

REPORT TO	DATE OF MEETING
Cabinet	9th January 2013

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Preston City Deal : Expression of Interest	Leader	John Dalton	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

The Government announced on 29th October 2012 a Wave 2 of its City Deals programme and has invited 20 cities to express their interest in participating. Preston has been included in the list and the Government has invited Preston City Council, the County Council and the Lancashire Enterprise Partnership (LEP) to make a submission. It is apparent that the inclusion of Preston in the list refers to a larger geographic area than that of the City Council, and includes (at least) South Ribble. Preston City Council has approached the Borough Council to work alongside them, and the County Council and LEP to develop the Expression of Interest required at this stage.

The focus of the submission is to secure the necessary infrastructure to promote economic growth, and align funding streams both national and local to deliver this infrastructure as quickly as possible.

The Government requires Expressions of Interest (EOI's) by 15th January 2012. Government will select the Wave 2 City Deal areas it intends to support by March, with the process of negotiation and confirmation of Deals completed by November, 2013.

The City Deal proposal is in accordance with the Corporate Plan priority of a strong South Ribble in the heart of a prosperous Central Lancashire.

RECOMMENDATION

It is recommended that the Cabinet supports and endorses the Expression of Interest for the Preston City Deal proposals as set out in the Report.

DETAILS AND REASONING

City Deals: Context

The Government announced on 29th October 2012 a Wave 2 of its City Deals programme. 20 cities, listed below, have been invited to bid for a City Deal.

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|----------------------|--------------------------------|
| 1. The Black Country | 11. Oxford |
| 2. Brighton | 12. Reading |
| 3. Bournemouth | 13. Plymouth |
| 4. Cambridge | 14. Preston |
| 5. Coventry | 15. Southampton and Portsmouth |
| 6. Hull and Humber | 16. Southend |
| 7. Ipswich | 17. Stoke |
| 8. Leicester | 18. Sunderland |
| 9. Milton Keynes | 19. Swindon |
| 10. Norwich | 20. Tees Valley |

The list has been drawn up using 2 important criteria:

- It includes the largest English cities outside the Core group, with populations of more than 125,000: the cities that can make the most economic difference.
- It combines the fastest-growing cities in England, which have further potential to grow, with midsized cities that will require policy intervention to improve their economic prospects.

As can be seen, the list includes Preston but it is clear that the geographic area referred to by Government corresponds to wider area that includes (at least) South Ribble.

In Lancashire, the Government has sent invitation letters to Preston City Council, Lancashire County Council and the Lancashire Enterprise Partnership (LEP). Preston City Council has approached the Borough Council with a view to working together, along with the County Council and the LEP to develop a submission. The Preston City Deal proposals set out in the report below have therefore been worked up on this basis.

Wave 2 City Deals

City Deals are predicated on the provision of additional growth – in economic activity and jobs. Under a City Deal, each city makes an “offer” to and an “ask” from Government. It sets out in terms how it can provide further growth, how it is already working to deliver that growth, and what further support it is seeking from government to enable its full delivery.

In addition to any “asks” on funding, freedoms and flexibilities specific to individual city deal areas, the government is proposing to make available to all successful Wave 2 City Deal areas a generic package of freedoms and flexibilities. These have yet to be fully defined but are likely to focus around the issues of skills/welfare, infrastructure and private sector involvement.

The Government requires Expressions of Interest (EOI’s) by 15th January 2012. Government will select the Wave 2 City Deal areas it intends to support by March, with the process of negotiation and confirmation of Deals completed by November, 2013.

At the Expression of Interest stage what is being sought is a clear indication of the proposition which the city has, that there is supporting evidence to back that up, that partners are already addressing these issues through their own resources, including the pooling of such resources and some sense of the quantum of benefits likely to flow from the city deal, if agreed.

Proposed Preston City Deal

Over the last decade, there has been a wide range of research which has consistently highlighted that the most economically productive area of Lancashire is Central Lancashire. In the decade to 2008 the area had one of the highest rates of private sector growth in the Country at just over 16%.

However, there are constraints on the area delivering its full potential, in particular the role which infrastructure capacity plays in limiting growth. This relates in particular to issues of access to and connectivity between the city centre, key development sites (for business and housing) and between the area and other parts of Lancashire. The need to alleviate these issues has already been identified, through the adopted Central Lancashire Core Strategy (2012), through the priorities in the Lancashire Transport Plan and more recently in the Central Lancashire Transport Masterplan.

On this basis, the focus of the Preston City Deal is to gain additional Government support and assistance for a series of infrastructure investments which would improve access to and between Preston city centre and a series of key economic and housing development nodes and linking with

the Enterprise Zone sites. Most investment would be concentrated on a ring of infrastructure improvements to the North and West of Preston, south of the River Ribble and in the city centre.

It is estimated that investment in such infrastructure would facilitate economic and housing development and release around 23,000 additional jobs, 15,000 new homes and a GVA uplift of nearly £1 billion over a 10 year period. There would be a minimum of £500m in leveraged private investment.

The vehicle for delivery of investment would be through the establishment of a new Development and Infrastructure Investment Fund which would match existing partner contributions, including local authority capital programme and transport funds, CIL and S106 monies, Homes & Community Agency (HCA) assets, pension fund investment and potential use of New Homes Bonus and Business Rates uplift against the “bending” of existing government funding. There is also potential to lever in additional private sector investment and to draw down additional ERDF monies under the new programme from 2014 onwards.

Although additional economic and housing growth would be stimulated primarily within the city deal area, it is anticipated that this would have additional benefits for the wider Lancashire area. Improvements to road and rail access between Preston and Blackpool would offer enhanced employment opportunities to residents of Blackpool and the Fylde Coast. Residents in East Lancashire would have improved access to additional employment opportunities within Preston city centre, the Enterprise Zone sites at Warton and Salmsbury and at Cuerden.

Governance arrangements are still in discussion, but it is suggested that these be via a new sub-committee of the Lancashire Enterprise Partnership (LEP) with ring-fenced funding and a private sector majority. The Leaders of Councils would also be members. Relationships between the parties and with Government would be on a contractual basis.

Timescales

The Cabinet Office has asked for submission of EOI's by 15th January 2013. As has already been outlined above, the bid will be assessed by March and a number of cities will be selected to move into a negotiation and discussion phase with Government, with finalised city deals being ready for signing off around November 2013.

Preston City Council's Cabinet are considering a report on the 9th January 2013 that seeks endorsement for the submission of an Expression of Interest. The County Council's Cabinet is also considering a report on the 3rd January 2013 that seeks a similar endorsement. The LEP at its meeting on 11th December 2012 confirmed its support for the submission.

Conclusion

It is recommended that the Expression of Interest for the Preston City Deal proposals be supported and endorsed, on the basis that if successful, the Borough Council would be better able to deliver its ambitions for the area as set out in the LDF, that are dependent on the early provision of infrastructure.

Further reports will be presented to Cabinet on the progress and development of the Preston City Deal.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	There are no financial implications arising directly from this report. If the EOI is supported by Government then further reports will be presented to Cabinet when any implications will be assessed.
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LEGAL	There are no legal implications arising directly from this report. If the EOI is supported by Government then work will be required to develop the governance arrangements and suggested contractual approach.
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RISK	There is a risk that if the Council were not to support the submission of the EOI, then it would undermine the City Deal proposal and would mean that Central Lancashire as a whole, and South Ribble would not benefit from potential additional investment to provide infrastructure to stimulate and foster economic growth. In addition, not to explore the potential of additional funding for infrastructure makes the delivery of the Council's ambitions for the development of the borough as set out in the LDF, more difficult.
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THE IMPACT ON EQUALITY	At this stage of submission of an EOI there is no ascertainable impact on equality.
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OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS