



Meeting: Council

Date: 26 September 2013

Wards Affected: All

Report Title: Plymouth City Deal

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1. Purpose and Introduction

- 1.1 Government is changing the way it seeks to deliver economic growth and offering local partners a chance to shape how growth is generated in their areas. As part of this Plymouth has been asked to submit a proposal for a City Deal which if accepted by Government will see development of a bespoke package of support for the area covered by the deal.
- 1.2 The City Deal is being developed to encompass two local enterprise partnership areas those of the Heart of the South West LEP (including Torbay) and Cornwall & Isles of Scilly LEP. The proposition being developed centres on a vision of Plymouth and the Peninsula as a world leader in the marine sector and names Brixham as one of the key strategic sites. The deal also includes an export readiness programme and skills provision, all of which offer opportunities for Torbay and fit well with local priorities to create jobs and generate economic growth. The inclusion of Brixham as a strategic site offers a real opportunity to grow the marine sector in the Bay.
- 1.3 Torbay has been engaged in the development of the City Deal to date, and the purpose of this paper is to seek endorsement of the proposals which will be presented to an ad hoc ministerial committee on 9th October and continued involvement should this be successful.

2. Proposed Decision

The Mayor be recommended to:

- 2.1 It is recommended that Council approves the continued participation of Torbay in the development of the Plymouth City Deal.
- 2.2 It is recommended that Council approves the direction and negotiating position of the Plymouth City Deal to be presented to the Local Growth Board on 9th October.

3. Reason for Decision

- 3.1 Since being invited develop a negotiating document in February 2013 Plymouth City Council and partners across the LEP have been working to create a proposition specifically tailored to generating economic growth across the City Deal area. There needs to be clear evidence of support from partners if the City Deal is to be successful. As a signatory of the original expression of interest it is important that Torbay Council endorses the deal before it is presented to the Local Growth Board.
- 3.2 The City Deal has potential to bring investment into Torbay and the priorities set out in the negotiating document largely reflect those of the Bay. The deal will support implementation of the Economic Strategy recently approved by Council.
- 3.3 The City Deal is important as it will also influence a number of other strategies and funding opportunities at LEP level including the Growth Plan and future European funding strategy. The implementation of these strategies will determine a significant amount of investment in the LEP area and the City Deal document will help ensure priorities such as inward investment and marine sector development are included within these.
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Supporting Information

4. Position

- 4.1 In February 2013 Government invited Plymouth, along with 19 other city areas, to begin negotiating the second wave of City Deals. The process has been ongoing over the course of this year and the final proposal is due to be presented to the Local Growth Board on 9th October.
- 4.2 City Deals are agreements between government and a city (and surrounding area) that give the city control to:
- take charge and responsibility of decisions that affect their area
 - do what they think is best to help businesses grow
 - create economic growth
 - decide how public money should be spent
- 4.3 City Deals must set out the opportunities available for economic growth and the challenges faced by an area, as well as how these can be addressed through bespoke local activities. As part of the City Deal process each area must negotiate with Government for additional powers and funding, in return for taking on responsibility for economic growth.
- 4.4 The proposed City Deal area includes not only Plymouth, but also the areas covered by both Cornwall & Isles of Scilly and the Heart of the South West LEPs. It is centred on the vision that Plymouth and the Peninsula have the potential to be a world leader in the marine sector.

- 4.5 The Plymouth City Deal area faces a number of economic challenges and these largely mirror the challenges faced by Torbay. GVA levels across both LEP areas are the lowest in southern England and unemployment levels are high among young people. The area also has a poor track record in attracting inward investment.

City Deal Proposals

- 4.6 The City Deal seeks to address these challenges and capitalise on opportunities for growth in the marine and advanced manufacturing sectors through a number of activities which are summarised below.
- 4.7 Establishment of a peninsula-wide Marine Industries Production Campus (MIPC), including an 'anchor' flagship development at South Yard, Plymouth to provide:
- To establish a peninsula-wide Marine Industries Production Campus (MIPC), including an 'anchor' flagship development at South Yard, Plymouth. This will incorporate 30 supply chain businesses to support existing marine businesses and provide waterside access for leading marine renewable businesses such as Tocardo, TGL and SeaRoc to trial and build tidal and wave energy devices. These businesses need deep water to allow large ships to load and unload their products.
 - Creating a network of five strategic marine sites (Falmouth, Hayle, Brixham, Noss and Appledore) across the City Deal area, linked to existing physical assets and opportunities, to act as catalysts for wider clusters and collaborative networks.
- 4.8 Linked to the campus a Growth Hub that coordinates and provides effective business support to SMEs and provides £5m of grant funding. Support measures include:
- Development of a seamless business support platform and network (building on the Growth Acceleration and Investment Network (GAIN)) - a robust innovation 'eco-system' to drive productivity growth
 - Business web portal to coordinate business support activity
 - Development of a more flexible innovation voucher scheme
 - A marine focused knowledge transfer programme providing more flexible routes for businesses to access academic expertise
 - Flexing of national programme such as Manufacturing Advisory Service and Growth Accelerator to provide more tailored support for local businesses
 - Delivering a step change in export readiness to enable businesses to trade on line
 - Inward investment, culminating in a global expo showcasing local and UK excellence alongside the Mayflower 2020 celebrations.
 - The Growth Hub will support 22,000 businesses and create over 1400 jobs
- 4.9 Trialling a new approach to supporting young people back to work which will involve
- a new intensive support programme targeting unemployed young people to gain sustainable employment and reduce their reliance on in work benefit payments
 - Development of an employer led apprenticeship and skills hub that meets the requirements of the growing marine sector by creating a central point for low cost, high quality marine sector training and development
 - Ensuring people have the right skills to access employment in growing sectors by aligning SME skills demands to local provision

- 4.10 Establishing an innovative city deal governance structure based on joint committee to enable bi-LEP, local authority, public, private and third sector shared ownership of and clear accountability for delivery, outcomes and performance management
- 4.11 Through this the City Deal is expected to deliver:
- £268m uplift in GVA (based on South Yard and Growth Hub only)
 - Generate 6000 jobs
 - Generate a further 2500 indirect jobs
 - Create 86, 0000 sq m of workspace
 - Support over 800 young people into sustainable employment
 - Attract 100 new businesses to peninsula
- 4.12 Torbay stands to benefit from the majority of actions set out above and the activities match local priorities for growth. The needs of the advanced manufacturing sector within the Bay in particular have been set out as part of the City Deal development process. The inclusion of Brixham as a key strategic site is significant and the proximity of Noss Marina will help further develop the marine sector and supply chain locally.

Investment

- 4.13 In order to generate these results the City Deal proposal requires Government investment totalling £10m¹, including £7m to redesign business support and £3m to design an employment hub for young people. It is expected approx £55m will be leveraged in from the public and private sectors locally.

Governance

- 4.14 The City Deal proposal covers the economic geography of two LEPs and includes four unitary, two county and twelve district council areas. As such the governance is expected to be complex and as a minimum include partners involved at the expression of interest stage. This would include Torbay.
- 4.15 The governance structure is currently being developed and will be discussed with partners, however the local authorities involved in the EOI share a track record of delivery through the 'joint committee' model that exists in the sub-region and evidenced through the Devon Waste Partnership.
- 4.16 Whilst joint committee arrangements can demonstrate a strong track record in delivery, strategic decision making and pooled resources, so far there has been limited scope for private sector involvement other than through indirect contract arrangements. The governance proposal builds on modifications to local government legislation in the Health and Social Care Act 2012, which allow full representation on Health and Wellbeing Boards other than by Members of local authorities. The partnership is currently working with INLOGOV to develop the governance model and

¹ An additional £47m capital is being sought from the cabinet office

by October a deliverable model will have been defined and a commitment by partners to its implementation secured.

Next Steps

- 4.17 The City Deal proposition will be presented to the Local Growth Board on 9th October by a group of six representatives from across Plymouth, Cornwall and Isles of Scilly LEP and Heart of the South West LEP. If the proposal is accepted work will begin on finalising the detail over the following six to eight months.
- 4.18 Torbay has committed significant staff resource to the City Deal to date which has ensured local priorities are recognised. As the deal develops there will continue to be a call on resources to finalise the details of the proposition and as part of the governance structure. By endorsing the City Deal Council will be committing itself to investing this time to securing the benefits for the Bay.

5. Possibilities and Options

- 5.1 This paper proposes that Torbay Council endorse the Plymouth City Deal and continued participation in its development. The only other option available is not to endorse the City Deal and to end participation in it.
- 5.2 There are a number of reasons to endorse the City Deal including strengthening the negotiating position with Government by making clear Torbay's support. The deal will secure additional investment which will benefit Torbay and also feed into additional LEP strategies.
- 5.2 The actions set out within the City Deal reflect those of Torbay including promotion of the marine and advanced manufacturing sectors and creating employment. Continuing to support the deal will be important to ensure Torbay can continue to influence development of these proposals to meet our needs.
- 5.3 The City Deal has potential to bring investment into Torbay and to help deliver economic regeneration. Identification of Brixham as a strategic site reflects the commitment of the deal to include Torbay and as such it is important that it is endorsed by Council.

6. Fair Decision Making

- 6.1 The City Deal will have a positive impact on the Torbay economy in that it will secure investment and support for economic regeneration and business growth. Senior representatives from the Council and TDA have been involved in development of the Plymouth City Deal and have ensured the needs of Torbay are reflected.

7. Public Services (Social Value) Act 2012

7.1 Endorsement of the City Deal does not require the procurement of service or works. However, should the deal be approved projects within it will require procurement. Torbay will work with City Deal partners to ensure this is fair and offers maximum benefits to the local area.

8. Consultation

8.1 Consultation on the City Deal proposals was carried out within the Bay (and the rest of the LEP area) as part of a wider consultation exercise including the future European programme. An event was held in Paignton in June during which businesses were invited to give their views on the emerging City Deal.

8.2 Consultation has also taken place within the Council in the form of briefings for elected members.

9. Risks

9.1 There is a need to evidence the support of local partners for the City Deal. If Council does not endorse the deal this could pose a risk to its approval by Government.

9.2 If Council chooses not to endorse the City Deal there is a risk that Torbay will play no further part in its development. Should this be the case the needs of Torbay may not be taken into account as the deal is finalised.

9.3 The Plymouth City Deal offers an opportunity to secure bespoke support for economic development and potentially investment for Torbay. Its priorities reflect those of the Bay and the risks to endorsing it are minimal.