

Title: West Midlands Investment Zone – Local Growth Initiatives
Investment Plan

Lead Officer: Chris Elliott chris.elliott@warwickdc.gov.uk 01926 456000

Portfolio Holder: Councillor Davison

Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	7 th October	Cllr Ian Davison
Finance	7 th October	Andrew Rollins/Steven Leathley
Legal Services		
Chief Executive/Deputy Chief Executive	7 th October	Chris Elliott/Darren Knight
Director of Climate Change	7 th October	Dave Barber
Head of Service(s)	7 th October	Phillip Clarke, Lisa Barker, Marianne Rolfe, David Elkington, Tracy Dolphin
Section 151 Officer	7 th October	Andrew Rollins
Monitoring Officer	7 th October	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes Recommendation to: Cabinet	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

This report sets out the background, the issues, updates and the opportunities in respect of the Local Growth Initiatives funding agreed to be provided under the proposals for the West Midlands Investment Zone (WMIZ). It also sets out the immediate proposed investment proposal to be submitted to approval from the West Midlands Combined Authority (WMCA) and the indicative investment plan proposals which will need to be signed off in a year's time for approval by the WMCA.

Recommendation(s)

- (1)** That Cabinet notes the update on the progress of the West Midlands Investment Zone (WMIZ).
 - (2)** That Cabinet agrees that delegated authority be given to the Chief Executive, in consultation with the S151 and Monitoring Officers and Cabinet to agree the submission for the Abbey Fields Swimming Pools capital proposal based upon the contents of Appendix A to be put forward now for approval by the WMCA for the use of business rates generated by the West Midlands Investment Zone.
 - (3)** That Cabinet agrees that delegated authority be given to the Chief Executive in consultation with the S151 and Monitoring Officers and Cabinet to agree the submission for the indicative Local Growth Initiatives Investment Plan (LGIIP) based upon the contents of Appendix B to be submitted to the WMCA for in principle support.
 - (4)** That Cabinet agrees to the final version of the LGIIP be reported to Cabinet no later than October 2025 for consideration.
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1 Reasons for the Recommendation

Update on the WMIZ (Recommendation 1)

- 1.1 Earlier this year, in July 2024, the Cabinet and then Council agreed the sign off for the Memorandum of Understanding (MoU) regarding the collection and distribution of business rates arising from the identification of the Coventry and Warwick Giga Park which forms one of the 3 regional sites in the WMIZ. The Giga Park itself is made up of 4 adjoining sites.
- 1.2 The MoU sets out the basic structure for the agreement between this Council, Warwickshire County Council (WCC), Coventry City Council (CCC) and WMCA about the collection and distribution of business rates from the Coventry and Warwick Giga Park over a 25 year period starting from 1st April 2024. The areas of land identified as part of the Giga Park within the WDC area will generate business rates and the Government has changed the rules so that 100% of the rates can be kept locally as opposed to the prior rules whereby the distribution would be WDC 40%, WCC 10%, Gov 50%. Instead, all will go in effect to the WMCA although collected by WDC. The business rates in this area will also be exempt from any reset enabling those funds to be used for borrowing purposes. WDC has negotiated though that as some of the land involved had long been designated in its Local Plan for employment purposes and as some significant development is underway (with some now operational) that it should be able to retain a share of the business rates from that land.

- 1.3 The MoU therefore commits the WMCA to providing WDC with £90.2m over 25 years from the business rates generated from the Segro Park and Whitley South sites and that it would be protected from a business rates reset. WDC committed to:
- collecting the rates and other appropriate information for the WMCA.
 - providing a Local Growth Initiatives Investment Plan with a financial profile to be agreed with the WMCA by end of March 2026 – though items can be agreed before that date.
- 1.4 There are some limitations; that there must be enough business rates paid in from those specific areas for the money to come to WDC, with any difference to be met by WDC. The funds can only be used for capital expenditure and borrowing costs, although there is no clear definition it must be for growth, regeneration and housing related items. WDC's share of business rates cannot be used to directly support the Council's financial position (General Fund or Housing Revenue Account) or to reduce Council Tax levels.
- 1.5 The MoU is not a legal document and so needs to be turned into a formal legal document. A collaboration agreement also needs to be drafted and concluded. Work has now started on this transformation and officers of WDC and of WMCA suggest that there is but one agreement rather than two.
- 1.6 Meanwhile, matters are also progressing on the ground:
- Work is underway to prepare for reserved matters applications on the Gigafactory site which are expected to be submitted in the first quarter of 2025.
 - Funding of about £2m was agreed by the WMIZ Board on 3rd October towards the first set of costs of implementation for the Giga Park.
 - The two main units on Segro Park South are completed, with one unit being occupied from June 2024 and the other in the process of taking occupancy.
 - The development of Business Rates Relief Policy as part of the mechanism to incentivise companies to move in the Giga Park (funded by the Government).
 - A new planning application is being developed for the Whitley South site.
 - Planning staff within WDC are now ready to serve the expected stream of applications and for the discharge of conditions.
 - A meeting with the local Parish Councils was held on 1st October to start the process of ongoing briefing and consultation. It is proposed to hold these meetings every 3 months.
 - A WMIZ Board meeting was held on 3rd October at the UK Battery Industrialisation Centre (UKBIC) adjacent to the Giga Factory site and a suite of papers were considered and agreed. See link: <https://governance.wmca.org.uk/ieListDocuments.aspx?CIId=305&MIId=1390&Ver=4>

Local Growth Initiatives Investment Plan – Abbey Fields Swimming Pools (Recommendation 2)

- 1.7 This Council has been preparing to undertake the next stage of its ambitious programme to renew its social infrastructure in support of the growth of the district as set out in its adopted Local Plan. This plan anticipates a growth of almost 30% in the number of households as well as significant growth in

employment provision. Matching that growth with social as well as other infrastructure has been a key consideration. Before the declaration of the WMIZ, this Council has commissioned new leisure facilities both dry and wet for the town of Kenilworth and had planned on using some of the receipts from expected business rate growth to help pay for these works. That was part of the issue for this Council in its deliberations with the WMCA over the destination of the business rates and it is now considered appropriate for that source of funding to now come from the LGIIP funds instead.

- 1.8 It is now proposed that the Abbey Fields Swimming Pool project summarised at Appendix A along with the Council's proposed financial profile be put forward for agreement now. This proposal will then go to the WMIZ Board in December 2024, and to the WMCA Board overall in early 2025 as the funding is above the delegated threshold for the WMIZ Board (£20m).

Local Growth Initiatives Investment Plan (Recommendations 3 and 4)

- 1.9 In preparing the LGIIP, consideration has been given to:

- the balance of costs arising over the 25 year period as a profile over that period will need sign off from the WMCA and will need to be funded by the developments generating the business rates from the Whitley South and Segro Park sites.
- the balance between the direct capital costs and borrowing costs as the £90.2m covers both and so the more we can focus on the former the more the Council can achieve on the ground.
- the wider implications of the use of these funds for the Council's revenue position.
- the opportunity that the use of these funds might free up other resources that could then be used to fund key schemes that might not otherwise be able to be included within the LGIIP.
- the opportunity to use these funds to draw in other investment and to spark a multiplier effect and maximise the impact of this investment for the local community and WDC.
- the ability to mix funding streams in a flexible way to tackle any dips/rises in anyone funding source to maximise the outcome.
- the ability to have worked up sufficient scheme detail in time to be signed off by WDC for inclusion within the LGIIP and whether additional resource is needed.
- focusing its resources on a limited number of schemes that it can properly support.

- 1.10 In addition, the use of the funds should not be viewed as a compensation pot nor to fund "pet schemes". As the position negotiated by WDC is an exception to the national scheme WDC should be able to demonstrate openly and in a transparent way that the LGIIP contributes towards the strategic scheme for the WDC area. Reference is therefore made to:

- The Council's Corporate Strategy and in this case Strategic Priorities 2 and 3; in particular, low cost energy (2); new housing development especially affordable housing; and town centre regeneration (3).

- The Local Plan - is in effect a growth plan and it sets out the anticipated and planned growth of the district over the period 2011 to 2029 and the infrastructure to support that growth.
- The Council's Corporate Projects list as this sets out some of the existing projects that the Council has decided it wishes to implement over a period.

- 1.11 Appendix B sets out an indicative Investment Plan based on housing retro fit, low carbon new housing, and community infrastructure as the Council's primary 3 categories for focus. Within and across these 3 categories Appendix B illustrates the sort of schemes that the LGIIP may eventually include but this will need confirmation. The individual elements may well change as they need to be worked upon. Some may prove not to need other funding or could be funded via another funding stream. The indicative Investment Plan does not at this stage commit the Council to any of the schemes listed but to have an Investment Plan to be signed off by March 2026 the Cabinet will have to support the investment of time to bring schemes forward. Each scheme or others that the Cabinet wish to decide upon will need individual Cabinet reports as well as an overall report for the LGIIP. It is proposed that Appendix B be used as the basis for the submission to the WMCA now.
- 1.12 The MoU requires an indicative LGIIP to be put forward by March 2025 and it is suggested that that be submitted now to enable discussion and amendments to be put forward so that it can be considered at the December 2024 WMIZ Board and if necessary, by the early 2025 WMCA Board. To that end it is proposed that authority be delegated to the Chief Executive in consultation with the S151 and Monitoring Officers and the Cabinet to agree the form of submission but based upon the contents of Appendix B.
- 1.13 The full LGIIP will be worked up over the next year and reported to the Cabinet no later than October 2025 to be put forward to the WMIZ Board in December 2025 and sign off by the WMCA Board in early 2026 to take effect from the 26/27 financial year. This process will be set out within the legal agreement. However, it should be noted that the Council can submit proposals earlier than these dates if it so wishes.

2 Alternative Options

- 2.1 The Cabinet could decide to vary any or all the recommendations or to refuse to agree to them. However, time wise the Cabinet needs to put forward an indicative investment plan for agreement by March 2025 and formal sign off by March 2026.

3 Legal Implications

- 3.1 This report of itself does not raise any legal issues other than the necessity to complete a legal agreement to enshrine the MoU but each individual component may well do.

4 Financial Implications

- 4.1 The report does not commit the Council on any financial point at this stage except in relation to the Abbey Fields scheme. This has already been planned for and so is not an additional cost to the Council. Each scheme will require an individual report to consider the complexities and issues and the financial consequences.

4.2 Members have raised the concern over the available capacity to take identified schemes forward to complete the work necessary to a conclusion and that subsequently that any additional capacity needed to take forward the schemes to actual implementation is taken into the overall cost profile.

4.3 In terms of the schemes listed at Appendix B - the capacity available is as follows:

- Abbey Fields – Leisure Project Team is in place
- Kenilworth Wardens – Site Delivery Officer working on scheme to reach conclusion; Project Delivery for Wardens relocation may need additional project team support; likewise housing development team.
- Warwick Fusiliers Way – Leisure Project Team in place to reach conclusion and for implementation but will need to retain numbers given other projects.
- Kenilworth Rugby Club - Site Delivery Officer working on scheme to reach conclusion; Project Delivery for Rugby Club relocation may need additional project team support; likewise housing development team.
- Kenilworth Leyes Lane/Rouncil Lane - Site Delivery Officer now working on options and will work on scheme to reach conclusion; housing development team may need supplementing.
- Bishops Tachbrook Oakley Wood Grove – Housing development team may need supplementing both to take to a conclusion and then implementation.
- Energy Improvements to WDC Housing Stock – additional support needed.
- Energy Improvements to Private Sector Stock – additional support needed but costs included
- Leamington Transformation – will need additional support including at a high level.

4.4 For all the above there will be legal and financial team capacity issues to consider. The project management costs of addressing these capacity issues will need to be covered in the overall project costs for each scheme.

5 Corporate Strategy

5.1 The LGIIP contributes in a significant way to all three Corporate Strategy strategic aims.

5.2 Delivering valued, sustainable services – the deployment of the LGIIP has the potential indirectly to contribute toward the improved revenue position of the Council. Capital wise it brings additional resources to help deliver the Council's ambitions.

5.3 Low cost, low carbon energy across the district – the LGIIP presents the opportunity to help make a significant difference to achieving the Council's strategic aim of delivering more housing retro fit schemes and so help deliver more low cost low carbon impacts.

5.4 Creating vibrant, safe and healthy communities of the future – the LGIIP also presents an opportunity to make a significant difference to the communities in the district across energy conservation, housing, active travel infrastructure, sporting and community facilities as well as town centre renewal and the creative quarter. The LGIIP is also a reflection of the achievement of one of the corporate strategy aims around the Investment Zone.

6 Environmental/Climate Change Implications

- 6.1 The LGIIP has the opportunity in respect of the retro fit and the commitment toward net zero in new build to have a very positive impact on the district's environment and climate change programme. As part of each project considered for funding this way a report will be brought forward which will include details of how the proposals contribute to the Council's Corporate strategy, including Climate Change.

7 Analysis of the effects on Equality

- 7.1 Equality Impact Assessment implications will need to be considered as part of the outcomes of each project as and when recommendations come forward on more precise works.
- 7.2 An equality impact assessment was undertaken for Abbey Fields Swimming Pools and was detailed in the report to Cabinet on 2nd November 2023. As this decision has been taken it is not considered appropriate to reconsider that impact here as this report seeks to confirm funding stream for this project.

8 Data Protection

- 8.1 There are no Data Protection implications arising from this report.

9 Health and Wellbeing

- 9.1 Health and wellbeing implications will need to be considered as part of the outcomes of each project as and when recommendations come forward on more precise works.
- 9.2 Health and wellbeing implications were considered for the Abbey Fields Swimming Pools scheme and was detailed in the report to Cabinet 2nd November 2023. As this decision has been taken it is not considered appropriate to reconsider that impact here as this report seeks to confirm funding stream for this project

10 Risk Assessment

- 10.1 A specific risk register will be developed as this work progresses. At this stage though the main risk is around the failure to obtain agreement with the WMCA. This is being mitigated by the conversations being held with WMCA officers to ensure WDC's submissions meet WMCA requirements.

11 Consultation

- 11.1 Consultation has been undertaken with Cabinet, Group Leaders and SLT and other relevant officers including of WMCA.

Background papers:

No background papers.

Supporting documents:

Abbey Fields Cabinet report 2nd November 2023; WMIZ Cabinet report July 2024