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**Meeting:** Executive  
**Date:** 8 January 2013  
**Subject:** City Deal  
**Report of:** Cllr Nigel Young, Executive Member for Sustainable Communities-  
Strategic Planning and Economic Development

**Summary:** The report proposes that Central Bedfordshire Council expresses an interest in participating in a Milton Keynes- based City Deal, supporting the wider South East Midlands economic area.

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**Advising Officer:** Gary Alderson, Director of Sustainable Communities  
**Contact Officer:** Liz Wade, Assistant Director, Economic Growth, Skills and Regeneration  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/ exemption from call-in (if appropriate)** To respond to the timetable advised by the SEMLEP Executive Group to prepare and submit an expression of interest to Cabinet Office by the 15 January 2013.

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

The Core purpose of the City Deal is to enable and accelerate the delivery of economic growth. This will respond directly to our corporate priorities of:

- Enhancing Central Bedfordshire – creating jobs, managing growth, protecting our countryside and enabling businesses to grow;

And

- Better infrastructure – improved roads, broadband reach and transport.

### **Financial:**

1. The City Deal will appraise and develop with central government forward funding models to finance the delivery of critical infrastructure that holds back economic growth.
2. The final City Deal requires a compelling case to put to government that drives efficiency in the use of public money in the area and delivers stronger outcomes with the same or fewer resources.

3. The initial costs of the City Deal expression of interest will be covered within the current Sustainable Communities 2012-13 budgets. If the City Deal is invited to progress following this stage the need for additional resource will need to be reviewed to ensure the full engagement in the preparations and negotiations with central government.

**Legal:**

4. Any City Deal requires a strong governance model as part of the proposition to proceed. This could include the readiness to pool budgets and make area wide decisions on spending based on agreed economic criteria.
5. The governance arrangement will need to be appropriate and robust and operate across the whole City Deal defined area. This must include a joined up approach across the policy areas that are being addressed and political commitment into delivering the deal accepting the risk and potential rewards. The governance arrangements will need to be agreed with the parties involved.

**Risk Management:**

6. A risk appraisal of the City Deal will be required to assess the exposure to risk and how this can be mitigated. At this stage the risks are not identified as the components of the City Deal at this early stage have not been agreed. The City Deal is likely to include financial risk of forward funding, reputational risk of the partnership arrangements, political risk of the enduring nature of the City Deal as a key policy initiative, economic risk of delivery, governance risks and risks of the failure of partnership working.

**Staffing (including Trades Unions):**

7. Not Applicable at this stage of expression of interest. Appropriate and additional staff resources to manage the project in the longer term may be required once the scale and type of the potential interventions is known.

**Equalities/Human Rights:**

8. A City Deal will need to draw on a robust evidence base of economic need and ensure that it does not unfairly discriminate. A full equality assessment and full compliance with our legal duties will be required at the time of the final agreement.

**Public Health:**

9. The environment and access to decent housing and employment are key determinants of public health and wellbeing in the area. The City Deal seeks to drive local economic growth and boost local economies in the context of delivering sustainable growth and therefore has a direct and positive impact on the community health outcomes.

### **Community Safety:**

10. The growth agenda in any area has the potential to impact on community safety. Infrastructure changes, increases in housing and improving local economies all have links to crime and disorder whether that is by increasing employment and housing opportunities for offenders wishing to break their offending behaviour or for victims that may be fleeing domestic abuse and starting afresh. The Council has a statutory duty to do all that it reasonably can to reduce crime and disorder in its area, across all of the Councils functions, and as City Deal progresses consideration will need to be given to the impact on community safety as projects, surveys etc are commissioned.

### **Sustainability:**

11. The environmental agenda and in particular the approaches to low carbon technologies and applications often feature in the first wave of City Deals. Transport and improving inter urban transport linkages promoting the use of alternative choices to the car are opportunities within the City deal that are likely to feature during the development of the agreement. The Council is already engaged with Milton Keynes and partners on this agenda through the Plugged in Places project, SEMLEP Green Economy Group and is forming a Local Transport Board in conjunction with Bedford, Luton and Milton Keynes Council.

### **Procurement:**

12. Not Applicable at this stage of negotiation. Procurement of any projects or commissions will follow the corporate procurement policies and financial procedures that safeguard public spending.

### **Overview and Scrutiny:**

13. This matter has not been considered by Overview and Scrutiny

### **RECOMMENDATION:**

#### **The Executive is asked to:**

1. **delegate to the Chief Executive in consultation with the Leader and Executive Member for Sustainable Communities - Strategic Planning and Economic Development the negotiation and development of a Milton Keynes- based City Deal on behalf of Central Bedfordshire Council.**

*Reason for Recommendation:* So that the Council can participate and influence the shape of the potential City Deal in securing additional tools and flexibilities to drive local economic growth.

### **Executive Summary**

14. City Deals represent an opportunity to shift power and funding from the centre to the local level. Success will require new innovative approaches to how economic areas will work together and potentially new stronger local governance arrangements for shared decision making.

15. This report outlines the opportunity to join with Milton Keynes and potentially others in the South East Midlands Local Enterprise area to drive economic growth on the ground. 20 cities and their wider areas have been invited to compete to form a City Deal agreement with Central Government. The City Deal proposes that cities and the wider functional areas are the engines of economic growth and seeks to actively work with fast growing cities in areas such as the South East Midlands which have the potential to benefit from further devolution of power and funding from the centre to the local level to drive economic growth.
16. The proposed City Deal needs to pass the first stage of a formal expression of interest in January to be invited to work with Central Government in setting out a formal agreement at the local level. This could be a simple request for a single combined capital pot or a greater return of taxation to cities and areas over the long-term. The final agreement is anticipated to last for at least a period of at least 10-15 years. Some elements of the agreements reached in the first wave City Deals propose a period up to 30 years.

## **Background**

17. In July 2012, Government agreed the first wave of City Deal with the eight largest cities outside London and their wider economic areas. They are Greater Manchester, Leeds, Sheffield, Newcastle, Greater Birmingham and Solihull, Liverpool, Nottingham and Bristol and West of England. These agreements were bespoke to reflect the different needs of the cities. Together they aim to create 175,000 jobs and 37,000 new apprenticeships over the next 20 years.
18. The aims were:
  - To give cities the powers and the tools they need to drive local economic growth
  - Unlock projects or initiatives that will boost their economies; and
  - Strengthen the governance arrangements of each city.
19. The economic challenge of the City Deal must be in full accordance with the Governments general economic strategies and policies that seek to reduce regulation, create well functioning markets, promote and enable the environment for business and boost private sector growth and investment.

## **Expression of Interest**

20. Milton Keynes was invited alongside 19 other cities to be part of the second wave of City Deals at the end of October 2012 .The advice to date received is that the City Deal requires at least one other local authority to reflect the wider functional economic area to succeed at the formal expression of interest stage required to be submitted by the 15<sup>th</sup> January 2013. The process of selection is expected to be competitive with 10-12 proceeding to the next stage following the assessment of the formal expression of interest. Inclusion is not guaranteed by Government. Results of the expression of interest stage are expected to be announced in the week beginning the 11 February 2013.

21. A draft Expression of Interest was prepared and submitted to the Cabinet Office team by Milton Keynes on the 30 November for comment. This indicated the opportunity for partnering authorities to become involved.
22. Initial informal discussions have been held at Leader and Chief Executive level with MK and SEMLEP to discuss the opportunities that this could bring forward in the delivery of our Development Strategy.

### **Potential City Deal Areas**

23. Each City Deal will be offered the opportunity to apply for core flexibilities that are likely to apply to most areas generically in supporting economic growth and specific 'bespoke' elements tailored and evidenced by the local economic assessment.
24. The first wave of City deals has informed the generic areas of common interest. The core areas are likely to include the forward funding of utilities, skills, inward investment, localisations and use of the business rate retention. Potentially a number of other areas will develop as negotiations with Government progress in this second wave.
25. Bespoke elements will address very specific evidenced local economic needs or site specific interventions at a local level. A bespoke area could for example include specific employment sector or skill need as a tailored extension of the core offer. In the SEMLEP area this could include specific asks in terms of the engineering and advanced manufacturing and technology sectors.
26. The draft Expression of Interest has indicated the Milton Keynes interest in the following areas:-
  - (a) Capital Funding and borrowing to forward fund infrastructure.
  - (b) Housing and raising the housing debt cap to accelerate delivery to meet housing needs.
  - (c) Marketing and Inward Investment, including super fast broadband provision.
  - (d) Innovative Transport Solutions, including low carbon approaches and development of smart grids developing stronger inter urban public transport choice.
  - (e) Skills Programmes to meet current and prospective business needs, including apprenticeships.
27. Further bespoke elements can be added and could be site or sector specific, but must evidence and demonstrate the difference a City Deal will make in the driving economic growth.

## **Opportunities and Benefits for Central Bedfordshire**

28. Our draft Development Strategy sets out our plan to deliver 28,700 new homes and 27,000 new jobs by 2031. In 2011/12 Central Bedfordshire delivered 1,310 new homes. If we are to deliver this level of growth we need to ensure all steps are taken to secure the critical infrastructure to deliver sustainable high quality communities in the planned urban extensions. The City Deal offers a new platform to achieve this in developing new models to forward fund the necessary infrastructure.
29. Creating employment opportunities to match this level of population growth is equally important. Between 1998 and 2008 Central Bedfordshire created an estimated 9,950 jobs of which approximately 4,000 have been in the private sector. If we are to meet our target of 27,000 jobs by 2031 a step change in job creation is required. The City Deal offers the opportunity to discuss across Central Government what additional help can be secured to pump prime both public and private investment to attract and secure more job growth across our area.

## **Assessment of Expression of Interest**

30. The City Deal assessment by the Cabinet Office of the expression of interest will focus on the following five areas:
  - (a) contain proposals for stronger governance across their functional economic area, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively;
  - (b) contain proposals for harnessing significantly greater private sector input, expertise and resources;
  - (c) demonstrate strong political commitment and readiness to put resources into delivering the deal;
  - (d) present proposals that are consistent with the need to drive efficiency in the use of public money in the area, doing more with less, in pursuit of the Government's medium term goal to eliminate the deficit; and
  - (e) propose reforms for City Deal areas which represent the leading edge of the Government's general economic strategy – to reduce regulation, create well-functioning markets, promote an enabling environment for business and boost private sector growth and investment.

## **Conclusion and Next Steps**

31. This opportunity gives Central Bedfordshire the basis for new relationship directly with Government in the delivery of our Development Strategy. It provides a national platform with all Government departments to focus on the economic challenges we face in unlocking the economic potential of this area.

32. Current Government policy identifies cities as one of the key drivers of economic growth. A specific Cities Policy Unit was created in the Deputy Prime Ministers Cabinet Office in August 2011 to work with cities and Government to deliver a new approach to economic growth. The Right Honourable Greg Clark MP has been appointed as the Minister for Cities in addition to his existing responsibilities in both DCLG (Department for Communities and Local Government) and BIS (Department for Business, Innovation and Skills). City Deals will be led by this unit and will consider the growth of cities and their wider functional economic areas such as the South East Midlands and continued engagement with them will be critical.
33. It is recommended that we support the next stages of the negotiation of the City Deal.

**Appendices:**

None

**Background Papers:** (open to public inspection)

Unlocking Growth in Cities, HM Government, December 2011

[http://www.dpm.cabinetoffice.gov.uk/sites/default/files\\_dpm/resources/Guide-to-City-Deals-wave-1.pdf](http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Guide-to-City-Deals-wave-1.pdf)