

STANDING ORDERS

in relation to the delivery of the Cardiff Capital Region City Deal

1. BACKGROUND

1.1 Cardiff Capital Region (“CCR”) comprises of the ten administrative areas of:

- (i) Blaenau Gwent County Borough Council,
- (ii) Bridgend County Borough Council,
- (iii) Caerphilly County Borough Council,
- (iv) The County Council of the City and County of Cardiff,
- (v) Merthyr Tydfil County Borough Council,
- (vi) Monmouthshire County Council,
- (vii) Newport City Council,
- (viii) Rhondda Cynon Taff County Borough Council,
- (ix) Torfaen County Borough Council, and
- (x) the Vale of Glamorgan Council.

1.2 In March 2016, the 10 Councils entered into a City Deal agreement with the Welsh Government and the UK Government; and

1.3 In March 2017, the 10 Councils entered into a joint working agreement (“JWA”) which governed their respective obligations and contributions in relation to delivering the City Deal.

1.4 The JWA:

- 1.4.1 established a Joint Committee to oversee the delivery of the CCR City Deal and to make decisions on behalf of CCR; and

- 1.4.2 appointed Cardiff Council to act as the Accountable Body and to implement investments / projects approved by the Joint Committee, as the CCR is not a separate legal entity.
- 1.5 In 2021, the Senedd Cymru passed legislation establishing the South East Wales Corporate Joint Committee the (“CJC”). The CJC is a public body with powers and responsibilities determined by Parliament. The CJC has three key areas of responsibility:
- preparing a Strategic Development Plan;
 - preparing a Regional Transport Plan; and
 - doing whatever is deemed necessary to enhance or promote the economic well-being of the area (the “Economic Well-being Function”).
- 1.6 Membership of the CJC is made up of the elected council leaders of the 10 Councils in the CCR. When discharging the function of preparing a Strategic Development Plan, a representative of the Bannau Brycheiniog National Park Authority is also a member.
- 2. TRANSFER OF CITY DEAL TO THE CJC**
- 2.1 With effect from 1 April 2024, the CJC will be the stewardship and decision-making entity for the CCR City Deal, superseding and replacing the contractual Joint Committee under the JWA.
- 2.2 The CJC will deliver the City Deal as part of its Economic Wellbeing Function, allowing the existing regional collaboration to make use of the additional tools that the structure of a corporate body allows.
- 2.3 When the CJC is exercising functions relating to the CCR City Deal, only the Council Members will be entitled to vote on the matter. The Bannau Brycheiniog Member shall not have decision-making powers in relation to CCR City Deal.
- 2.4 All of the rights and obligations of Cardiff Council as the Accountable Body for CCR City Deal are transferred to the CJC.
- 2.5 The CJC shall be responsible for receiving and spending funds on behalf of the Councils in relation to the City Deal in accordance with the funding conditions.

- 2.6 The CJC shall agree the number and scope of projects to be developed in order to provide an overall regional benefit to the Cardiff Capital Region.

3. KEY OBJECTIVES

- 3.1 When exercising functions in relation to CCR City Deal, the CJC will act in accordance with the following objectives:

3.1.1 **Connecting the Cardiff Capital Region**, its communities, businesses, jobs, facilities and services;

3.1.2 **Investing in innovation and the digital network**, creating and nurturing new high growth businesses, increasing investment in research and development, and providing the skills that businesses need now and in the future;

3.1.3 **Developing a skilled workforce and tackling unemployment**, improving the co-ordination of skills and employment support, increasing the number of people moving into work, increasing the number of people undertaking an apprenticeship or other relevant skills provision, and giving people the skills they need;

3.1.4 **Supporting enterprise and business growth**, improving the co-ordination of local and national business support arrangements, identifying barriers to growth, supporting spatial and sectoral priorities and targeting emerging opportunities for driving economic performance; and

3.1.5 **Housing development and regeneration**, delivering a strategic approach to housing, regeneration, and economic growth to create an accessible, liveable, 'work-life integrated' and highly connected Cardiff Capital Region.

4. RESPONSIBILITIES OF THE CJC

- 4.1 With effect from 00:01 hours on 1 April 2024, the CJC will be responsible for discharging the Councils' obligations in relation to the City Deal for and on behalf of the Councils.

- 4.2 In respect of the City Deal, the CJC will receive:

- (i) any HMT Contribution from the Welsh Government for and on behalf of the Councils;
 - (ii) the Council Contributions; and
 - (iii) any other funding that may be received from time to time specifically in respect of the City Deal and which is for the benefit of all Councils,
- and shall hold and manage such funding in accordance with these Standing Orders.

4.3 The CJC shall:

- 4.3.1 act diligently and in good faith in all its dealings with the other Councils and it shall use its reasonable endeavours to discharge the Councils' obligations in relation to the City Deal in accordance with all applicable legislation including but not limited to:
 - (a) the Well-being of Future Generations (Wales) Act 2015;
 - (b) Welsh Language (Wales) Measure 2011; and
 - (c) the Welsh Language Standards;
- 4.3.2 act as the primary interface (on behalf of the Councils) with the Welsh Government, the UK Government and the European Regional Development Fund and any other body necessary to discharge the Councils' obligations in relation to the City Deal;
- 4.3.3 hold any funds received directly from the Welsh Government, the UK Government (if any), the European Regional Development Fund (if any), the Councils and/or any other sources (if any) in relation to the City Deal and only to use and release such funds as agreed in accordance with the terms of such funding;
- 4.3.4 within the limitation of the funding provided to it, provide the support services required to facilitate the work of the CJC, including, but not limited to, financial, human resources, legal, ICT, estates, information management, internal audit and procurement services; and
- 4.3.5 provide for its chief finance officer ("section 151 Officer") and monitoring officer (or their nominated deputies) to act, respectively, as the section 151 Officer and monitoring officer to the Joint Committee.

5. BUSINESS PLANS AND PROGRESS MONITORING

5.1 Business Plans

5.1.1 The CJC shall approve and adopt a Business Plan in relation to the City Deal for the proceeding 5 years and each subsequent 5-year period.

5.1.2 In addition to its 5-year Business Plan, the CJC shall approve and adopt an Annual Business Plan in relation to the annual spend for approved project(s) to be implemented in that accounting period in relation to the City Deal.

5.2 Progress Monitoring

5.2.1 Progress against each 5-Year Business Plan and Annual Business Plan shall be regularly reviewed at CJC Meetings.

5.2.2 Any variations to the 5-Year Business Plan or an Annual Business Plan shall be effective only if approved by the CJC.

6. DECISION MAKING

6.1 In relation to the City Deal, the CJC shall have responsibility for the decisions set out in Annex 1 (Matters Reserved to the CJC).

6.2 The CJC may delegate any of the decision-making powers within its terms of reference to such officer, sub-committee or group, and on such terms and conditions, as they think fit from time to time.

6.3 The CJC shall not have responsibility for the matters set out in Annex 2 (Matters Reserved to the Councils).

7. CONTRIBUTIONS

CJC Costs

7.1 The costs incurred by the CJC in relation to the City Deal shall be shared on a Proportionate Basis between the Councils. A non-exhaustive list of heads of expenditure is set out in Annex 3.

Annual Budget

- 7.2 The Annual Budget shall be approved by the CJC.
- 7.3 The Annual Budget shall not exceed the previous Annual Budget by more than 5% (five per cent).
- 7.4 The Councils shall each contribute towards the Annual Budget on a Proportionate Basis and such contribution shall be in addition to the Councils' Contribution.
- 7.5 Where the actual aggregate CJC Costs are likely to exceed the Annual Budget by more than 5% (five per cent), such additional costs shall be met through the wider investment fund (comprising of the HMT Contribution and the Councils Contribution).

Total contribution

- 7.6 The discharge of the CJC's obligations in relation to the City Deal are funded as follows:
- (a) up to £375,000,000 from HMT ("HMT Contribution");
 - (b) up to £120,000,000 in aggregate from the Councils ("Councils' Contribution") and such Councils' Contributions shall be subject to additional costs up to the Affordability Envelope; and
 - (c) each Council's contribution towards the Annual Budget, on a Proportionate Basis.

HMT Funding Conditions

- 7.7 The HMT Contribution is subject to the following funding conditions:
- (a) the Assurance Framework, which the CJC has approved and is attached at Annex 4;
 - (b) satisfying five yearly Gateway Reviews by HMT, the agreed form of which shall be agreed with HMT and approved by the CJC; and
 - (c) any Welsh Government funding conditions to be proposed by the Welsh Government and approved by the CJC.

Councils' Contribution

7.8 Each Council shall contribute towards the aggregate Councils' Contribution in the following proportion:

<u>Council</u>	<u>Proportionate Contribution</u>
Blaenau Gwent	4.6%
Bridgend	9.4%
Caerphilly	12.0%
Cardiff	23.7%
Merthyr Tydfil	3.9%
Monmouthshire	6.1%
Newport	9.8%
Rhondda Cynon Taff	15.8%
Torfaen	6.1%
Vale of Glamorgan	8.5%
Total	100%

ANNEX 1**TERMS OF REFERENCE OF, AND MATTERS RESERVED TO, THE CORPORATE JOINT COMMITTEE****PART 1: JOINT COMMITTEE TERMS OF REFERENCE****Aims/Purpose**

1. To oversee the progress of the City Deal and to give strategic direction.
2. The CJC will be the key body to oversee the City Deal and to represent the interests of the Councils and its stakeholders.
3. The CJC will also be responsible for monitoring project progress and managing the political dimensions of the City Deal.
4. The CJC will carry out the following functions:
 - (a) Determine the form of and number of fund(s) to deliver the City Deal;
 - (b) Agree key projects to deliver the City Deal;
 - (c) Monitor performance, management and working arrangements (to include the necessary audit and assurance checks);
 - (d) Ensure that sufficient resources are committed to the City Deal;
 - (e) Publish annual governance statement and Annual Accounts in accordance with the Assurance Framework;
 - (f) Provide the Councils with annual progress reports.

PART 2: MATTERS RESERVED TO THE CJC

1. Approval and adoption of any updated Business Plan save to the extent any such update amount to a material change to the prevailing Business Plan (in which case the decision to approve and adopt such updated Business Plan shall be a "Matter Reserved To The Councils").
2. Approval and adoption of the Annual Business Plans and any updated Annual Business Plan.
3. Taking action outside of the parameters of the Business Plan or any Annual

- Business Plan(s) for specific Programme Themes or approved projects agreed in the Business Plan which shall include the number and scope of projects to be developed in order to provide an overall regional benefit to the Cardiff Capital Region.
4. Agreeing the legal structure of the Cardiff Capital Region Wider Investment Fund.
 5. Agreeing the number of, size of and scope of any investment fund(s) within the scope of the Annual Budget.
 6. Agreeing any governance documentation.
 7. Agreeing the investment criteria and investment policy to determine when investments should be made and their prioritization.
 8. Procuring and appointing a fund manager.
 9. Approval of the Annual Budget.
 10. Approval of additional expenditure up to of 5% of the approved Annual Budget.
 11. Agreeing the form of the Gateway Reviews.
 12. Agreeing any Welsh Government Funding conditions
 13. Entering into (or agreeing to enter into) any borrowing arrangement on behalf of the CJC and/or giving any security in respect of any such borrowing.
 14. Accepting terms and conditions in relation to any third party funding for the City Deal.
 15. Establishment of a sub-committee and determining their terms of reference and scope of delegation.
 16. Making any variations to or waiving any rights to or terminating any contracts which are material to the City Deal.
 - 17.** Amendments to these Standing Orders, which are not substantive (in which case the decision to approve and adopt such substantive amendment shall be a 'Matter Reserved To The Councils').

ANNEX 2: MATTERS RESERVED TO THE COUNCILS

Where a matter set out in this Annex 2 requires a decision, the CJC will refer the matter to the Councils and the CJC will not deal with the matter until it has been unanimously agreed by all of the Councils.

The Matters Reserved to the Councils are:

1. Agreeing any increase to the Affordability Envelope*.
2. Approval of any increase to the Council Contribution above the £120,000,000.
3. Approval of any updated Business Plan for delivering City Deal, but only to the extent that it amounts to a material change to the prevailing Business Plan (otherwise the decision to approve and adopt updated Business Plans shall be a "Matter Reserved to the CJC").
4. Approval of amendments to these Standing Orders, but only to the extent that such amendments are substantive (otherwise the decision to approve and adopt amendments to these Standing Orders shall be a 'Matter Reserved to the CJC').

* **Affordability Envelope** means the overall costs and investment by each Council pursuant to their proportion of the Councils' Contribution over the evaluation period, which shall not exceed in aggregate £210,800,000 and shall include, without limitation, all interest, inflation and UK Government cost to carry and shall be updated and will be reflected within the CJC's Business Plan to include, amongst other matters, the annual spend profile for each Council.

ANNEX 3: HEADS OF EXPENDITURE

1. The following is a non-exhaustive list of the heads of expenditure that may be incurred by the Councils in the City Deal:
 - 1.1 **Internal Costs** associated with each Council providing internal Council resources in relation to the City Deal, which includes but is not limited to:
 - 1.1.1 staffing costs and associated overheads;
 - 1.1.2 project management / technical & admin support;
 - 1.1.3 communications;
 - 1.1.4 costs incurred in respect of managing FOIA requests pursuant to Clause 22 (Freedom of Information and Environmental Information).
 - 1.2 **CJC Costs** means the operational and management costs of the CJC insofar as they relate to the delivery of the CCR City, which includes but is not limited to:
 - 1.2.1 Staffing costs and associated overheads;
 - 1.2.2 Project management / technical & admin support;
 - 1.2.3 Communications;
 - 1.2.4 Translation Costs;
 - 1.2.5 The costs incurred by the CJC in carrying out its duties;
 - 1.2.6 External professional advice.

ANNEX 4: WIDER INVESTMENT FUND ASSURANCE FRAMEWORK

[Updated Assurance Framework to follow]