

 Executive 8 January 2014		Agenda Item No. 4
Title	Coventry and Warwickshire City Deal – Update Report	
For further information about this report please contact	Bill Hunt 01926 456014 Mike Snow 01926 456800	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive 13 November 2013 Minute Number 85	
Background Papers	City Deal Proposal Document, City Deal Negotiation Document, City Deal Agreement and Implementation Plans; Papers to City Deal Steering Group, City Deal Leaders’ Board and CWLEP Board	
Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		Yes
Included within the Forward Plan? (If yes include reference number)		Yes 571
Equality & Sustainability Impact Assessment Undertaken		n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Author
Head of Service		n/a
CMT	20/12/13	
Section 151 Officer		Author
Monitoring Officer	20/12/13	Andrew Jones
Finance	20/12/13	Mike Snow
Portfolio Holder(s)	20/12/13	Councillor Mobbs
Consultation & Community Engagement		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below		

1. **SUMMARY**

- 1.1 This report updates members on the final wording of the Coventry & Warwickshire City Deal which was agreed by Government on 12 December 2013 and a revision to the potential level of the local authority funding contribution to the Clearing House, including the potential amount of the previously agreed contribution from this Council.

2. **RECOMMENDATIONS**

- 2.1 That Executive notes the final Coventry & Warwickshire (CW) City Deal, and agreed Implementation Plans, as set out at Appendix One.
- 2.2 That Executive notes that this Council will receive a capital funding allocation of £559,000 to finance highway improvements at the Fen End employment site.
- 2.3 That Executive notes the revisions to the potential local authority funding contributions to the City Deal Clearing House, as set out at Appendix Two.
- 2.4 That Executive confirms that the potential revised funding contribution payable by this Council, is estimated to £24,000 for the first year and should be paid from the Council's New Homes Bonus (NHB) for 2014/15.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 Members will recall the Government 'sign off' of the CW City Deal proposals had not been secured when this subject was last considered by Executive in November 2013. However, the lengthy and complicated negotiations were brought to completion by early December allowing the Deputy Prime Minister to announce that the CW City Deal had been signed and agreed on 12 December 2013.
- 3.2 The CW City Deal agreement document, and accompanying Implementation Plans, set out in full at **Appendix One**, has already been signed by the Deputy Prime Minister. However, a formal signing event, involving the Rt. Hon. Greg Clark MP, Minister for Cities, and the Leaders of the 8 local authorities within the City Deal area will be held locally this month (date unconfirmed at the time of writing this report).
- 3.3 Members will note that, as part of the CW City Deal, this Council will receive a capital funding allocation of £559,000 from the Department of Communities and Local Government to finance highway infrastructure improvements at the former Honiley airfield site at Fen End. These improvements will allow the development of a research and development campus for the automotive/autosports sector adjacent to a fully equipped test track facility.
- 3.4 The Deputy Chief Executive (BH) is named in the CW City Deal agreement as the Senior Responsible Officer (SRO) for the Fen End Implementation Plan. The development of the site is an integral element of the Prosperity theme of the Sustainable Community Strategy and the SRO responsibilities will be absorbed within the normal day to day responsibilities of the postholder, rather than requiring any additional commitment as was the case during the development of the CW City Deal.

- 3.5 The same is true of the joint SRO role allocated to the Deputy Chief Executive (BH) in respect of the Implementation Plan for the joint work between central and local government to enhance the planning system. Again, this work can be accommodated within the postholder's current role as a member of the Coventry & Warwickshire Local Enterprise Partnership (CWLEP) Executive Delivery Board and the separate Planning Business Group.
- 3.6 The November report presented cost sharing proposals for the local authority funding contributions to the future running costs of the Clearing House, the flagship proposal within the CW City Deal. Executive agreed that this Council's projected share of the total contribution, estimated as being between £38-52,000 per annum, would be funded from the Council's future NHB allocations.
- 3.7 Since the November proposals were approved there has been a revision to the projected cost of the financial contribution required from the local authority sector. The factors that have impacted upon the finances of the project are:-
- The project has secured over £1.4m Lancaster Pot funding. This is Government money.
 - The Government is contributing £775,000 to the City Deal.
 - The local authority partners are required to fund the City Deal for year one, as set out in appendices 2 and 3.
 - From year onwards CW LEP will seek to fund from a range of sources including grant funding from European Funding and the Single Local Growth Fund to finance its costs from year 2 onwards.
- 3.8 Warwick District Council's share of these costs is estimated to be £24,000. As previously agreed, this should be funded from the Council's 2014/185 New Homes Bonus allocation.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** – implementation of the City Deal will significantly assist the delivery of the Sustainable Community Strategy's priority areas relating to Prosperity, Housing, Sustainability and Health and Well Being and contribute to the overall delivery of the Council's Vision of making Warwick District a great place to live work and visit.
- 4.2 **Fit for the Future** – Whilst it is difficult to be precise about the impact of the City Deal agreement on the Fit for the Future programme the planned economic growth will greatly assist the Council to meet its financial challenges. Benefits are likely to include the delivery of a higher business rates retention sum, additional NHB monies, an increase in the Council Tax base and increased fees and charges income across the board.

5. **BUDGETARY FRAMEWORK**

- 5.1 The summary of the revised financial implications of the Clearing House proposals are set out in Appendices 2 and 3.
- 5.2 The total cost of the Clearing House is estimated to be £9,2m over five years. The total financial commitment towards this from the City Deal local authority partners is £1.12m. The remaining funding will come from a combination of

Regional Growth Fund, Single Local Growth Fund (SLGF), EU funding and any funding received from other CWLEP partners.

- 5.3 The Single Growth Fund is not available until 2015. Therefore, the Year 1 costs of the Clearing House (2014/15) will be met through the funding allocated from Lancaster Fund RGF of £1.4m and by the £1.12m of funding from the Local Authorities.
- 5.4 This means that all the Local Authority funding commitment is being “front-ended” to year 1 with no commitment for the local authorities to fund any of the subsequent four years.
- 5.5 Warwick’s share of these costs is estimated to be £24,000. As previously agreed, this should be funded from the Council’s 2014/185 New Homes Bonus allocation.
- 5.6 Proposals on cost sharing

The proposals for cost sharing are based on the following:

- Cost between Local Authority partners have been split on the basis of the average of Spending Baseline and Spending Power, ensuring that no one Council contributes more than 50% of costs.
 - The Government contributions are received to support the Clearing House.
 - Cabinet Office has given a steer to seek funding for ongoing support from European Funding and SLGF and any other funding the CWLEP has access and influence over.
 - In year 1 some of the costs will be met from funding from the “Lancaster Pot”. This fund is a one off start up Government fund, running from January 2014 to March 2015. £1.4m has been secured from this fund.
 - Overall, ongoing funding should be the responsibility of the CW LEP via a combination of funding streams.
 - An agreed sharing of residual costs between the City, County and six District Councils is unlikely to be needed if the CW LEP is successful in seeking European Funding and SLGF funding.
 - However, to ensure any future support, if required from local authorities is manageable and planned, further Member approval will be required.
- 5.7 The CW Deal is proposing the provision of free pre planning advice for the AME sector. Warwick District Council does not charge for pre-application planning advice, and so this element of the City Deal will have no financial implication for the Council. Should the Council seek to change this policy in the future, the implications for the City Deal will need to be considered.
- 5.8 Remaining financial and associated issues
- The detail of legal form, procurement issues and staffing implications of the Clearing House will need to be defined and any financial implications associated with this confirmed.
 - Further work on developing Governance arrangements for City Deal will be undertaken as part of the implementation arrangements. Plans for a Joint Committee have been put forward but formal constitution and governance arrangements have still to be developed.

5.9 The following risks relating to the finances of the City Deal should be noted:-

- The Lancaster pot and European funding come with conditions and performance targets in addition to public sector match funding requirements of up to 50%.
- For this funding approach to be successful, full endorsement and agreement by CWLEP will be required.
- The Exit Clauses as part the Governance arrangements will set out which parties bear the costs of having to exit the Clearing House arrangements if and when this may ever to be needed in the future.

6. **ALTERNATIVE OPTION(S) CONSIDERED**

6.1 No alternative option has been considered as the Council has already confirmed that it will meet any future funding contribution from NHB income.