deal and this includes officer time and use of facilities.
- 4.12 In July 2015, the Councils created a fund of £500,000 to meet the costs of preparing the City Deal bid. The contributions were based on population share. The fund has been used to commission support for preparing the original submission and the ongoing support required to ensure we were able to secure the City Deal Agreement.
- 4.13. To date £332,000 of the fund has been spent or committed. The remaining £168,000 is insufficient to meet the likely costs over the next 12 months as we progress to the next stage of the City Deal process. We have a number of likely commitments that include the costs of:
- The proposed Programme Director and small team
  - The Independent Growth & Competitiveness Commission;
  - Strategic advisers for next stage;
  - Independent legal advisers;
  - Communications and Meetings/Events.
- 4.14 Whilst, these are just some of the anticipated areas of expenditure over the next 12 months, inevitably, there are likely to be additional costs and it is proposed to add £500,000 to the fund. It is proposed that the individual contributions are provided on the same basis as before i.e. percentage of population across the City Region. This equates to a payment of £47,034 for the County of Bridgend. As Bridgend currently holds no budget for this expenditure, it will be met from corporate contingency.
- 4.15 Members should be aware, however, that if costs and expenditure should exceed the financial contributions of each of the individual Councils these additional costs and expenditure will also be apportioned between the Councils on the percentage of population across the City Region. The financial contributions of each Council will be held on behalf of all the Councils by Cardiff Council. It is not expected that there will be a recurrent revenue cost requirement to fund.
- 4.16 It is also being proposed that to ensure the governance arrangements are sufficiently strong, that the ten local authorities agree to procure and appoint specialist legal advisors to draft all appropriate and necessary documents for the Cardiff Capital Region City Deal, including but not limited to the “Joint Agreement”

from the Crown Commercial Services Framework Agreement. This cost will be met from within the £500,000 fund set out in earlier in this report.

## **5. Effect Upon Policy Framework and Procedure Rules**

5.1 None.

## **6. Equality Impact Assessment**

6.1 The City Deal is currently in its infancy and no decisions have yet been taken on areas of investment. Equality Impact Assessments will be undertaken as City Deal decisions are brought forward in the future.

## **7. Financial Implications**

7.1 In terms of financial implications, the Council is required to provide a further one-off contribution of £47,034, representing this Council's share of the £500,000 fund to develop the City Deal business case, although as indicated in paragraph 4.15 of the report there is scope for expenditure and costs to exceed this amount. Members will recall from prior reports that in the event that a City Deal is successful, the final business case and agreement will set out the financial implications and funding availability as key requirements of any Deal. Only once each constituent Council is in full agreement to the proposals being put forward and is content to sign up to the Deal document will it become binding. The development of the legal agreement could take between 9 to 18 months after the announcement of the agreement of the City Deal in March 2016. Cabinet will note additional financial information is contained in paragraphs 4.11 to 4.16 of the report.

## **8. Recommendations**

8.1 It is recommended that Cabinet:

- a) note the content of the report and in particular the progress being made to progress the City Deal Agreement, and to approve the establishment of the bodies outlined in Appendix 1 and 5 of the report,
- b) approve the execution of a further Memorandum of Understanding by the Chief Executive Officer on behalf of the Council. The final terms and conditions of the Memorandum of Understanding are to be agreed by the Chief Executive Officer in consultation with the Corporate Director - Operational and Partnership Services and the Section 151 Officer,
- c) appoint the Leader of the Council to the Cardiff Capital Region City Deal Shadow Joint Committee, and if the Leader is unavailable for any reason appoint the Deputy Leader as the deputy to that Joint Committee
- d) delegate to the Leader power to make any decision within the terms of reference of the Cardiff Capital Region City Deal Shadow Joint Committee, and if the Leader is unavailable, the Deputy Leader can exercise such powers.

- e) appoint the Chief Executive Officer to the Chief Executives Board and if the Chief Executive is unavailable for any reason appoint the Corporate Director – Communities as the deputy to that Chief Executives Board.
- f) delegate to the Chief Executive Officer the power on behalf of the Council to make any decision within the terms of the reference of the Chief Executives Board, and if the Chief Executive Officer is unavailable for any reason, such powers to be exercised by the Corporate Director- Communities. The Chief Executive Officer and the Corporate Director- Communities also to have the additional power to nominate officers to the Cardiff Capital Region City Deal Officers Group and any sub-groups.
- g) approve the appointment of a Project Director and any ancillary staff on behalf of the participating Councils.
- h) to commit a further sum of £47,034, from available resources, representing the Council's contribution to a regional fund of £500,000 to continue to fund the development of the City Deal, and that Cabinet note that any expenditure or costs in addition to this amount incurred by the County Council of the City and County of Cardiff on behalf of the participating Councils, will be apportioned to individual Councils on the basis of their percentage share of the population across the City Region.
- i) Approve the procurement and appointment of specialist advisors by the County Council of the City and County of Cardiff on behalf of the participating Councils.

**P A Jolley**

**Corporate Director Operational and Partnership Services & Monitoring Officer**  
**24<sup>th</sup> June 2016**

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**Background Documents:** Cabinet Report 16th February 2016  
City Deal Agreement March 2016  
Draft Memorandum of Understanding