

Cabinet
Council

17 June 2014
24 June 2014

Name of Cabinet Member:

Cabinet Member (Business, Enterprise and Employment) – Councillor Maton
Cabinet Member (Public Services) – Councillor Lancaster

Director Approving Submission of the report:

Executive Director Resources

Ward(s) affected:

All

Title:

European Regional Development Fund (ERDF) Open Call for Projects

Is this a key decision?

Yes as it has the potential to affect all wards within the City and expenditure is in excess of £1m

Executive Summary:

Coventry and Warwickshire have been very successful in the current round of European Regional Development Fund (ERDF) in attracting external funding to the area. Under the ERDF Sustainable Urban Development Programme Coventry & Warwickshire (C&W) had a notional allocation of £12.5m and over the course of the programme, through demonstrating a clear understanding of ERDF priorities and an ability to deliver on time, to budget and profile, we have doubled that allocation and now have circa £25million of ERDF committed to the area. There is now an opportunity to bid for further funds, primarily aimed at existing projects.

The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) partners have looked at the opportunity to bid for further funds and as a result the Council has submitted a number of proposals seeking ERDF.

The bidding round will be highly competitive and the Council is entering the process knowing that it is unlikely that it will be successful with all its proposals. However, building on its previous success and our extensive knowledge of ERDF gained over many years, we have positioned C&W with the Department for Communities and Local Government (DCLG) as a place that can deliver.

Decisions by DCLG on which projects and programmes across the West Midlands area have been successful in securing further funds will be made by 20th June 2014. Spend and delivery will need to have been made by 31st December 2015.

This report to Cabinet and Council is in advance of knowing the outcome of bids from DCLG, to seek approval from members, that if the Council is successful in securing ERDF, it can quickly move to become the accountable body for the additional ERDF, contract and mobilise the workforce accordingly to ensure delivery by 31 December 2015. Any delay in the decision making process will jeopardise the Council's ability to deliver the schemes within the timeframes set.

Recommendations

Cabinet is requested to:

1. Recognise the opportunity to bid for further ERDF as a significant part of the Regeneration of the City, and retrospectively confirm, its support to bid for further of ERDF for the projects listed in the report;
2. Recognise the potential financial contributions from the Coventry and Warwickshire Local Enterprise Partnership, Coventry University, Deeley, Barberry, and Centro in providing significant match funding towards bidding for further ERDF.
3. Delegate authority to the Executive Director Place, in conjunction with Cabinet Members (Public Services and Business, Enterprise and Employment) to agree the detailed works for schemes in Coventry city centre Public Realm Phase 2 and their implementation subject to the availability of funding; and
4. Agree to receive a further report at a subsequent meeting of Cabinet confirming what projects have been successful in securing additional ERDF.

Subject to being notified that it has been successful in securing additional ERDF, the Cabinet is asked to:

5. Authorise the City Council to act as guarantor and delegate authority to the Executive Director Place in conjunction with the Executive Director Resources to enter into grant aid agreements with DCLG on ERDF terms and conditions for the following individual projects if they are successful in securing ERDF: Broadgate/Hertford Street, Belgrade Plaza and the International Transport Museum ;
6. Delegate authority to the Executive Directors for Resources & Place to agree the terms of contracts of the public realm works under recommendation 5.

Subject to being notified that it has been successful in securing additional ERDF, the Cabinet is asked to recommend Council:

7. Authorise the City Council to act as guarantor and delegate authority to the Executive Director Place in conjunction with the Executive Director Resources to enter into grant aid agreements with DCLG on ERDF terms and conditions for the following individual projects if they are successful in securing ERDF: Gosford Street/University and Canal Basin/Bishop Street ;

8. Delegate authority to the Executive Directors for Resources & Place to agree the terms of contracts of the public realm works under recommendation 7; and
9. Approve the addition of relevant schemes to the Capital Programmes for 14/15 and 15/16.

Subject to being notified that it has been successful in securing additional ERDF, Council is requested to:

1. Authorise the City Council to act as guarantor and delegate authority to the Executive Director Place in conjunction with the Executive Director Resources to enter into grant aid agreements with DCLG on ERDF terms and conditions for the following individual projects if they are successful in securing ERDF: Gosford Street/University and Canal Basin/Bishop Street ;
2. Delegate authority to the Executive Directors for Resources & Place to agree the terms of contracts of the public realm works under recommendation 1; and
3. Approve the addition of relevant schemes to the Capital Programmes for 14/15 and 15/16.

List of Appendices included:

None

Background Papers:

None

Other Useful Documents:

1. International Transport Museum – Council Report of 14th January 2014
([Click Here to Access Council Report](#))
2. Coventry City Centre Public Realm Phase 2 Update – Council Report of 23rd July 2013
([Click Here to Access Council Report](#))
3. European Development Fund Accountable Body Report – Cabinet Report of 16th April 2013
([Click Here to Access Council Report](#))
4. Coventry City Centre Public Realm Phase 2 – Council Report of 23rd October 2012
([Click Here to Access Council Report](#))

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes, 24 June 2014

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Report title: European Regional Development Fund (ERDF) Open Call for Projects

1 Context (or background)

- 1.1 Coventry City Council in conjunction with the CWLEP has been extremely successful in securing external funding for economic regeneration.
- 1.2 All external funding requires there to be an accountable body, and in more cases than not the expertise and experience within the City Council has meant it has taken on the role of accountable body to act as guarantor to the funder for the grant in the unlikely event that it has to be repaid.

European Regional Development Fund (ERDF)

- 1.3 The 2007 – 2013 ERDF programme for the West Midlands is allocated regionally across three priorities. Priority 1 is largely aimed at universities and research institutions while Priority 2 is aimed at offering support to businesses and generating business start-ups and Priority 3 has geographical targeting on Sustainable Urban Development. Under priority 3 CWLEP had a notional allocation of £12.5m and over the course of the programme through demonstrating a clear understanding of ERDF priorities and an ability to deliver on time to budget and profile the Council has doubled that allocation and now have circa £25million of ERDF committed to the C&W area.
- 1.4 The 2007 – 2013 ERDF programme covers expenditure up until December 2015 and is currently underspending across the West Midlands. As a result DCLG issued an invitation for current projects that were “performing well” to bid for additional funding. Projects needed to demonstrate additional impact and be completed by 31 December 2015. The closing date for bids was noon Friday 9 May 2014 and decisions on these extension projects will be made by Friday 20 June.
- 1.5 Projects summarised below requiring cabinet and council approval were submitted as part of the open call:
- 1.6 **Gosford St/University** - Coventry University have committed match funding to a scheme to transform the area between the Ring Road and the William Morris Building and underneath the flyover to create a campus fit for a modern successful University. This will complete the innovative and successful work started by the City Council three years ago to transform the streetscape and create a high quality pedestrian link between Broadgate and Far Gosford Street. High quality landscaping, paving and lighting will be delivered to improve the setting of the iconic new University buildings and to open up access to Whitefriars Monastery. The scheme also includes for some additional works for the previously approved Gosford Gate scheme to fully complete this key arterial route into the city centre.
- 1.7 **Canal Basin / Bishop Street** – The Bishopgate developer Barberry have committed to providing funds towards a set of physical improvements between the city centre and Canal Basin. The existing footbridge will be demolished, and replaced by a new at grade pedestrian crossing integrated with a reconfigured junction 1 (Foleshill Road) which will improve traffic flow. This scheme will complete a high quality pedestrian linking Broadgate to the canal basin and will also provide a key link in the Cycle Coventry network
- 1.8 **Broadgate /Hertford Street** - This project entails a package of public realm works, which will significantly improve pedestrian access between Hertford Street and Broadgate.

- 1.9 **Belgrade Plaza** – the public highway around Belgrade Plaza will be reconfigured to complement the existing landscaped area to create an attractive public space. The scheme will follow the successful design principles used elsewhere in the city centre, including the removal of the traffic lights. With the part demolition of the former Allied Carpets retail unit the pedestrian link between West Orchards and Lower Precinct shopping centre and the Belgrade Plaza will become more accessible. Deeleys are making a financial contribution and Centro have also pledged funds towards a new city centre wayfinding scheme. This will include new totems erected around the city centre to provide information to visitors regarding popular and lesser known tourist attractions, and make it easier to travel around the city through improved information on transport options, including walking and cycle routes and public transport.
- 1.10 **Coventry International Transport Museum** - The proposed extension to this project will deliver additional exhibition fit-out works (demonstrating excellence in transport production and sporting achievements), improvements to the conferencing areas, and enhancements to the wi-fi infrastructure. The extension will enhance the visitor experience, and help to increase the number of visitors the museum receives (including business tourists) and thereby stimulate wider impacts through increased visitor spending levels. Waste Recycling Environmental Limited (WREN) are providing £60,000 grant towards the extension of this project.
- 1.11 Additional smaller projects below £0.5m have also been put forward to extend business support schemes, improve Lidice Place public realm, and support the revenue costs of a number of other current ERDF projects. These do not require cabinet or council approval under the constitution.

2 Options considered and recommended proposal

- 2.1 **Option 1 - The City Council retrospectively approves the submission of bids and acts as accountable body for any secured ERDF** - The City Council has acted as lead applicant or accountable body for many European-funded projects since 1984 when the area first became eligible for such funding. In essence it means being responsible for monitoring the spend, submitting grant claims to DCLG for eligible expenditure and demonstrating that the grant has been spent in achieving the outputs of the project.
- 2.1.1 **Option 2 - Proceed without ERDF** - Without ERDF support the projects will either proceed or will be delayed. This call is the last opportunity to attract ERDF grant in this current programme, and in particular in respect of Public Realm projects as the current national thinking is that these types of projects will not be eligible for ERDF grant in the new programme 2014-2020.
- 2.1.2 If the Public Realm work were to be funded entirely by City Council funding and no ERDF, the overall impact of works undertaken would be diminished and it would only be feasible for the statutory duties to be funded such as maintenance of footpaths and highways. With increasing pressure on the Council's capital programme an opportunity would be missed to improve the public realm environment of the city centre.
- 2.1.3 The International Transport Museum and business support programme extensions would not proceed.
- 2.1.4 **Option 3 - Decline to take on the accountable body role** – The Council is already managing the accountable role in respect of projects in Appendix A. If the Council declines to take on the role of accountable body for any additional funds granted this

would not be favourably looked on by DCLG and in our view and would most likely result in DCLG withdrawing the applications for funding. DCLG need to be sure that the accountable body has a track record of successful delivery and are satisfied that the City Council will fulfil this role. In addition, the fewer accountable bodies that DCLG contract with, the lower the cost of managing the whole programme and the greater cohesion across the programme.

2.2 Recommended Proposal

2.2.1 It is recommended that the Council moves forward with Option 1.

3 Results of consultation undertaken

3.1 The New Jobs Strategy 2014 - 2017 is the Council's proposal for taking forward the economy of the city in the light of the changed circumstances experienced over recent years. ERDF matched against core funds for these projects is aligned to delivering the Jobs Strategy and the priorities of the CWLEP set out in their 4-year strategy based on the Local Economic Assessment and feedback from local businesses which include:

- Creating New Jobs
- Creating business growth
- Removing barriers to growth

3.2 The development of the ERDF projects has been completed with LEP partners and reflects the CWLEP's priorities most in need of public investment.

3.3 The CWLEP has undertaken a consultation exercise with local business to determine the priorities it should focus on. The proposals and projects here fully align to the proposed CWLEP Strategic Economic Plan and the new European Structural Investment Fund Strategy.

4 Timetable for implementing this decision

4.1 The requests for additional funding were submitted Friday 9th May following an invitation to bid dated 31st March. Decisions will be made by Friday 20th June.

4.2 All projects are currently delivering what they have already been contracted to deliver with DCLG will continue to do so until decision on grant extensions are received and until Cabinet approval is given to engage in the additional activity.

4.3 All spend must take place by 31 December 2015.

5 Comments from Executive Director Resources

5.1 Financial implications

5.1.1 The Council are proposing to be the accountable body for all of the ERDF projects listed above. Whilst this is not unusual, the financial implications to the Council should be clearly understood.

5.1.2 The Council's financial contribution is from existing approved resources of £1.9m, £1.8m of which relates to the use of Coventry Investment Fund (CIF) monies, approved by

cabinet in July 2013. The remainder relates to the use of revenue budgeted salary as further match funding.

- 5.1.3 In the event that any of the above ERDF project bids or non-City Council match funding requirements are not successfully secured, the proposed works will need to be scaled down to match available resources.

5.2 Legal implications

- 5.2.1 The Council will act as the accountable body for the ERDF projects on the terms of the EU and DCLG requirements. The Council will be issued with a grant offer containing terms and conditions. It is anticipated that based on other grant funding agreements entered into by the Council there will be provisions relating to repayment/clawback of the grant to DCLG in certain circumstances, the risk of such will be managed in accordance with 6.3.
- 5.2.2 For one of these projects, the terms and conditions will be devolved across to the Transport Museum Trust in a grant agreement. These will ensure appropriate conditions and obligations which are imposed upon the Council are passed to the grant recipients who receive the funding for delivering projects. The Council has power to act as guarantor under Section 1 of the Localism Act 2011 and in respect of the leisure function at the transport museum under section 19 of the Local Government (Miscellaneous Provisions) Act 1976.
- 5.2.3 A Joint Working Agreement will be established between Coventry City Council and Coventry University for the Gosford Street scheme. This agreement will secure the financial contribution from the University and set out the obligations in respect of the delivery of the Public Realm works to be undertaken by the Council obligations of the University in working with the Council VAT and other financial obligations.
- 5.2.4 Planning consent will be required for Broadgate, Belgrade and Gosford Street Schemes. The City Council will be the applicant under the Town and Country Planning Act 1990.
- 5.2.5 The remaining public realm schemes listed in Appendix A will be delivered under the Council's general highway improvement/traffic management powers under the Highways Act 1980 except in relation to any new or amended formal pedestrian crossings/traffic regulation orders/traffic-calming measures which will be implemented following a separate statutory notice/objection process under the Road Traffic Regulation Act 1984.

6 Other implications

6.2 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

- 6.2.1 The City Council's New **Jobs Strategy 2014-17** highlights the importance of creating jobs which the city needs. All project extensions will support job creation within Coventry and be aligned with the following two objectives of the strategy:
- Secure job opportunities through investment – businesses and investors continue to recognise Coventry as the right place for them to invest and grow
 - Help people get jobs – pursuing prosperity so that in Coventry everyone who wants a job will have the opportunity to secure one that matches their skills.

- 6.2.2 All these schemes will indirectly or directly provide jobs across the city and sub-region. The Jobs Strategy specifically acknowledges the importance of public realm improvements in creating new jobs in the city centre. Coventry's Sustainable Community Strategy sets out the ambitions for "a prosperous Coventry with a good choice of jobs and business opportunities for all the city's residents". One of its long-term outcomes is accelerating economic growth for the city and creating a more diverse range of businesses and employment.
- 6.2.3 The proposed extensions to the current Public Realm programme are closely aligned with one of the **CWLEPs core objectives**, which is to develop Strategic Infrastructure. It is also aligned with the CWLEP's Inward Investment objective, particularly as improved public realm will help to open up new employment sites (most notably the Friargate and City Centre South sites), and provide compelling reasons for companies to locate into the region.
- 6.2.4 The CWLEP recognises the importance of a successful Coventry city centre to the sub-region as a whole in its strategy. The proposed extension of the Public Realm Phase 2 is closely aligned with the "Unlocking Growth Potential" theme of the Coventry and Warwickshire Strategic Economic Plan (SEP), specifically by unlocking the potential for development on key new city centre employment sites.

6.3 How is risk being managed?

- 6.3.1 Arrangements are in place within the Place Directorate to deliver the accountable body role ensuring that procedures are in place to manage risk for these five projects.
- 6.3.2 The financial risk associated with the ERDF sits with the Council. However the risk of claw back by DCLG and/or the EU is minimal so long as the expenditure is defrayed against eligible activity and in the permitted timeframe. This risk will be mitigated by the implementation of strict procedures for the project management of ERDF-funded work and ensuring that the risks for the two outside projects are devolved appropriately to the partner organisations. We will maintain close liaison with our monitoring officer in DCLG, and ensure that funding contracts awarded by the Council for the completion of infrastructure works place risk on the organisations which complete the works.
- 6.3.3 The Council has a good track record for maintaining and achieving significant financial controls and well established procedures for handling public funds and these will be applied to the ERDF projects in order to ensure that the best possible value is achieved for the EU's investment in the schemes. Therefore the view of officers is that risk of clawback for each scheme is minimal.
- 6.3.4 The Council has already put in place an External Funding Board, chaired by the Assistant Director Financial Management, with officers from both Place and Resources, whose role is to ensure that the Council satisfactorily carries out its legal responsibilities and manages the risks to the Council in holding these types of funds. The group sits alongside partnership decision making and strategy groups such as the CWLEP Board where investment policy is determined and spend proposals are approved.
- 6.3.5 The City Council's Resources & New Projects (RNP) Team is highly experience in dealing with external funding and will lead the programme management for all the various projects ensuring that suitable monitoring and governance arrangements are in place.
- 6.3.6 The individual projects will each have project officers/managers in place responsible for managing compliance with the funding requirements such as publicity, procurement and

for monitoring progress including making grant claims to DCLG. The highly experienced Planning, Transport & Highways division who have already successfully delivered Public Realm Phase 1 and parts of Phase 2 will continue to implement any successful public realm schemes.

- 6.3.7 The RNP Team will have regular meetings with all the projects to review overall progress and to liaise between them and the Governments Local Growth teams within DCLG and Department for Business Innovation and Skills (DBIS).

6.4 What is the impact on the organisation?

6.4.1 HR Implications

- 6.4.2 To ensure successful delivery of these large projects and the Council's ability to provide an adequate accountable body function, additional staff resources may be required and will be recruited through the council's authorised recruitment protocols. Staff are already in place for the existing ERDF-funded projects and they may be able to continue to carry out this function and take on the new projects.

6.5 Equalities / EIA

- 6.5.1 Each of the infrastructure projects will undertake an Equality Impact Assessment as part of project development and impact.

6.6 Implications for (or impact on) the environment

- 6.6.1 The large scale infrastructure projects will have an impact on the environment in the city centre. All businesses are now very conscious of energy costs. At the point of making investments in plant and machinery or indeed property the opportunity to reduce energy consumption per unit of output is invariably taken. The Far Gosford Street projects and the CTM are all aimed at improving the visual environment of the city centre.

6.7 Implications for partner organisations?

- 6.2.1 The CTM project extension will help to increase the number of individuals visiting the museum and the improved conference facilities will provide an important income stream for the museum, and support increased levels of business tourism within Coventry.
- 6.2.2 Private sector developers and Coventry University stand to benefit from the proposed extension to the Public Realm Phase 2 programme. The proposed Gosford Street public realm improvements would significantly improve pedestrian access to Coventry University (hence the university committing funds of its own resources to the project). In addition, the public realm activities at the Canal Basin, Belgrade Plaza and Broadgate/Hertford Street would increase the attractiveness of these sites to private sector developers, and is likely to bring new employment land forward for development (again, this is reflected by the fact private sector developers have committed to provide some of their own resources to develop the first two sites in question).

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