

 EXECUTIVE COMMITTEE 14th November 2012		Agenda Item No. <div style="font-size: 2em; text-align: center;">6</div>	
Title		City Deal	
For further information about this report please contact		Chris Elliott, Chief Executive 01926 456000; chris.elliott@warwickdc.gov.uk	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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		Not applicable	
Background Papers		None	
Contrary to the policy framework:			No
Contrary to the budgetary framework:			No
Key Decision?			No
Included within the Forward Plan? (If yes include reference number)			No
Equality & Sustainability Impact Assessment Undertaken			No (If No state why below)
Until a proposal is developed it will be impossible to assess the sustainability and equality implications. This would be part of the work of a subsequent stage, if reached.			
Officer/Councillor Approval			
Officer Approval	Date	Name	
Chief Executive	19 th October 2012	Chris Elliott	
Heads of Service	19 th October 2012	All	
CMT	19 th October 2012	Chris Elliott, Bill Hunt, Andrew Jones	
Section 151 Officer	19 th October 2012	Mike Snow	
Monitoring Officer	19 th October 2012	Andrew Jones	
Finance	19 th October 2012	Jenny Clayton	
Portfolio Holder(s)	19 th October 2012	All	
Consultation & Community Engagement			
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. The proposal has been discussed with all the other District and Borough Councils in Warwickshire plus Hinckley and Bosworth Borough Council in Leicestershire, with Coventry City Council, the CW Local Enterprise Partnership and Warwickshire County Council.			
Final Decision?		No	
Suggested next steps (if not final decision please set out below) If the proposal for a City Deal gets beyond the initial expression of interest stage then, the more specific implications will have to be considered.			

1. **SUMMARY**

- 1.1 This report seeks to brief members on the possibility of a second wave of City Deals to which Coventry City Council expect to be invited; outlines how a bid may involve a wider area and what such a bid may cover. It also seeks delegated authority for the Chief Executive in consultation with the Executive and other Group Leaders to negotiate and agree an initial proposal for submission by the end of the calendar year.

2. **RECOMMENDATION**

- 2.1 That the Executive note the background information on City Deals set out at Appendix A to this report and delegate authority to the Chief Executive in consultation with the Executive and the other Group Leaders to negotiate and agree on behalf of the authority an initial expression of interest for a City Deal proposal for the Coventry, Warwickshire and Hinckley/Bosworth area.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 In 2011 the Government announced that it would promote a series of City Deals with the largest cities in the country as part of a strategy of both promoting economic growth and of devolving powers and resources locally.
- 3.2 8 City Deals have now been agreed and signed. A summary of each of the City Deals can be seen at www.dpm.cabinetoffice.gov.uk. The summaries show a diversity of approaches but all involve some form of devolution from Central Government in terms of powers and funding, as well as some form of clear contribution from local government and partners to economic growth.
- 3.3 A second wave of City Deals was announced on 29th October 2012. 20 cities are invited to apply through what is called a managed competitive process, to be assessed against 5 criteria. The 5 criteria are as follows:
1. Contribution to Government Economic Strategy;
 2. Innovative focused proposal;
 3. Private Sector Leverage;
 4. Governance Arrangements; and,
 5. Strong political commitment.

It is possible that all 20 City areas could be selected but this is unlikely. Draft initial Expressions of interest are requested by the end of November 2012, the final version by 15th January 2013 and a decision on the successful bidders will be announced on 11th February 2013 with the expectation that the actual City Deals will be signed by November 2013. This is a very tight timescale.

- 3.4 Coventry and Warwickshire is one of the invitees. The City Council recognises that its economic geography is intertwined with that of Warwickshire and indeed further afield (Hinckley and Bosworth) and so it has approached all the surrounding local authorities to seek not only support but direct involvement. Informal responses suggest that all local authorities are interested except for the County Council, for reasons which are unclear.
- 3.5 Early discussions have been held at a senior level with the Chief Executives of the 7 local authorities and the MD and Chairman of the Local Enterprise Partnership. These discussions suggest a proposal may be developed around

promotion of the area's advanced design and manufacturing clustering along a corridor stretching from Jaguar Land Rover at Gaydon to the MIRA establishment in Hinckley and Bosworth Borough and the BMW engine plant at Hams Hall.

- 3.6 The proposal in order to help generate the economic growth of the wider area could include:
- Finance for infrastructure to help open new sites for development and to develop sites where the private sector market cannot currently demonstrate viability;
 - Promoting jobs growth and improving skills levels (including apprenticeships);
 - Finance for infrastructure to help better enable people get to and from jobs, e.g. NUCKLE 1, 2, 3 and 4; Transport infrastructure necessary for supporting Local Plan proposals;
 - Finance for additional affordable and other housing, including retro fitting of existing housing stock to perform better, energy consumption wise;
 - Promotion of other steps for environmental sustainability to help develop a low carbon economy;
 - Re designing public service provision to better support local economic growth.
- 3.7 The proposal as currently envisaged would cover the whole of Warwick District; in particular, the Council could seek the following 10 key projects being progressed in addition to the generic issues identified above:
1. Royal Showground redevelopment;
 2. The Gateway development;
 3. The University of Warwick's expansion;
 4. Redevelopment at Honiley airfield (i.e. Prodrive's approved scheme);
 5. The Leamington Central proposal i.e. the regeneration of the Ford Foundry/Railway Station/ Wise Street /Court Street/Althorpe Street/Tachbrook Park/Sydenham Industrial Estate; the College and WDC office sites;
 6. Neighbourhood Regeneration of the Crown area in Lillington;
 7. Warwick Town Centre Area Action Plan and Tournament Fields implementation;
 8. Kenilworth Local Plan proposals, Mere and town centre improvements;
 9. Increased investment in affordable housing provision and retro fitting for energy conservation of existing housing stock;
 10. Implementation of improvements to the road and rail network, e.g. NUCKLE 2,3, and 4; Junctions 12, 13 and 14 on the M40; Toll Bar, Stonebridge, Stoneleigh, Thickthorn and Leek Wootton Junction improvements s on A45/A46; park and ride for Leamington and Warwick and the other transport requirements necessary to support the Local Plan.

Achieving these proposals would be transformational as they represent a capital investment of circa £1 billion in total from all sources.

- 3.8 This report has been drafted without the benefit of seeing the Government's prospectus as it had not yet been issued, so there is a degree of conjecture about the opportunity and indeed cost this might represent to the Warwick District area and this Council. There is a risk that it may come to nought but on the other hand it may represent a very significant opportunity. At this stage the Council has nothing to lose but some staff time by participating. However, as the timescales are very tight there is little time to report back through the

Council's Executive and Scrutiny meeting processes and so delegated authority is sought for the Chief Executive in consultation with the Executive and the other Group Leaders.

- 3.9 If successful at the first stage a further more detailed report will be brought before a final submission is made. Prior to the November Executive meeting being held, if more details become available this report will be updated.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** At this stage it is difficult to be certain about the policy implications of a City Deal until further detail emerges. However, on the basis of discussions to date, the concepts being entertained are entirely consistent with this Council's desire to help promote the local economy and secure growth in jobs and with the Local Plan as presently set out. Consequently there are no issues of contention, as yet, from a corporate or planning policy perspective. If such policy issues emerge then they can be referred specifically to the Executive and Scrutiny for discussion after the initial expression of interest has been submitted.
- 4.2 It is probable that the City Deal could significantly assist with the Council's policy priority areas relating to Jobs Skills and the Economy, Housing, Sustainability and Health and Well Being.
- 4.2 **Fit for the Future** – Similarly, it is difficult to be precise about the impact of a City Deal on the Council's Fit for the Future programme at this stage. However, it is highly arguable that a City Deal does contribute to Fit for the Future in respect of the strategic context of the Council by contributing to the vision of making Warwick District a great place to live work and visit as set out in the Sustainable Community Strategy. In particular, if a City Deal secured significant investment then it would help to deliver a higher business rates retention sum; additional new homes bonus scheme monies; as well as increased fees and charges income across the board. Additional houses would help to increase the area's Council Tax base.

5. **BUDGETARY FRAMEWORK**

- 5.1 A City Deal would if accepted and agreed involve, on the balance of probability, some capital investment from the participating local authorities. A pro rata sum for the sub region taken from the sums agreed for Greater Manchester suggest a local offer of circa £400 million over a number of years. Clearly the largest proportion of this would come from Coventry City Council. Even so it may still involve a significant sum being contributed from other Councils. However, this may not necessarily be from traditional sources (e.g. it may be possible to use Community Infrastructure Levy, S106, or HRA headroom) as well as from existing programmes to which this and other Councils are already committed and via the use of Council assets which we are in any case planning to do. Financial contributions and mechanisms for payback are significant issues to be resolved but given the high level potential benefits that could accrue, financial and otherwise, this ought not to stand in the way of the Council supporting and being involved at this early stage.
- 5.2 To assist the development of a City Deal and to support the Local Enterprise Partnership, one of the Deputy Chief Executives, will focus his time on this work over the next few months. He will still lead on related projects, e.g. such as the

Gateway; and alternative arrangements will be made to provide cover so that there is no detrimental impact on the remainder of the Council's work. The LEP has agreed to contribute £25,000 towards our costs the remainder would be within existing budgets of this Council.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 The Council could decide not to be involved or support a City Deal proposal. This would be perfectly legitimate but would at this stage squander a rare opportunity for additional investment and devolution.