

## Bath & North East Somerset Council

MEETING:	<b>Cabinet</b>
MEETING DATE:	<b>11 July 2012</b>
TITLE:	<b>City Deal - Bristol &amp; West of England</b>
WARD:	All
<b>AN OPEN PUBLIC ITEM</b>	
<b>List of attachments to this report:</b> <ul style="list-style-type: none"><li>• Appx 1 City Deal - West of England final document (setting out the principles)</li><li>• Appx 2 Unlocking Growth – Cabinet Office guide to City Deals</li></ul>	

### **1 THE ISSUE**

- 1.1 Government have accepted a proposal from the West of England Unitary Authorities (Bristol, Bath & North East Somerset, North Somerset and South Gloucestershire) to establish a City Deal with extra incentives to reward each authority for economic growth.
- 1.2 The proposal is only at an 'in principle' level and will require more detailed work before it can be recommended for approval. Once this work has been completed reports will be submitted to both Cabinet and Council during the autumn (September or November 2012).

### **2 RECOMMENDATION**

- 2.1 No Cabinet decision is sought. This briefing note outlines the Government's in principle acceptance of the City Deal proposal for the West of England and agrees that a further report be submitted to Cabinet and then Council in the autumn.

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The financial implications are set out in the enclosures to the extent they have been assessed.
- 3.2 One of the key principles is that the proposal must demonstrate a better financial solution for each of the four West of England Unitary Authorities compared with the new financial settlement for local government which will apply from April 2013.
- 3.3 Under the new settlement for local government the first 50% of business rates growth (or reductions) will be retained locally. This is an incentive to invest in growth.
- 3.4 In 2020 the new system is due to be 'reset' and that may mean most of the benefits are removed to be pooled nationally and redistributed according to need. The arrangements for future resets are not yet clear and they will be difficult for government to apply so may be subject to damping or other changes.
- 3.5 The new system has many other features and is set out in the Communities and Local Government web site. The purpose of this paper is not to set out those details but simply to reference them as the relevant benchmark for the City Deal.
- 3.6 The City Deal will enable 100% of the growth in business rates from the Enterprise Areas and the Enterprise Zone (the EAs are spread between the UAs; the EZ is in Bristol only). Up to 90% of the business rates growth in B&NES could come from the Enterprise Area, based on figures in the draft Core Strategy.
- 3.7 The business rates growth or a proportion of it, from the EAs and the EZ will need to be pooled across the WoE under the proposals. This will then be shared to support investment in infrastructure but also retained for 'service and demographic pressures' in each UA.
- 3.8 This Council has been clear that it will want to ensure that it is substantially better off in the medium to long term under the proposals, that 'ring fencing' does not prevent it from investing in general service and demographic pressures, and that the governance of the pooled funding is right. This may mean in practice that the key issue is potentially about how the extra 50% of business rates retention is retained and governed.
- 3.9 The City Deal principles are set out in section 3 of the enclosed report. The detail has yet to be agreed and the modelling to date is high level. As a result there is not yet any formal agreement to participate in this deal albeit an expression of interest has been clearly lodged.
- 3.10 The levels of investment across the West of England are indicative, mainly outside B&NES, but need to be detailed and included in the relevant capital programmes and subject to Council approval. The enclosed report shows more information.

### **4 CORPORATE OBJECTIVES**

4.1 All of the Council objectives are affected but especially 'a stronger economy'.

- *Promoting independence and positive lives for everyone*
- *Creating neighbourhoods where people are proud to live*

- *Building a stronger economy*

## **5 THE REPORT**

- 5.1 A key element of the deal is the proposed financial arrangements and these are set out above and in the enclosure. This is the 'growth incentive'.
- 5.2 The other key elements of the Deal are set out in the enclosure and relate to:
- (1) Transport Devolution Agreement
  - (2) People and Skills Programme
  - (3) City Growth Hub
  - (4) Public Property Board
- 5.3 The public property board is Bristol only. This Council's workplaces project is already cross public and other sectors – as exemplified in the new Bath 'one stop shop'.
- 5.4 Bath Package transport scheme is unaffected by the proposals.
- 5.5 Much of the commitment to invest relates to Bristol and to some extent South Gloucestershire.
- 5.6 The benefits of the scheme stretch beyond its content today into associated benefits linked to the sub-region being well placed to attract government funding.
- 5.7 Governance arrangements have yet to be established and will be a key part of the deal, although the LEP Board will need to be consulted and their role in the new arrangements has yet to be defined.

## **6 RISK MANAGEMENT**

- 6.1 A risk assessment will be compiled alongside the proposed scheme as it is developed. Paragraph 3.8 is relevant, as will be the detailed modelling yet to be completed, and the equalities issue set out below.

## **7 EQUALITIES**

- 7.1 An equalities impact assessment will be compiled alongside the proposed scheme as it is developed.
- 7.2 A key issue is the retention of an ability to fund service and democratic pressures under the new arrangements at least as well as would be possible without the existence of a City Deal.

## **8 RATIONALE**

- 8.1 This report is for noting only. The work to date has enabled B&NES to remain part of the emerging proposals for the City Deal for the West of England if it so wishes.

## 9 OTHER OPTIONS CONSIDERED

9.1 The alternative options would be to exclude the Council from the Deal before the detail had been assessed. As it is, the Council is able to participate in the deal and benefit from any additional rewards for growth, albeit that various principles have been set as described 3.8 above.

## 10 CONSULTATION

10.1 *Group leaders, cabinet and statutory officers in the Council have been consulted along with the three other WoE UAs and the Government Cabinet Office.*

## 11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 *Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Health & Safety; Impact on Staff; Other Legal Considerations*

## 12 ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Andrew Pate, Strategic Director - Resources</i>
<b>Sponsoring Cabinet Member</b>	<i>Paul Crossley - Leader</i>
<b>Background papers</b>	<i>Emerging new system of Local Government finance as set out on the CLG website.</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	