

Cabinet
Council

2nd September 2014
9th September 2014

Name of Cabinet Member:

Cabinet Member (Business, Enterprise and Employment) – Councillor K Maton

Director Approving Submission of the report:

Executive Director, Place

Ward(s) affected:

All

Title:

The Coventry & Warwickshire First Wave Growth Deal

Is this a key decision?

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

Executive Summary:

Coventry & Warwickshire (C&W) has been successful negotiating and securing a Growth Deal with central government of £74.6m to support economic growth within the local area. By 2021 at least 1,000 jobs will be created and 1,000 homes built.

The deal is focused four key areas - new infrastructure that will improve connections and tackle congestion and support housing and employment sites; driving innovation in Advanced Manufacturing and Engineering; supporting businesses to flourish; and growing local skills and talent.

The Growth Deal is due to start in April 2015, and the process now is about mobilisation and pre-delivery activity.

As part of the process of developing the Strategic Economic Plan, the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) in discussions with the local authorities identified Coventry City Council as the local authority with a demonstrable track record and expertise in managing external funding. Therefore the Council is being asked to take on the role of Accountable Body for the Growth Deal. This report is seeking approval for the City Council to officially agree to be the Accountable Body for the Coventry & Warwickshire First Wave Growth Deal.

Recommendations

Cabinet is requested to:

1. Officially endorse the Coventry & Warwickshire First Wave Growth Deal; and
2. Receive an annual monitoring report on the progress of the Growth Deal.
3. Recommend that Council authorise the City Council to act as Accountable Body and guarantor for the Coventry & Warwickshire First Wave Growth Deal.

Council is recommended to:

1. Authorise the City Council to act as Accountable Body and guarantor for the Coventry & Warwickshire First Wave Growth Deal.

List of Appendices included:

None

Background Papers:

None

Other Useful Documents:

Coventry & Warwickshire First Wave Growth Deal
([Click Here to Access the C&W Growth Deal](#))

CWLEP Strategic Economic Plan
([Click here to access the Strategic Economic Plan](#))

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 – 9th September 2014

Report title: The Coventry & Warwickshire First Wave Growth Deal

1 Context (or background)

- 1.1 In March 2013 the Coalition Government published its response to Lord Heseltine's report [No Stone Unturned](#). In its [response](#) the Government put in place a *Single Local Growth Fund* as part of its policy to restore economic stability and create the conditions for growth.
- 1.2 The Single Local Growth Fund would be allocated to Local Enterprise Partnerships (LEPs) through a process of negotiation and using a competitive tension to strengthen incentives on LEPs and their partners to generate local growth. In its first year, part of the funding allocated to each LEP would reflect existing allocations such as already approved transport schemes.
- 1.3 The Fund brings together a number of funding streams across Central Government departments, in particular transport, housing and skills, and would be operational from April 2015.
- 1.4 The basis for negotiation and the securing of funds would be through the development of a new multi-year SEP for the local area. This plan would allow the local area to negotiate with Government for the levers, resources and flexibility for its area. The Government made it clear that the allocation of funds was competitive but more importantly the allocation would reflect the quality of strategic proposals and local working arrangements put forward by the LEPs.
- 1.5 On 7th July 2014, following the process of negotiation, the Government announced the first wave of Growth Deals totalling £6bn, including £2bn from the Local Growth Fund for 2015 to 2016.

Coventry & Warwickshire Growth Deal

- 1.6 The C&W Growth Deal is focused on four key areas:
 - New **infrastructure** that will improve connections and tackle congestion and support housing and employment sites;
 - Driving **innovation** in Advanced Manufacturing and Engineering
 - Supporting **businesses** to flourish
 - Growing local **skills** and talent
- 1.7 The CWLEP **secured £74.6m from the Government's Local Growth Fund to support economic growth in the area – within that new funding confirmed of £13.6m for 2015/16 and £20.5m for 2016/17 to 2021**. By 2021, the Deal will create at least 1,000 jobs and allow 1,000 homes to be built. Table 1.0 is a summary of the funding that has been awarded.

Table 1.0 - A summary of the C&W Growth Deal £'million

	2015/6	2016 onwards	Total
Local Growth Fund Award	14.1	20.5	34.6
Previously committed funding¹	4.6	10.7	15.3
Provisional allocation to projects starting in 2016/17 and beyond	-	24.7	24.7
Total (£'million)	18.7	55.9	74.6

1.8 The CWLEP has negotiated with Government and agreed investment by the Growth Deal into the follow 7 projects/priorities for 2015:

Table 1.1 – Agreed Funding for Growth Deal Projects from 2015/16 £'million

Key Area	Project	Description	2015/16	2016 and beyond
Infrastructure	North-South Rail and Coventry Station scheme	Will improve passenger capacity and secure an increase in train service frequency between Coventry-Bedworth-Nuneaton and a bay platform at Coventry Station	4.9	15.1
Business & Innovation	Advanced Manufacturing and Engineering "Grow On" Space	Provision of new space for small and medium enterprises at Ansty Park in Rugby. This new facility will complement the work of the Manufacturing Technology Centre already on site.	4.7	2.4
Skills	Skills Centre at Coventry City College	This will provide support for young and unemployed people in acquiring skills for employment, and for marginalised groups to acquire basic skills especially English and mathematics.	0.3	0
Skills	Apprenticeship Centre at Warwickshire College	This investment will enable the college to purchase new equipment and refurbish college buildings, which will provide additional apprenticeship training in advanced manufacturing and engineering	1.3	-
Businesses	New business start-up facilities in Stratford Upon Avon	Converting an existing local authority building into a 'state of the art' facility	0.5	-
Businesses	Growth Hub	Provision towards a funding package to enable the continuing operation of the local business growth hub	0.4	-
Infrastructure	Coventry City Centre road access	Enable housing growth, support retail regeneration and city centre employment accessibility.	2.0	3.0

¹ Previously committed funding includes amongst other smaller projects, NUKCLE2, A45 efficiency improvements and Coventry Station Masterplan.

1.9 The First Wave Growth Deal also, subject to funding becoming available, has three projects with provisional allocations for 2016/17 as part of a CW pipeline of projects:

Table 1.2 – Provision Funding Allocations for 2016/17 Growth Deal Projects £'million

Project	Description	2016 and beyond
A46/A425/A4177 Stanks road network scheme	This will enhance access to services and facilities. This includes enhancing access to Warwick town centre and facilitates future employment and housing growth	3.1
A5 Corridor scheme	This will enable the dualling of the A5/A47 Longshoot to Dodwells which will: reduce congestion, improve journey time reliability, and support economic activity in Warwickshire and Leicestershire.	19.6
Improve links to UK Central, Birmingham Airport & High Speed 2 (HS2)	This scheme will improve key junctions connecting the major employment sites of Warwick University, Whitley, Coventry and Warwickshire Gateway and Ansty (via the enhanced A46 corridor) to major national and international gateways	2.0

Accountable Body for the Growth Deal

1.10 The CWLEP SEP named and identified Coventry City Council, with its exceptional track record in securing, managing and delivering successfully on external grant funds, as the local authority that would act as Accountable Body for the City Deal.

1.11 This report is seeking approval for Coventry City Council to act as Accountable Body for the Coventry & Warwickshire First Wave Growth Deal.

Conditions of the Growth Deal

1.12 As part of the deal there are a number of conditions that C&W are expected to meet. These include:

- Strengthening the current governance arrangements;
- Ensure implementation and demonstrate success
- Communicate the on-going outputs and outcomes of the Deal to the local community and stakeholders
- Ensure value for money

1.13 The CWLEP Board and the Joint Committee have already started the process of seeking to address these. Part of the role of the Accountable Body will be to support the work towards meeting these conditions in the next 6-7 months.

Future Growth Deals

1.14 It is important to note that now the decisions and announcements have been made about the first wave of Growth Deals, work is underway on what the second wave will look like.

1.15 Through co-operation with government, learning lessons from the first wave and demonstrating our ability to move to implementation of the first wave, C&W will be in a good position to maximise the resources and flexibilities available under the second wave of Growth Deals.

2 Options considered and recommended proposal

- 2.1 The only option considered has been for Coventry City Council to execute the role of Accountable Body.
- 2.2 If the Council choose not to take forward the option of being Accountable Body the CWLEP would need to approach another local authority. However, and more significantly, that would involve discussions and negotiations with government as a key part of the deal has been the use of a tried and tested body that has high level and recent experience of dealing with large external funds.
- 2.3 It is recommended that the Council move forward with this option.

3 Results of consultation undertaken

- 3.1 The Growth Deal was an outcome of the SEP. The SEP has been the result of close partnership working from a range of public and private stakeholders. This includes Local authorities, Chambers of Commerce, Federation of Small Businesses and Universities. The business groups of the LEP have also been engaged in the development of the plan and in particular this has directly resulted in the work to prioritise investment in key employment sites, transport and skill infrastructure.
- 3.2 A local consultation event attracting over 150 businesses across the patch has been delivered and an on-line facility was also put in place for written responses.
- 3.3 These consultation vents have highlighted the importance of tourism to the local economy and the importance of developing Coventry City Centre and a need to generate growth throughout the area – all of which will now go forward as part of this Growth Deal.
- 3.4 It is also worth noting the SEP was also considered at the Business, Economy and Enterprise Scrutiny Board 3 at its meeting on [15 January 2014](#).

4 Timetable for implementing this decision

- 4.1 The timetable to start delivering the projects is from 1st April 2015. The latest information from government would suggest that the draft Growth Deal offer letter will be issued in September outlining expectations regarding the monitoring of the grant. This is with a view to finalising and signing the agreement by the end of October.
- 4.2 The process now is to mobilise and work through the pre-conditions outlined in paragraph 1.12 and put in place an implementation plan with Government as soon as possible.

5 Comments from Executive Director, Resources

5.1 Financial implications

- 5.1.1 The total financial package from the Growth deal is £74.6m and the City Council is being asked to act as guarantor and Accountable Body for the full amount. Whilst there is some financial risk, there is no direct line implication of being Accountable Body, however, some of the capital resources maybe used to deliver schemes which have economic benefit to the city. Grant risk is discussed further in section 6.
- 5.1.2 The capital resource will be added to the Council's Capital Programme as part of the Capital Budget Setting Report that will be presented to Members in the autumn 2014.
- 5.1.3 As Accountable Body, Council Officers will ensure effective governance arrangements are in place to facilitate appropriate control over the allocation of resources and spend against the approved programme. The existing Resources and New Projects Team will use existing staff to manage the Growth Deal and deliver the Council's Accountable Body. Any further resourcing of staff to deliver the programme management will be met by external grant funding.
- 5.1.4 Revenue costs associated with the management, delivery and monitoring of individual schemes will be addressed in the formal approval of the individual schemes through the appropriate approval channel and not in this Cabinet report.

5.2 Legal implications

- 5.1.5 The Council will be issued with a grant offer containing government terms and conditions. These will be devolved across to the name scheme applicants within the Growth Deal in Grant Aid Agreements. These will ensure appropriate conditions and obligations are passed to the applicants who receive the funding for delivering projects. The City Council has power to act as guarantor under section 1 of the Localism Act 2011.

6 Other implications

6.1 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)?

- 6.1.1 The Growth deal will directly deliver against the Council's Plan, in particular it will contribute to at least half of the outcomes of the plan:
- Support businesses to grow
 - Create infrastructure for the City to thrive
 - Develop the city centre for the 21st century
 - Raise the profile of Coventry
 - Create jobs for local people
 - Increasing the supply, choice and quality of housing
 - Create an attractive, cleaner and greener City
- 6.1.2 The City Council's New **Jobs Strategy 2014-17** highlights the importance of creating jobs which the city needs. A number of the projects within the Growth Deal will support job creation within Coventry and the wider sub region.

6.2 How is risk being managed?

6.2.1 Experienced, robust and audited arrangements are already in operation within the Place Directorate to deliver the Accountable Body function for the Council. The Resources and New Projects (RNP) Team are not only experienced in bidding for and securing funds, they also provide an extensive and recognised programme management function on behalf of the Council and CWLEP for a number of schemes, currently totalling over £130million which includes the following schemes:

- Growing Places - £12m
- Regional Growth Fund - £28m
- City Deal Clearing House (Growth Hub) - £2.6m
- ERDF Infrastructure & Business Support – over £38m
- Coventry Investment Fund - £50m

6.2.2 As an authority we have been and continue to be the accountable body for millions of pounds worth of external funding and we have never had to repay grant back to the funder within the Place Directorate. Our reputation for delivering to time, budget, spend profile and within the rules is second to none.

6.2.3 The financial risk of the Growth Deal will sit with the Council. Claims will need to be made to central government in advance and reconciled thereafter. As it stands claims will be made on a quarterly basis, in line with other grant-funded programmes such as ERDF and RGF. Government will hold a “general power of variation” over our Growth Deal Funds. This gives them the right to reduce funding or cease a programme completely if external funding is not being managed to the correct standards, or it does not appear that the employment outcomes will be met. This is the same with all our grant funded programmes from government. This risk will be mitigated by the implementation of strict procedures for the programme management of Growth Deal -funded work, close liaison with our government monitoring officer, and ensuring that funding contracts awarded by the Council for the completion of infrastructure works place risk on the organisations which complete the works.

6.2.4 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 Growth Deal projects in order to ensure that the best possible value is achieved for the Growth Deal’s investment in the schemes. Therefore the considered view of officers is that risk of clawback for each scheme is minimal.

6.2.5 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

6.2.6 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 government. The highly experienced Planning, Transport & Highways division who have already successfully delivering Public Realm will continue to implement the Coventry Schemes within the Growth Deal.

6.2.7 Schemes delivered outside of the City Council by neighbouring authorities, will enter into a standard Grant Aid Agreement (GAA) with the City Council as accountable body. It is standard practice within GAA’s to transfer as much risk as possible to the successful applicant and project deliverer.

6.2.8 The RNP Team will have regular meetings with all the projects to review overall progress and to liaise between them and the government co-ordinating the monitoring and evaluation of the Growth Deal on behalf of the CWLEP.

6.2.9 Performance will be routinely monitored by the CWLEP, and reported to the Joint Committee and an annual progress report on the Growth Deal will be completed and brought back to Cabinet.

6.3 What is the impact on the organisation?

6.3.1 Human Resources Implications

6.3.2 There will be staffing resources implications for the Resources and New Projects team, however it is not envisaged that new staff will need to be appointed in the short term as existing staff will be able to move over to work on the Growth Deal as current external funding programmes come to an end. In the medium to long term if staffing resources are needed they will be recruited in line with the Council's current recruitment policies and procedures.

6.4 Equalities / EIA

6.4.1 It is the responsibility of each of the projects within the Growth Deal to undertake an Equality Impact Assessment as part of project development and impact. By 2021, this Deal will create at least 1,000 jobs across the City and region. The ambitions of our Strategic Economic Plan for Coventry & Warwickshire talk about the development of over 50,000 jobs. It is clear that the Growth Deal presents a positive trajectory on the availability of jobs across the sub-region.

6.5 Implications for (or impact on) the environment

6.5.1 The large scale infrastructure projects will have an impact on the environment across the city. The projects will improve the environment, public spaces and surrounding areas and will all go through the planning system via the appropriate Local Planning Authority for each project area.

6.6 Implications for partner organisations?

6.6.1 No direct implications. Some of the surround local authorities are likely to be the lead deliverers for some of the schemes and therefore will be contracted partners.

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