

Council – 3rd December 2013

**Recommendation from Cabinet
19th November 2013**

Coventry City Council

Minutes of the Meeting of Cabinet held at 2.00 pm on Tuesday, 19 November 2013

Present:

Cabinet Members: Councillor A Lucas (Chair)
Councillor D Chater
Councillor G Duggins
Councillor D Gannon
Councillor A Gingell
Councillor L Kelly
Councillor A Khan
Councillor R Lancaster
Councillor E Ruane
Councillor P Townshend

Deputy Cabinet Members Councillor Caan
Councillor Howells

Non-Voting Opposition Councillor A Andrews
Members:

Other Members: Councillors F Abbott, C Fletcher, P Hetherton and S Thomas

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive), F Collingham, J Forde

People B Walsh (Executive Director), R Baker, P Fahy, M Godfrey,
K Ireland, A Maqsood, A Parks, M Watson

Place M Yardley (Executive Director), R Moon, A Williams

Resources C West (Executive Director), L Commane, C Forde,
P Jennings, L Knight, A West

Apologies: Councillor J Blundell and D Kershaw

RECOMMENDATION

Public Business

80. **Growing Business Rates through creating the Coventry Investment Fund**

The Cabinet considered a joint report of the Executive Director, Place and Executive Director, Resources, which set out proposals for growing business rates through creating the Coventry Investment Fund.

The need for economic growth was greater than it had been at any time in recent years. At a national level growth was required to help reduce sovereign debt and to ensure the UK remained competitive. Locally, the retention of a share of Business Rates from 2013/14, in part through the operation of multi local authority pooling agreements, had significantly increased the importance of driving growth locally. From 2013/14, authorities would benefit where there was growth in business rates, but would suffer where there was contraction, with changes impacting at a local level more directly than they would have in the past. With this change, the vibrancy of the local economy would become ever more important. There was a real need for the Council to play a leading role in attracting inward investment, using its powers to achieve strategic regeneration and business rate growth more than ever before.

The pursuit of economic growth in the City and region was central to the Council's abc Transformation Programme and the emerging City Deal, including how the Council could use its assets and powers to ensure an economically vibrant future for the City and its people. In addition, the Council would consider how best it could use its cash balances and reserves to help stimulate growth, through for example, taking advantage of current low short term interest rates. The Council, as part of its financial planning, was actively assessing business cases for providing pump priming investment through Prudential Borrowing.

In this context, the Council's Medium Term Financial Strategy 2013-2016 included funding of a £50m Coventry Investment Fund. Growth in the local economy, the creation of jobs and the growth in business rates could be stimulated and accelerated by public sector investment. By creating a local investment fund, on scale, the Council was seeking to invest in the City's financial future over the coming years and create a sustainable and prosperous City. This was at a time of significant funding reductions within local government and public policy change. However, the Council recognised the importance of taking steps now to generate local growth. This was in order to support the reduction in demand for public services and funding of residual services to local people in the future.

The Cabinet noted that this was a bold move in a time of austerity and was absolutely in line with its 20 point Plan for the City, including plans for growth and prosperity. It demonstrated a very substantial investment in the City and confidence in the City's ability to grow and thrive.

The Coventry Investment Fund would build on the success of recently externally funded programmes such as the Regional Growth Fund, Growing Places and

European Regional Development Fund (ERDF), complementing existing funding streams and meeting the gap these funds were not able to address. It would be used to invest in real business opportunities right the way through from manufacturing to retail and leisure services, road improvements and include the development of the Council's commercial property portfolio, with a view to getting the best return possible from its assets.

It was proposed that an Investment Board be established to make investment decisions from the Coventry Investment Fund on behalf of the Council, under delegated powers, chaired by the Cabinet Member (Business, Enterprise and Employment). The proposed membership of the Board and its terms of reference were detailed within the report.

The Cabinet further noted that the demand for small industrial units within the City had remained relatively steady despite the recession, leading to continued and reasonable demand. However, the effects of the recession, the lack of bank funding and the imposition of void rates on vacant industrial properties had halted all speculative industrial development in the City.

As landlord, the Council had the opportunity to step into the void created by the failure of the market and produce a positive contribution to its commercial portfolio. Approximately 2.5 acres of land on a traditional small industrial estate at Lythalls Lane remained undeveloped. It was therefore proposed that the Council could undertake the development of speculative industrial units to be held long term as part of the Corporate Property Portfolio. It was further proposed that the Council undertakes the development directly as it had all the necessary in-house skills, engaging a professional team and placing a commercial building contract with an appropriate building contractor.

The Council would then seek to let the units, on commercial terms, using commercial agents and then manage the units via Corporate Property Management.

RESOLVED that

(1) the Cabinet:-

- (a) Agree the establishment of the Coventry Investment Fund Board as a Cabinet Committee, its terms of reference and membership.**
- (b) Agree delegated authority for the Coventry Investment Fund Board for the fund with individual grant awards up to a maximum of £1m and non-grant awards of up to a maximum of £2m, subject to satisfactory due diligence being completed as detailed in paragraph 2.8.3 of the report.**
- (c) Allocate a budget of £2.5m of Coventry Investment Fund funding to develop a 4,000m² of new industrial buildings at Lythalls Lane and to delegate authority to the Coventry Investment Fund Board to enter into such legal agreement**

required to facilitate the development provided costs always remain within the approved budget.

- (d) Receive an annual report on the Coventry Investment Fund.**
- (e) Agree to arrangements for marketing the Coventry Investment Fund and attracting interest in the Fund as detailed within the report.**

(2) The Cabinet recommend that Council:-

- (a) Receive an annual report on the Coventry Investment Fund.**
- (b) Approve the consequential changes needed to the Constitution to include the Coventry Investment Fund Board's terms of reference and membership and give delegated authority to the Council Solicitor to make the necessary changes.**