

Cabinet  
Council

20 November 2012  
4 December 2012

**Name of Cabinet Member:**

Cabinet Member (Policy, Leadership and Governance) – Councillor J Mutton

**Director Approving Submission of the report:**

Chief Executive

**Ward(s) affected:**

City wide

**Title:**

City Deal - Invitation to Participate in the Second Wave

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**Is this a key decision?**

Yes – a City Deal could have significant financial implications for the Council in the future and is likely to have an impact on more than two wards in the city.

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**Executive Summary:**

In July 2012 the Government agreed the first wave of city deals with the eight largest cities outside London and their wider economic areas. The purpose of City Deals is to drive local economic growth and jobs with each one negotiated separately to produce “bespoke” agreements to reflect the different needs of their functional economic geography. City Deals are intended to be a transaction between cities and their wider areas and central Government and aim to give cities the powers and tools they need to drive local economic growth; unlock projects or initiatives that will boost their economies; and strengthen local governance arrangements. The City Deals agreed so far have focused on investment; infrastructure (including transport); employment and skills.

On 29<sup>th</sup> October 2012 the Government launched a second wave of city deals and, unlike the previous round, this will be a competitive process. The Government has advised that to be successful second wave deals need to focus on a single economic issue requiring an “innovative and transformative response”. Coventry and Warwickshire is one of the twenty places that have been invited to bring forward proposals for a city deal for their area.

As part of the process cities and their wider economic areas have been asked to submit a draft expression of interest to the Cities Policy Unit in the Cabinet Office by 30 November 2012 to facilitate feedback and support from Government to develop the proposition in advance of the formal submission of expressions of interest by 15 January 2013. These will be assessed by Government with results announced in w/c 11 February 2013. The successful propositions will then go forward to a negotiations stage and it is expected that the final deals will be agreed by November 2013.

The initial timetable for expression of interest is tight and will involve the City Council and a number of partner organisations. This report makes recommendations to enable the Council to respond to this. The negotiation stage where the details will be worked through is over a longer period over the spring and summer with formal decision making taking place in the autumn.

**Recommendations:**

Cabinet is requested to recommend that Council:

- (1) Approves that Coventry City Council develop an expression of interest for a Coventry and Warwickshire City Deal
- (2) Sets up an Cabinet Advisory Group – City Deal, chaired by the Leader of the Council, to direct this work and ensure that the development of a City Deal meets the economic needs of the City
- (3) Delegates authority to the Leader of the Council in consultation with the Cabinet Member (City Development) and Chief Executive to:
  - a) identify proposed partners for the City Council and enter into discussions with them and Government about its submission of an expression of interest;
  - b) prepare a draft expression of interest for a Coventry and Warwickshire City Deal for submission to the Cities Policy Unit by 30 November 2012;
  - c) submit an expression of interest for a Coventry and Warwickshire City Deal to Government by 15 January 2013 and/or meet any amended submission timetables;
  - d) enter into discussions and negotiations with Government after the submission of an expression of interest to further develop and finalise the content of the City Deal prior to formal approval of Council by November 2013.

Council is recommended to:

- 1) Approve the above recommendations subject to consideration of any amendments, additions or other requirements from Cabinet.

**List of Appendices included:**

None

**Other useful background papers:**

None

**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 – 4 December 2012

**Report title:** City Deal - Invitation to Participate in the Second Wave

**1. Context (or background)**

1.1 The growth and success of cities is critical to the economic growth of the UK. Coventry City Council has ambitious plans for the economic growth of the city and the creation of jobs. The Government has introduced City Deals as a means of enabling cities to promote local economic growth and has already signed 8 Deals with the largest cities in England. Coventry and Warwickshire has been included in a list of 20 cities and their wider areas invited to take part in its second wave of city deals. The cities selected include the 14 “next largest” cities in England along with the 6 fastest growing cities and these are listed at appendix 1. This invitation reflects Coventry’s wider economic geography and the area covered by the Coventry and Warwickshire Local Enterprise Partnership (CWLEP).

**2. Options considered and recommended proposal**

2.1 A City Deal could be a significant means to assist the City Council achieve its aspirations for the economic growth and jobs for Coventry, building on the strengths of the city and the wider area and attract inward investment; invest in jobs and drive growth. It is therefore recommended that the City Council works with partners, including neighbouring local authorities and CW LEP to develop a City Deal for Coventry and Warwickshire. Warwickshire County Council has informed the City Council that it does not intend to enter into a Coventry and Warwickshire City Deal.

2.2 At this early stage it is not clear exactly what the benefits and contributions would be from a Coventry and Warwickshire City Deal. The Government has asked places to submit expressions of interest that describe their local growth opportunity and how they propose to address it, with the emphasis on clearly defining the issue and explaining how a City Deal could unlock growth and jobs in the area. The Government is not asking for precise estimates of growth impacts at this stage with most of the detailed work taking place at the later negotiation stage. The submission of an expression of interest does not bind the City Council or its partners to any agreement at this stage.

2.3 Assessment of the expressions of interest will focus on five tests:

- 1) Demonstrate they fit with Government’s economic strategy – reduce regulation; create well-functioning markets; promote enabling environment for business and boost private sector growth and investment
- 2) Strong governance across the functional economic area so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively
- 3) Ability to harness significantly greater private sector input, expertise and resource
- 4) Political commitment and readiness to put resources into delivering the deal
- 5) Driving efficiency in the use of public money and doing more with less

2.4 Early discussions with potential partners about the possible focus for a Coventry and Warwickshire City Deal have been based on the functional economic geography of Coventry and the wider area and the strengths and opportunities identified in existing sub-regional economic analysis and strategies. At this early stage this has resulted in extending discussions to include Hinckley and Bosworth District Council to reflect the significant north-south dynamics of Coventry and Warwickshire’s economic geography and to rethink the economic positioning of the sub-region within the UK and economic links with the South and the East of England. Initial consideration of the potential theme of a City Deal has highlighted the real opportunities for growth around advanced engineering and high-end manufacturing.

- 2.5 Whatever key theme the City Deal focuses on it is likely to result in the development of a range of policy responses which could include: infrastructure investment including transport; support for key regeneration projects; job creation and skills development; support for business and trade; and the provision of housing. It is therefore recommended that the City Council should develop an expression of interest in a City Deal for submission to Government.
- 2.6 This work will need to proceed with pace and involve a range of partner organisations. It is therefore recommended that a Cabinet Advisory Group – City Deal be set up to direct this work to be chaired by the Leader of the Council, the Cabinet Member (Policy, Leadership and Governance).
- 2.7 Membership of the Advisory Group should reflect the progress of the City Deal and the partners involved. In addition to key Cabinet Members it is likely to include the Chair of CW LEP and Leaders from the neighbouring local authorities that are taking part in the development of the City Deal.
- 2.8 As the timetable for the submission for an expression of interest is very tight to meet the required deadlines it is recommended to submit a draft expression of interest for submission to the Cities Policy Unit by November 2012 and, following discussions with Government, develop this into an expression of interest for submission to Government by the deadline of 15 January 2013.
- 2.9 A successful expression of interest will be followed by a period of intensive discussions and negotiations with Government and it is recommended that authority is delegated to the Leader of the Council, in consultation with the Cabinet Member (City Development) and the Chief Executive, to enter into discussions and negotiations with Government to develop and finalise a City Deal before formal approval from Council before November 2013.

### **3. Results of consultation undertaken**

- 3.1 No formal consultation has taken place on the proposal, however it is anticipated that the City Deal will be based on Council strategies and policies that have been produced following widespread consultation with partners and residents. Wider engagement with partner organisations will take place as part of the development of an expression of interest and any subsequent negotiations.

### **4. Timetable for implementing this decision**

- 4.1 The Second Wave of City Deals was launched on 29<sup>th</sup> October 2012. Expressions of interest have to be submitted to Government by 15 January 2013 with an initial draft provided to the Cities Policy Unit by 30 November 2012.
- 4.2 The Government decision about the successful applications will be announced w/c 11 February 2013 and negotiations will then take place across the spring and summer 2013. It is expected that the final Deals will be signed off by November 2013.
- 4.3 Implementation will take place once the City Deal is signed and performance will be monitored by the City Deal Governance arrangements that are established as part of the Deal and through the Council's own systems.

## **5. Comments from Director of Finance and Legal Services**

### **5.1 Financial implications**

Business rate reforms mean the Council will retain 50% of growth in rates above an agreed baseline. Economic growth, job creation and the resultant growth in business rates is therefore essential to the financial future of the Council and the City Deal area. There is a critical role for the Council in ensuring growth is delivered. This is of particular importance in a time when other sources of funding from central government have been significantly reduced.

The development of a successful City Deal is likely to require the City Council to invest in the development of an infrastructure fund along with other key public and private sector partners in the Deal area. In return, the City Deal would seek to secure new funding streams from government or to enable the Council and its partners to have a greater say over how public money is spent within the City Deal area.

The indicative financial implications of any City Deal for the Council would need to be included within the Council's Medium Term Financial Strategy and Budget Setting processes. The financial details and implications of a City Deal will emerge during the negotiations with Government over the spring and summer next year and would be subject to formal sign off by Cabinet and Council by November 2013.

### **5.2 Legal implications**

At this stage there are no direct legal implications for the Council. However the development of a City Deal may include the devolution of powers and decision making currently held by central Government which could have specific legal implications. City Deals require the development of governance structures across the area covered by the Deal and this could have implications for the Council's decision making processes and constitution in the future. The detailed implications would be considered as part of the development of the Deal through the negotiation process with Government and would be subject to final sign off by both parties in November 2013.

## **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)?**

City Deals aim to promote local economic growth and prosperity; create jobs and improve quality of life for local people. Any City Deal will need to be negotiated in line with the Council's priorities and strategies on growth; jobs and skills and the regeneration of the City and the creation of a bolder Coventry.

### **6.2 How is risk being managed?**

The potential development of a City Deal forms part of the Council's abc programme. Risk to the City Council will be managed through the governance processes within the abc programme.

### **6.3 What is the impact on the organisation?**

In the short term the development of a City Deal is likely to require the allocation of both financial and human resources. In the longer term the expectation is that the development of a successful city deal will require a reallocation of resources to facilitate the delivery of key regeneration and economic aims for the City.

## 6.4 Equalities / EIA

It is too early to assess the specific impact of the development of a City Deal on protected groups identified by the Equality Act. The primary intention of any deal would be to improve the economic prosperity and regenerate the City; create jobs and support the development of local businesses and the City Council will look to ensure that any Deal would also include a focus on disadvantaged communities.

## 6.5 Implications for (or impact on) the environment

It is important that the growth promoted by the City Deal is sustainable. A City Deal could offer the opportunity to support the city's Climate Change strategy and improve Coventry's carbon footprint. Depending on the content of the Deal this could include support for the Green Businesses; links with the Future Cities project; and the provision of new low carbon infrastructure including transport and housing.

## 6.6 Implications for partner organisations?

- 2.10 The development of a City Deal has great significance for partner organisations. Warwickshire County Council informed the City Council and other local partners on 21 September 2012 that it did not intend to enter into a Coventry and Warwickshire City Deal. The City Council is in discussions with the five Warwickshire District Councils and Hinckley and Bosworth District Council. The CWLEP will be a key partner in the development of a City Deal and other potential organisations that could be involved in a City Deal include the city's Universities and FE colleges; Housing Associations; and voluntary sector groups. The involvement and contribution from partners will depend on the focus and development of the City Deal.

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This report is published on the council's website:  
[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## **Appendix 1**

The twenty cities and wider areas invited to participate in the Second Wave of City Deals are:

Black Country

Bournemouth

Brighton and Hove

Greater Cambridge

Coventry and Warwickshire

Hull and Humber

Ipswich

Leicester and Leicestershire

Milton Keynes

Greater Norwich

Oxford and Central Oxfordshire

Reading

Plymouth

Preston and Lancashire

Southampton and Portsmouth

Southend

Stoke and Staffordshire

Sunderland and the North East

Swindon and Wiltshire

Tees Valley