

ANGUS COUNCIL

ANGUS COUNCIL – 10 DECEMBER 2015

CITY DEAL

REPORT BY RICHARD STIFF, CHIEF EXECUTIVE

ABSTRACT

This report seeks to update the council on the development of a proposed City Deal for the Tayside and North Fife area. The council is asked to note the progress to date, the engagement of Angus Council officers in the project team and the use of funds agreed by the Policy and Resources Committee on 17 March 2015 in the preparation of a submission to government in partnership with Dundee City, Fife and Perth and Kinross Councils.

1. RECOMMENDATIONS

It is recommended that the Council:

- note the contents of this report and the work of the project team to date;
- confirms the Council's willingness to continue to participate in this project;
- authorise the Chief Executive and other relevant officers to continue to engage with colleagues in neighbouring local authorities, and the UK and Scottish Governments as required in the development of a City Deal proposal;
- note the establishment of a revised governance structure involving the Leaders and Chief Executives of the participating local authorities;
- agree that a sum of £125,000 in total be set aside from the 2015/16 Provision for Additional Burdens revenue budget to fund the development costs in 2015/16 and 2016/17;
- agree that further reports are provided at key stages in its development;
- note that no financial commitment from Angus Council beyond the £125,000 development costs outlined in this report will be made without approval by the Committee or Council.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities.

3. BACKGROUND

The "City Deal" process was initiated in 2011 as part of the UK Government's "localism" agenda. City Deals seek to empower cities and city regions to drive economic growth by putting greater resources and financial freedoms in the hands of local authorities.

Initially eight deals were agreed with the English and Welsh Core Cities. Although each City Deal is unique, the key features of these deals were:-

- local authorities developing a clear programme of infrastructure investment prioritised to deliver Gross Value Added (GVA is essentially a local measure of jobs and productivity growth);

- an Infrastructure Fund being established with funding from a variety of sources (mainly government funding but also including prudential borrowing by the local authority);
- Government in return allows the fund to earn back locally funded contributions under a formula linked to economic growth and the increase in total tax revenues (not just non-domestic rates as in Tax Increment Finance schemes); and
- robust local governance and delivery arrangements established across the geographical area over which the investment will be targeted.

A number of second-tier English cities have since secured their own deals and in July 2014 the UK Government announced a City Deal worth £1.13 billion for the Glasgow City Region. Subsequently further deals have been developed in Scotland including deals involving Edinburgh, Aberdeen City Aberdeenshire and Inverness.

4. CURRENT POSITION

Early in 2015 the council was invited by Dundee City Council to participate in the development of a proposal for a Tayside area City Deal alongside the City Council, Perth and Kinross Council and Fife Council. In March 2015 the Policy and Resources Committee agreed that the council should participate in an initial dialogue aimed at preparing a case for a City Deal. The committee also agreed an allocation of up to £125,000 from the provision for additional burdens to support the immediate costs of this development, with a further £100,000 expected to be required to prepare a full bid in line with the allocations agreed by the other three councils. As yet there has been no call on any of this financial provision.

A Tay Cities Deal

Since March 2015 officers of the 4 councils, with support from EY commissioned by Dundee City Council, have worked to create the outline of a case for a Tay Cities Deal. This has identified the potential benefits of investment to:-

- improve the regional transport network including public transport;
- unlock strategic development areas and sites;
- support key growth sectors;
- support a significant overall increase in the number of jobs in the area;
- work with the long term unemployed and support them back into sustained employment;
- spread the benefits of economic growth across Tayside and Fife ensuring deprived areas and low wage earners benefit from this growth.

5. PROPOSALS

Angus can only participate in a City Deal by collaborating with other authorities. To sit outside a developing partnership would create significant risks for the county as inward investment might naturally gravitate towards locations within the City Deal area ie the displacement referred to above.

The initial work done by the officer group has indicated that there is a strong case for the further work required to prepare a submission to government seeking the agreement of a City Deal. This further work requires the creation of a short life project team via the secondment of a relevant senior officer to the team for a period of up to 3 months while the case to government is prepared. The Head of Planning and Place has been identified at the key post holder to be involved at this stage. In addition, support from Finance and Economic Development staff will continue to be required.

In this second stage of development there is likely to be a call on the financial provision already agreed by the Policy and Resources Committee to fund in partnership with the other

councils the procurement of the specialist consultancy services which the preparation of the submission to government will require.

In relation to project governance, initial oversight was provided by the Chief Executives of the 4 councils. As the development work progresses to a second stage a group comprising the Leaders supported by the Chief Executives will provide governance, oversight and guidance. Should the submission to government be agreed consideration will need to be given to a more sophisticated governance model.

6. FINANCIAL IMPLICATIONS

As reported to the Policy and Resources Committee in March 2015, it has been estimated on the basis of costs in other City Deal schemes that development costs required could amount to £500,000 overall. Angus Council's initial contribution (£25,000) to this was agreed by that committee as a call on provision for additional burdens in 2015/16. It is recommended that the Council now agree that a sum of £125,000 in total (including the initial £25,000) be set aside from the 2015/16 Provision for Additional Burdens revenue budget to fund the development costs in 2015/16 and 2016/17.

Should the City Deal be approved the council will need to review present and future capital plans to align planned investment in the bid area with the aims and objectives agreed between the participating councils and the UK and/or Scottish Governments.

7. OTHER IMPLICATIONS

There are risks associated with participation in the bid process. Participation gives rise to a relatively significant financial requirement which may not lead to any tangible outcome if the conclusion of the bid is unsuccessful. If the submission is successful it is likely that the local economy of Angus will benefit from significant funds targeted at the bid area over the lifetime of the Deal.

8. CONSULTATION

The Chief Executive, the Executive Management Team, Head of Corporate Improvement and Finance and the Head of Legal and Democratic Services have been consulted and are in agreement with the contents of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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