

CITY DEALS
REPORT OF DEPUTY CHIEF EXECUTIVE (COMMUNITY
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

- 1.1 This report seeks to brief Members on the second wave of City Deals, to which Coventry and Warwickshire and Leicester and Leicestershire have been invited to make bids, along with their partner authorities. It outlines how the bids may involve a wider area and what such a bid may cover. It confirms the invitations to engage HBBC in the bids and the opportunities this may afford the area.
- 1.2 Copies of the Coventry and Warwickshire and Leicester and Leicestershire city Deals will be available in the Members room for reference.

2. **RECOMMENDATIONS**

- 2.1 That Council notes the invitation to be part of the Coventry and Leicester City Deals.
- 2.2 That Council endorses the expressions of interest to Government for the Coventry and Warwickshire City Deal and Leicester and Leicestershire City Deal.
- 2.3 That Council delegates authority to the Chief Executive, in consultation with the Leader, or their representatives, to negotiate on behalf of the authority details of the final 'City Deal(s)' and report back to Council in due course, should either or both Expressions of Interests be confirmed as successful in February 2013.

3. **BACKGROUND TO THE REPORT**

The City Deal

- 3.1 In 2011, the Government announced that it would promote a series of City Deals with the largest cities in the country, as part of a strategy of both promoting economic growth and devolving powers and resources locally.
- 3.2 Eight 'first wave' City Deals have now been agreed and signed. These involved a diversity of approaches, but all involve some form of devolution from Central Government in terms of powers and funding, as well as some form of clear contribution and commitment from local government and partners to economic growth.
- 3.3 A second wave of City Deals was launched on 29 October 2012. A total of 20 cities have been invited to apply through what is called a managed competitive process, to be assessed against five criteria. These five criteria are as follows:
- i. Contribution to Government Economic Strategy;
 - ii. Innovative focused proposal;
 - iii. Private Sector Leverage;
 - iv. Governance Arrangements; and,
 - v. Strong political commitment.

3.4 It is possible that all 20 City areas could be selected, but this is unlikely. Draft initial Expressions of Interest were requested by the end of November 2012, the final version on 15 January 2013 and a decision on the successful bidders will be announced week commencing 11 February 2013. The expectation is that the final City Deals will be signed by end of 2013. This is a very tight timescale, especially for the initial selection.

3.5 Initial expressions of interest were submitted to the Government at the end of November for both Coventry/Warwickshire and Leicester/Leicestershire City Deals, both of which embrace Hinckley and Bosworth. A summary of the key elements of both City Deals is set out below for information.

3.6 **Coventry and Warwickshire City Deal**

Early discussions have been held at a senior level with the Chief Executives and Leaders of the eight local authorities and the Managing Director and Chairman of the Local Enterprise Partnership. These discussions suggest a proposal may be developed around promotion of the area's advanced manufacturing and engineering clustering along a corridor stretching from Jaguar Land Rover at Gaydon, to the MIRA establishment in Hinckley and Bosworth Borough and the BMW engine plant at Hams Hall in North Warwickshire.

3.7 The emerging 'Big Idea' for the Coventry City Deal is "**re-engineering engineering**" in Coventry and Warwickshire and Hinckley and Bosworth.

3.8 The key components of the bid include:

- i. **Developing skills for advanced manufacturing and engineering growth (AME):** growing local apprenticeships; meeting skills shortages; creating opportunities for graduates; delivering skilled engineers to meet current and future needs of the sector; development of advanced manufacturing technology centre at Ansty.
- ii. **Access to Innovation:** co-ordination of innovative activities to increase Advanced Manufacturing Research and Development activity; develop a local dedicated Innovation Fund.
- iii. **Delivering Infrastructure for Advanced Manufacturing and Engineering Growth (AME):** develop a significant local Infrastructure Fund to deliver key development sites for AME business growth and inward investment; facilitate housing and generation schemes and improvements to our key road and rail corridors.

3.9 **Leicester and Leicestershire City Deal**

Key partners involved in this City Deal include: Leicester City, Leicestershire County Council, the seven Districts, the LLEP and other public agencies and stakeholder groups.

3.10 The key theme for the Leicester City Deal is "**Accelerating Prosperity**"

The key components of the bid include:

- **Strategic Infrastructure Plan** - a long term plan for the LLEP area setting out infrastructure projects prioritized by the scale of economic impact which will unlock development opportunities supporting economic growth.
- **Local Infrastructure Plan** – creation of a local fund in excess of £100M to invest in priority projects in the Strategic Infrastructure Plan. The fund would pool and align national and local sources of finance such as Growing Places Fund;

Strategic Transport funding; pooled business rates growth; local authority capital funds and Enterprise Zone business rates to lever in private investment.

- **Public Sector Land** - co-ordination of public sector land assets to facilitate land assembly on key employment sites and re-invest capital receipts.

Opportunities for Hinckley and Bosworth

- 3.11 Both City Deals present significant opportunities for the Borough and align with the Council's key Corporate Objectives for regenerating the Borough and the Council's Economic Strategy for job growth.
- 3.12 At this stage, the Council has nothing to lose in participating, apart from a commitment of staff time. Indeed, there is much to gain if, as we hope, both bids are successful.
- 3.13 As timescales were tight for the initial expressions of interest, all Leaders and Chief Executives were invited to a meeting on the Coventry City Deal on Wednesday 21 November 2012, to give initial positions of the Council's support. The Council was represented by the Council's Deputy Leader and Deputy Chief Executive (Community Direction), who expressed positive support on behalf of the Council, which was endorsed subsequently by the Council's Executive. Similar support has been expressed for the Council's involvement in the Leicester and Leicestershire City Deal, although the political engagement of Districts in the process was at a much later stage.
- 3.14 The status of commitment at this stage is to the expression of interest. Whilst there will be an expectation of resource support, the shape and scale of this is yet to be worked up and determined and this will need to be subject of a separate report depending on the success of the final expression of interest to Government. For Districts, the commitments are based mainly on our ability to borrow against HRS 'headroom' (for those with their own housing stock) and pooled retained business rates; but not involving any commitment of New Homes Bonus.
- 3.15 This Council is well positioned with its partners in North Warwickshire to facilitate links between both City Deals as part of the West Leicestershire and North Warwickshire Cross Border Delivery Partnership, although, disappointingly, no reference to this is made in the Leicester/Leicestershire Expression of Interest.
- 3.16 It is clear, from the Chancellor's recent Autumn Statement and commitment to establishing a £50 billion national pot in support of the Heseltine Review recommendations on Economic Growth, that Local Enterprise Partnerships will be able to bid for further funds through the next Government Spending Round period. Indications are that areas which secure City Deal status will be best positioned to access these further funds; which makes a successful bid even more important.

4. FINANCIAL IMPLICATIONS [KB]

- 4.1 There are no direct financial implications at this point. The Council will be required to review any budgetary or funding implications following the result of this expression of interest.

5. LEGAL IMPLICATIONS [AB]

None raised directly by this report although the delivery body linked to any successful City Deal bid will need to be agreed between the relevant authorities.

6. **CORPORATE PLAN IMPLICATIONS**

The City Deal initiative will support the delivery of the Council's key Corporate aim of regenerating the Borough.

7. **CONSULTATION**

All Districts within Warwickshire and Leicestershire have been consulted on the emerging City Deal bids for Coventry and Warwickshire, and Leicester and Leicestershire.

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Not participating in City Deal bids could risk losing infrastructure improvement opportunities and employment and skills opportunities for the Borough.	Engaging in joint Local Authority Chief Executive Steering Groups on City Deals. Supporting Expressions of Interest and development of detailed projects to support local economic initiatives.	SLB
Financial/resource impact on Council.	Ensuring Chief Executive or his representative is engaged in negotiations with City Deal partners and full reports on financial implications reported back to Council.	SLB

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

None for this report.

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: None

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