

Council – 26th February 2013

**Recommendation from Cabinet
12th February 2013**

CABINET

12th February 2013

Cabinet Members

Present: -

Councillor Duggins (Deputy Chair)
Councillor Harvard
Councillor Kelly
Councillor A. Khan
Councillor Mrs Lucas
Councillor J. Mutton (Chair)
Councillor O'Boyle
Councillor Ruane
Councillor Townshend

Non-Voting Opposition

Representatives present:-

Councillor Blundell
Councillor Foster

Other Members

Present:

Councillor Fletcher
Councillor Hetherton
Councillor Lakha
Councillor M. Mutton

Employees Present:-

H. Abraham (Customer and Workforce Services Directorate)
S. Bennett (Customer and Workforce Services Directorate)
S. Brake (Community Services Directorate)
V. Castree (Chief Executive's Directorate)
D. Cockcroft (City Services and Development Directorate)
F. Collingham (Chief Executive's Directorate)
C. Dutton (Community Services Directorate)
C. Forde (Finance and Legal Services Directorate)
C. Green (Director of Children, Learning and Young People)
D. Haley (Children, Learning and Young People's Directorate)
B. Hastie (Finance and Legal Services Directorate)
I. Merrifield (Children, Learning and Young People's Directorate)
T. Prowse (City Services and Development Directorate)
M. Reeves (Chief Executive)
J. Summerfield (Children, Learning and Young People's Directorate)
A. Williams (City Services and Development Directorate)
C. West (Director of Finance and Legal Services)
M. Yardley (Director of City Services and Development)

Apologies

Councillor Kershaw

Public business

RECOMMENDATION

120. **Strategic Alignment of Regional Growth Fund Round 3, Growing Places and LEP Core Funding with Coventry City Council as the Accountable Body**

The Cabinet considered a report of the Director of City Services and Development which sought approval to the City Council acting as guarantor for the Regional Growth Fund, the Growing Places Fund and the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Core funding.

Coventry and Warwickshire Local Enterprise Partnership has been awarded £24.4m in Regional Growth Fund (RGF) money for a programme of economic development activity. The bid was prepared by Coventry City Council staff on behalf of the CWLEP. This is in addition to the £12.8million it received through Growing Places Fund (GPF) in November 2011.

The RGF awards funds to projects that are either privately led, or are submitted by a public-private partnership. The CWLEP has been a key vehicle in the success of this bid; it has provided a focused forum for the area's businesses, universities and local authorities to work together and plan the area's economic growth. By successfully coming together as a partnership and collaborating on this bid to the Department of Business, Innovation and Skills (BIS), we have been able to secure a far greater level of funding than would have been possible if individual organisations developed their own bids.

A total of £24.4m has been awarded which will be available for:

- Grants to businesses for the purchase of assets leading to expansion / job creation: **£1m**
- Support for strategically important companies in the form of Relationship Managers: **£0.270m**
- A programme of investment in infrastructure which will lead to the creation of large numbers of new jobs: **£22.5m**
- Programme management and delivery costs **£0.575m**

The programme will run from early 2013 until March 2015, with all spend being defrayed by 30 June 2015. It is too early to say which businesses will benefit from the grant scheme, or where infrastructure investments will be made, but the examples that were included in the application included Friargate and Coventry Gateway.

In November 2011 the Government announced a £500million Growing Places Fund (GPF) to promote delivery of the key infrastructure needed to unlock developments, helping to generate the jobs and homes communities need, supporting the government's growth ambitions. The fund has three overriding objectives:

- to generate economic activity in the short-term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
- to allow Local Enterprise Partnerships (LEPs) to prioritise the infrastructure they need, empowering them to deliver their economic strategies; and

- to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

The Coventry & Warwickshire LEP were allocated £12.8million Growing Places Funding. There are no official spend timescales imposed by central government since part of the aspiration is to set up a revolving fund. The funding is not ring-fenced, and the only condition is that capital allocations are spent on capital projects. Warwickshire County Council were originally appointed as the accountable body for the funds in November 2011. With the recent success in securing the RGF the strategic alignment of both funding pots under one accountable body is now being proposed.

The Government is providing LEPs with core revenue resources to provide capacity for them to drive forward their growth priorities, allowing them to do long-term resource planning and strengthen support and autonomy of the business-led boards and is keen to get this funding out to all LEPs as soon as possible and in a way they can easily access. They are using a funding mechanism which has the benefits of speed and minimises the administrative burden locally and at central government. The funding will be paid to the local authority and they will act as accountable body.

It is up to the LEP to set out how the funding will be used. The case made by LEP Chairs nationally to government for core funding set out the need for independent support for Board activities, core development of LEP strategies and further stakeholder engagement. LEPs indicated that this additional resource was needed to pay for 3-4 high-quality, executive staff, and a minimum level of business engagement activity (events, stakeholder engagement activity, sub-board groupings etc.) per year. The Government's expectation is that this funding will be used for these purposes but it will be for the LEP Board to decide. For Coventry & Warwickshire LEP the core funding equates to £125,000 in 2012/13 and £250,000 in 2013/14 and again in 2014/15.

The CWLEP has approved the proposal that the remaining GPF is combined with new RGF award to create a single fund, which will increase the flexibility and co-ordination available to the CWLEP to invest in projects that create jobs and economic growth. The aim is to create a single scheme with a combined and streamlined governance structure that will enable funds from various sources to be awarded efficiently and effectively to applicant businesses. Warwickshire County Council has proposed to transfer the GPF to the City Council so that the latter can act as accountable body for the new combined scheme that includes both RGF and GPF. This would enable optimal alignment of the funding streams. The aims of the two schemes are fully compatible; GPF must be allocated to capital projects that bring economic growth whereas the RGF programme aims to make grants for infrastructure, which unlocks new employment sites, and will also make grants available directly to businesses looking to expand or take on new staff.

The report detailed other options considered, including keeping two separate funding streams, with both the City Council and the County Council being the accountable body for an individual fund. However this would result in higher programme management costs and the opportunities of alignment would be a significant missed opportunity.

The Jobs, Skills and Growth Scrutiny Board (3) had considered the report at their meeting on 6th February, 2013 and a Briefing Note detailing their consideration had been circulated. The Scrutiny Board supported the creation of an Accountable Body Group to manage risk and effective resource allocation in relation to the Regional Growth Fund and

the Growing Places Fund and had recommended that the relationship and processes between the funds and governance be clarified in a diagram appended to the report when it is submitted to the City Council meeting on 26th February, 2013. A copy of that diagram was circulated at the meeting and the Cabinet, on recommendation from the Cabinet Member (City Development), agreed to that course of action.

RESOLVED that, after due consideration of the options and proposals contained in the report and matters referred to at the meeting, the Cabinet recommends that the City Council:

- 1. Recognises and endorses the funding opportunity from the Regional Growth Fund, Growing Places Fund and Coventry and Warwickshire Local Enterprise Partnership Core Funding as a significant opportunity in delivering the priorities of the Coventry and Warwickshire Local Enterprise Partnership and authorises the City Council to act as guarantor for this package; and**
- 2. Receives an annual report on the progress of the Regional Growth Fund, Growing Places Fund and use of Coventry and Warwickshire Local Enterprise Partnership Core Funding.**

(Meeting finished at 2.30 p.m.)