

## WEST DEVON BOROUGH COUNCIL

<b>NAME OF COMMITTEE</b>	<b>Resources Committee</b>
<b>DATE</b>	<b>17 September 2013</b>
<b>REPORT TITLE</b>	<b>Plymouth And Peninsula City Deal – to determine the Council’s response to the offer to be submitted to Government</b>
<b>REPORT OF</b>	<b>Corporate Director (AR)</b>
<b>WARDS AFFECTED</b>	<b>All</b>

**Summary of report:**

Plymouth City Council and strategic partners within the sub-region have been developing a “City Deal” with the Government. The Government’s objective is to address the long term economic challenges affecting the City Deal area. The purpose of this report is for Members to agree the principles of the Plymouth and Peninsula City Deal proposals which will be presented as a draft to the Government in October 2013. Following this member meeting the officer team will continue to ‘polish’ the document.

**Financial implications:**

At this stage, there are no direct financial implications for the Council. However, in future the Council may wish to consider the benefits of partnership working, including the potential pooling of some resources, to achieve economic outcomes.

**RECOMMENDATION**

It is recommended that the Corporate Director (AR) be granted delegated powers to agree the submission of the City Deal Negotiating Document to Government, in consultation with the Leader, on behalf of West Devon Borough Council

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**1. BACKGROUND**

- 1.1 In October 2012, twenty cities and their hinterlands were invited to bid for “radical new powers to boost economic growth”. On 11 December 2012 the Council resolved as follows:

## **“CM 56 - PLYMOUTH AND PENINSULA CITY DEAL**

An urgent report was considered which advised that Plymouth City Council and strategic partners within the sub-region had been invited to submit a bid to develop a ‘City Deal’ with the Government, which focused on addressing economic challenges affecting the area.

In discussion, reference was made to:-

- (a) the potential benefits arising from this proposal. In expressing their support, some Members stated that Plymouth had received insufficient investment for a number of years and this proposal could lead to a number of benefits for the Southern part of the Borough;
- (b) this proposal not committing the Council to any financial involvement at this stage;
- (c) a concern in relation to a Greater Plymouth area evolving. In response, Members were given assurances that this proposal would not result in the Council relinquishing any governance or control to Plymouth City Council.

It was then moved by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon the motion being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Chief Executive be authorised to support the submission to Government of the City Deal Expression of Interest, in consultation with the Leader of Council, on behalf of West Devon Borough Council”.

- 1.2 Although it was initially expected to be a competitive process leading to ‘winners and losers’, all 20 Expressions of Interest were taken forward by the Government and partners in each area were asked to develop their local ‘Deals’ . A draft version of the Negotiating Document is scheduled to be submitted to the Government in October 2013. Partners that have been involved in developing the submission include Plymouth City Council (lead agency), Plymouth University, Plymouth Chamber of Commerce and Industry, Devon County Council, Cornwall Council, Torbay Council, Heart of the South West LEP and Cornwall and Isles of Scilly LEP. The work has been undertaken in close liaison with representatives of the Cabinet Office and the Department for Business, Innovation & Skills.

## **2. THE CITY DEAL**

- 2.1 The current draft version 4 of the City Deal Negotiating Document is available on the Council’s website as an appendix to this report.
- 2.2 The objective of the local ‘Deal’ is to create a long term economic vision for Plymouth and the Peninsula to drive future growth, with the focus on enabling the area to become a world leader in the marine sector.
- 2.3 The intended outcomes are to improve the economic viability of the area; to generate jobs; to promote a balance between employment and housing led growth; and to create greater employment opportunities for young people. Initial

growth within the City is intended to act as a stimulus for further growth across other economic sectors throughout the City Deal area. The proximity of South Hams and West Devon to Plymouth creates the opportunity to share in the benefits of growth.

- 2.4 The marine sector has the potential to grow based on the importance of existing marine based companies as well as the availability of learning and research facilities. The area has a significant concentration of marine businesses, including a number of high profile companies such as Babcock, Princess Yachts, Pipex and Kawasaki. It is estimated that over the two LEP areas the marine sector currently comprises over 700 companies with 25,000 employees, and there is the opportunity to create a substantial supply chain. Prospects for future growth are also promising in the marine renewable energy sector, following the South West's designation as the UK's first Marine Energy Park (SWMEP) and this should promote collaboration between Government, LEPs, technology developers, academia and industry. Initiatives such as bringing forward employment sites in South Hams and West Devon through the planning process and the roll out of super fast broadband, provides opportunities in rural locations for small/medium enterprises (SMEs), as well as micro businesses, to benefit from the City Deal.
- 2.5 While there are opportunities, there are also challenges. The area has the lowest level of productivity of any of the LEPs in southern England. Many businesses have low growth rates with limited access to specialists and technical advice. In preparing the submission, major companies identified that their productivity is constrained by the international nature of their supply chains which increases costs. The South West has had a poor track record of attracting foreign investment and exports from the area are relatively low. The 2013 Ernst & Young UK attractiveness survey identified the South West as the worst performing region in 2012. Many leading marine and precision engineering companies report an ageing workforce, emerging skills gaps and difficulty in recruiting relevant skills.

### **3. THE PROPOSAL**

3.1 In summary the proposal comprises the following:

- Establishing a Peninsula-wide Marine Industries Production Campus (MIPC), including an 'anchor' flagship development at South Yard, to create a linked portfolio of sites that global marine and related industries require for innovation and production. In the medium term it is anticipated that there will be opportunities to promote supply chain growth on sites such as Langage and Noss-on-Dart/Baltic Wharf in the South Hams and Plymouth Road, Tavistock and Opportunity Okehampton in West Devon.
- Improving business support through an initiative known as GAIN (Growth Acceleration and Investment Network). The support will initially focus on the marine sector but will be transferable to all sectors of the economy over time.

- Delivering a step change in the export readiness of local businesses and increasing the opportunity to secure inward investment.
- Developing an employer led Apprenticeship and Skills Hub which meets the requirements of a growing marine sector.
- Ensuring young people are able to access opportunities created by growing marine businesses through intensive support programmes targeting young people.
- Establishing a fit-for-purpose City Deal governance structure, likely to be based on a joint committee that enables shared ownership and accountability for the City Deal across the strategic partners. The arrangement will include representation from local authorities as well as the LEPs, the higher education sector and the private sector.

3.2 The City Deal submission is based on a series of ‘asks’ and ‘offers’. Key requests from Government include:

- Co-operation to secure regeneration of MoD sites, with implementation supported by the HCA’s Public Land Infrastructure Fund.
- Flexing of ‘standard’ national business support interventions to enable specific targeting to local businesses, including the provision of funding from the Regional Growth Fund.
- Realigning UKTI national export initiatives to support local opportunities to generate exports.
- Creating better opportunities for young people to access jobs, supported by funding from, for example, the Youth Employment Challenge Fund.

3.3 Much of the initial public sector funding will be from the City Council; future bids to access European funding, Growing Places Funding and Regional Growth Funding; and investment from the higher education sector. These public sector funding streams will be used in partnership with private sector investment.

3.4 The initial key request to South Hams and West Devon Councils is that both authorities:

- Ensure that key strategies (such as the Connect Strategy and the Local Plan) and service activities (e.g. Development Management and Economic Development) support the City Deal; and
- Support the development of effective governance arrangements across the City Deal area.

#### **4. KEY MATTERS FOR CONSIDERATION**

- 4.1 Members may conclude that the initial expectation that the Government's 'offer' through City Deal would be a radical shift in power to enable greater local control of economic growth across the sub-region has not materialised. However for two lower tier councils to be central to an initiative that the Government appears to regard as a key tool for economic regeneration should result in future benefits.
- 4.2 As the early focus of the City Deal is on the marine sector and is Plymouth centric, Members may feel that it is difficult to identify immediate benefits for the more distant rural areas apart from the multiplier effect arising from growth in the City. This concern is perhaps balanced by the fact that neither South Hams nor West Devon Councils are being asked to provide financial resources at this stage. Therefore both Councils have the opportunity to assess the success of the initiative before committing funding to any future proposals.
- 4.3 It is believed that there will be longer term opportunities across the rural areas as it is the Government's intention to increasingly devolve the allocation of both national and European funding streams through the LEP. On-going engagement by the two Councils in the City Deal should help create a stronger sub-region and by demonstrating a shared vision, it may influence future resource allocations.

#### **5. NEXT STEPS**

- 5.1 During September each of the local authority partners will be seeking Member support in principle for the City Deal Negotiating Document, with anticipated submission of the final version to Government in early October. In tandem with the member meetings, the partner agencies will continue to develop the current draft document.
- 5.2 It is anticipated that a small group of representatives from the City Deal partners will present the proposal to Ministers on 9 October. If the proposals are accepted by Ministers, subsequent negotiations will take place to enable the Government and City Deal partners to sign the finally agreed 'Deal' during 2014.
- 5.3 The City Deal covers the economic geography of two LEPs, four Unitary Councils (Plymouth, Cornwall, Torbay and Isles of Scilly), the two County Council areas of Devon and Somerset and the twelve District Council areas of the two Counties. Therefore future governance arrangements across this geography could become complex and the model is still being developed. Members may wish to note that South Hams and West Devon Councils are the only two district tier authorities currently engaged in the City Deal discussions. The principle currently being discussed is that a district 'voice' could have the same level of influence as a unitary or county council 'voice'. Future governance arrangements will also include representatives from the business sector and higher education, and the balance between local authorities and other sectors is yet to be determined.

The Government's drive for wider representation across other sectors in strategic decision making creates a series of governance/legal issues which will

need to be worked through. If a new inclusive governance model is successfully established, it may help the two Councils to demonstrate compliance with the 'duty to cooperate' requirements that are key to the statutory planning process.

## **6. LEGAL IMPLICATIONS**

6.1 None at this stage. However, both Councils will wish to be involved with partners in developing governance arrangements to ensure that the needs of rural communities are taken into account within a future "City Deal".

## **7. FINANCIAL IMPLICATIONS**

7.1 None at this stage. However, both Councils will need to consider the value-for-money of any future commitment of local resources, including funding and member/staff time.

## **8. CONCLUSION**

8.1 The view of both Leaders and senior officers is that the two Councils should support the submission of the Plymouth and Peninsula City Deal Negotiating Document, because its fundamental objective to address long term economic challenges across the City Deal area has the potential to benefit rural communities in the longer term.

## **9. RISK MANAGEMENT**

9.1 The risk management implications are appended to this report (Appendix 1).

## **10. OTHER CONSIDERATIONS**

<b>Corporate priorities engaged:</b>	Primarily the Economy priority, but there is also potential benefits for Homes and Community Life.
<b>Statutory powers:</b>	General Powers of Competence under the Localism Act 2011
<b>Considerations of equality and human rights:</b>	At this stage, the details of the proposals have not yet been agreed. However the partners will need to take into account equality and human rights issues that arise from the City Deal.
<b>Sustainability considerations:</b>	At this stage, the details of the proposals have not yet been agreed. However the partners will need to take into account sustainability considerations that arise from the City Deal.
<b>Crime and disorder implications:</b>	At this stage, the details of the proposals have not yet been agreed. However the partners will need to take into account crime and disorder issues that arise from the City Deal.
<b>Background papers:</b>	None
<b>Appendices attached:</b>	Strategic Risk Assessment Table (Appendix 1) Plymouth and Peninsula City Deal Negotiating Document (Appendix 2) – available on the Council website

## STRATEGIC RISKS

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Rural communities do not benefit from the City Deal	In the longer term, the City Deal does not benefit rural communities because South Hams and West Devon Councils have not engaged in developing the proposal.	4	2	8	↓	Despite time pressures and capacity challenges, the two Councils have prioritised political and senior officers' engagement in developing the City Deal.	SH Leader, WD Leader and CD(AR)
2	Uncertain future resource commitments	No financial implications at this stage. However, potential future partnership funding requirement to achieve agreed economic outcomes.	3	3	9	↔	Continue to engage in developing the City Deal and review future resource commitments if the Negotiating Document is agreed and detailed proposals are subsequently developed.	CD(AR)
3	Vacuum in strategic liaison across the sub-region	Engagement in the City Deal process has provided a catalyst for more effective joint working.	3	2	6	↓	Continue to engage in developing the City Deal and monitor the success of emerging governance arrangements, assuming the Negotiating Document is agreed and detailed proposals are subsequently developed.	CD(AR)

Risk Score 20-25: very high; 12-19: high;  
Direction of travel symbols = ↓ ↑ ↔

8-12; medium; <8: low