

AGENDA ITEM 5

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

23rd JUNE 2016

UPDATE ON THE CARDIFF CAPITAL REGION CITY DEAL

REPORT OF THE CHIEF EXECUTIVE

AUTHOR: Chris Bradshaw, Chief Executive (01443 424026)

1. PURPOSE OF THE REPORT

The purpose of the report is to update Members on the progress made in taking forward the provisions of the Cardiff Capital Region City Deal Heads of Terms Agreement with the Welsh and UK Governments.

2. RECOMMENDATIONS

It is recommended that Members:-

- 2.1 Note the contents of this report and the requirement to enhance the interim Governance Arrangements in order to take forward the provisions of the Cardiff Capital Region City Deal Heads of Terms Agreement with the Welsh and UK Governments;
- 2.2 Agree that the Cardiff Capital City Deal Region Board of Leaders is renamed the “Cardiff Capital Region City Deal Shadow Joint Cabinet”;
- 2.3 Agree to establish the new bodies, as set out in the Cardiff Capital Region City Deal Heads of Terms Agreement:
 - (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; and an
 - (v) Independent Growth and Competitiveness Commission;
- 2.4 To appoint an Interim Programme Director, seconded from one of the ten local authorities;
- 2.5 To commit a further sum of £79,037 from available resources, representing this Council’s contribution to a regional fund of £500,000 to continue to fund the development of the City Deal;

- 2.6 To 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.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The ten local authorities have signed the Cardiff Capital Region City Deal Heads of Terms Agreement with the Welsh and UK Governments in March 2016 and 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 ten local authorities 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. This process is time consuming and it is proposed that this is completed early in 2017. It is therefore essential that local authority Members are kept up to date of the progress being made, and understand how the City Deal mechanism works in practice.

4. BACKGROUND

- 4.1 Since the report to Council on 24th February 2016, a considerable amount of work has been undertaken in a short timescale.
- 4.2 The Leaders of the ten South East Wales Councils that comprise the Cardiff Capital Region signed the Cardiff Capital Region City Deal Heads of Terms Agreement with the Welsh and UK Governments on xth March 2016. A copy of which is attached in Appendix A.
- 4.3 The Agreement signed in March 2016 outlines the scope of a City Deal, but 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. This stage of the process requires the ten local authorities to establish the robust governance arrangements, in shadow form, and clearly state what is expected from the UK and Welsh Governments in respect of finance and additional powers and responsibilities.

5. THE NEXT STEPS

5.1 Interim governance arrangements are already in place, which facilitated the initial work on the City Deal proposal. The initial arrangements included the establishment of:

- Cardiff Capital Region City Deal Project Board (The 10 council Leaders);
- Cardiff Capital Region City Deal Chief Executives' Board;
- Cardiff Capital Region City Deal Project Officer Group; and
- Specialist Officer working groups.

5.2 It is proposed that these interim arrangements continue but with the Project Board being renamed 'Cardiff Capital Region City Deal Shadow Joint Cabinet'. It is important to note, as at present, decision making rests with each council. The Shadow Joint Committee would not be a decision making body save for those powers delegated to each council Leader in accordance with its respective scheme of delegation.

5.3 The City Deal Agreement also sets out the requirement to create a:

- **Cardiff Capital Region Transport Authority (non statutory)** - The City Deal document states that 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; and working in partnership with the Welsh Government to define the priorities of the South East Wales Metro concept and to support its delivery"*;
- **Cardiff Capital Region Skills and Employment Board** – The City Deal document states that the *"existing Learning, Skills and Innovation Partnership. This will be re-launched in 2016 as the Cardiff Capital Region Skills and Employment Board. The Partnership will represent a wide range of stakeholders, including: business bodies, higher and further education; local authorities and the Welsh Government"*. It's responsibilities will include the Region's skills and worklessness strategy and an annual regional plan for employment and skills programmes for the region;

- **Cardiff Capital Region Business Organisation** – The City Deal documents states that *“working with public sector partners, the business community, and representative bodies, Cardiff Capital Region will establish a Cardiff Capital Regional Business Organisation. This organisation will provide a clear 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 document is clear that the membership will be drawn from across a range of sectors and interests, including social enterprises and mutuals. The final structure will be designed by the Cardiff Capital Region business community;
- **Cardiff Capital Region Economic Growth Partnership** – The City Deal document states that 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. This will ensure the City Deal and other interventions make an impact on economic growth and increase employment.”* 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** – The City Deal document states that the *“The Commission’s first task will be to review the evidence about the functional economic area and advise how best to generate Gross Value Added growth and support the ambitions of a dynamic capital region. 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. 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”*. The Commission will need to undertake its work in a timely manner to inform the final

investment decisions of the City Deal infrastructure fund and overall project composition of the programme.

- 5.4 In order to establish the new bodies, as required by the Cardiff Capital Region City Deal Agreement, and take the other steps necessary to develop a robust City Deal business case, at pace, it is proposed to appoint a dedicated Programme Director and a small support team. It is proposed that the Programme Director is an officer seconded from one of the ten local authorities and the secondment is for the period that covers the preparation and submission of the City Deal business case.
- 5.5 Members will recall that in July 2015, the ten councils created a fund of £500,000 to meet the costs of preparing the City Deal bid. 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 agreement of the Heads of Terms document.
- 5.6 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.

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 - % of population across the city region. This equates to a payment of £79,037 for Rhondda Cynon Taf. This funding requirement can be met from existing resources.

- 5.7 It is also 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 incurred from within the £500,000 fund set out in the paragraph above.

6. EQUALITY AND DIVERSITY IMPLICATIONS

- 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 on a regional basis as City Deal decisions are brought forward in the future.

7. CONSULTATION

- 7.1 A key element of the City Deal will be consulting and engaging businesses, higher and further education, all local authority members and the wider community. Initial information sharing meetings have already been undertaken to brief business and higher and further education providers in the Region in order to seek their views and ideas on how we maximise the benefits of a City Deal. In the coming months, greater consultation will be undertaken with a range of stakeholders, which will initially be undertaken by the proposed **Independent Growth and Competitiveness Commission**.

8. FINANCIAL IMPLICATION(S)

- 8.1 The financial implication for the Council is for £79,037, representing this Council's share of the £500,000 fund to develop the City Deal business case. 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 authority 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.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The Cabinet authorised officers to work with the other South East Wales local authorities to develop a business case for a City Deal. This development of the Business Case is still on-going and forms the basis of the negotiations with UK and Welsh Governments.

10. LINKS TO THE COUNCILS CORPORATE PLAN/OTHER CORPORATE PRIORITIES/SIP

- 10.1 One of the Council's three priorities is Building a Strong Economy. The City Deal could have a significant impact on realising the economy targets in the Corporate Plan.



Other Information:-

Relevant Scrutiny Committee

Public Service Delivery, Communities and Prosperity Scrutiny Committee

Contact Officer

Chris Bradshaw 01443 424026



LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

23RD JUNE 2016

**REPORT OF THE CHIEF EXECUTIVE IN DISCUSSIONS WITH THE
RELEVANT PORTFOLIO HOLDER (COUNCLLOR ANDREW MORGAN)**

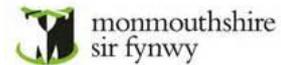
Item: Update on the Cardiff Capital Region City Deal

Background Papers

None

Officer to contact: Chris Bradshaw, Chief Executive (01443 424026)

Cardiff Capital Region City Deal

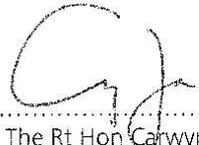


Executive Summary

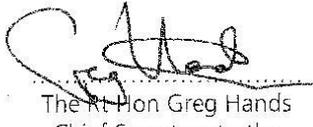
1. Cardiff Capital Region has secured a deal worth £1.2 billion. Over its lifetime, local partners expect the City Deal to deliver up to 25,000 new jobs and leverage an additional £4 billion of private sector investment.
2. This City Deal will provide local partners with the powers and the resources to unlock significant economic growth across the Cardiff Capital Region. It is a deal that builds 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 still further; supporting people into work; and giving businesses the support they need to innovate and grow.
3. This deal will also 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.
4. The Cardiff Capital Region 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 the Department of Work and Pensions 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.

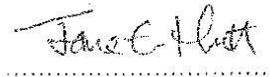
Our signing of this document, subject to relevant council approvals, confirms our joint commitment to ensure full implementation of the Cardiff Capital Region City Deal proposed by: City of Cardiff Council; Blaenau Gwent County Borough Council; Bridgend County Borough Council; Caerphilly County Borough 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.


 The Rt Hon Stephen Crabb
 Secretary of State for Wales


 The Rt Hon Carwyn Jones
 First Minister of Wales


 Cllr. Phil Bale
 Leader of City of Cardiff
 Council

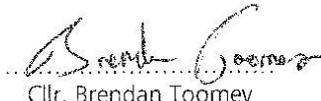

 The Rt Hon Greg Hands
 Chief Secretary to the
 Treasury


 Jane Hutt
 Minister for Finance and
 Government Business
 Welsh Government


 Cllr. Steve Thomas
 Leader of Blaenau Gwent
 County Borough Council

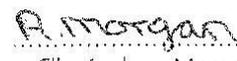

 Cllr. M E J Nott OBE
 Leader of Bridgend County
 Borough Council


 Cllr. Keith Reynolds
 Leader of Caerphilly County
 Borough Council

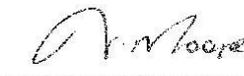

 Cllr. Brendan Toomey
 Leader of Merthyr Tydfil
 County Borough Council


 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 CBE
 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 UK.
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. This ecosystem contains a thriving higher education sector which includes Cardiff University, Cardiff Metropolitan University and the University of South Wales..
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.

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 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. In addition, over £100m from the European Regional Development Fund has been committed to delivering the City Deal.
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 over £400m 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; and
 - 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 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 Investment Fund 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; and
 - 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; and
 - working in partnership with the Welsh Government to promote the development of integrated aviation routes from Cardiff Airport and St Athan Enterprise Zone, to deliver economic benefit.

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 Semiconductor 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 employments 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; and
 - 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; and
- 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; and
 - 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 future employment support from 2017, for people with a health condition or disability and/or long term unemployed¹, 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 this if they wish, but are not required to.

¹ Long term unemployed is defined as claiming benefits for 24 months.

- 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.
 - 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 the Department for Work and Pensions to take account of the labour market evidence base and articulate how these will both 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 the 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, Cardiff Capital Region will establish a Cardiff Capital Regional Business Organisation. This organisation will provide a clear 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; and
 - 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 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 relevant business support and promotional activities are delivered at the Capital Region level, local resources will be aligned to create an Integrated Delivery Unit. This unit will deliver 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 or 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) have already been designed through consultation with industry and have the potential to be aligned with identified regional needs and priorities.

47. Further to this, the 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 the Welsh Government's own overseas offices. In addition the Welsh Government 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 the development of a partnership between the Cardiff Capital Region and the 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; and
 - 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, which will comprise the ten participating local authorities, will provide the basis for initial decision making regarding the Investment Fund. In addition 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 programmes;
 - an Inward investment and marketing strategy; and
 - 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. This will ensure the City Deal and other interventions make an impact on economic growth and increase 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 Gross Value Added 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 UK 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.