

DECISION-MAKER:	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
SUBJECT:	CITY DEAL		
DATE OF DECISION:	14 MARCH 2013		
REPORT OF:	HEAD OF SKILLS, REGENERATION AND PARTNERSHIPS		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
None

BRIEF SUMMARY

On 29 October 2012, the Deputy Prime Minister launched the second wave of City Deals to twenty cities in the country. Southampton and Portsmouth City Councils were the only authorities in the country that were jointly invited to bid, and submitted their expression of interest in January outlining ambitions to unlock local economic growth and jobs. Not only was the bid successful but it is among thirteen national bids to be fast tracked, negotiated and agreed with Government before the summer recess. This report provides an overview of the process, the ambitions of the local Deal, and next steps.

RECOMMENDATION:

- (i) That the Committee notes the report.

REASON FOR REPORT RECOMMENDATIONS

1. In response to a request from the Chair of the OSMC for this item to be discussed at 14th March 2013 meeting of this Committee.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. The City Deal programme fits within a national cross-departmental agenda for economic growth through leveraging private sector investment, rebalancing the economy, boosting skills, jobs and infrastructure support. The Deals are bespoke arrangements designed to devolve power and responsibility to the city level in response to individual city circumstances and strong local governance, and they present cities with an opportunity to take greater control of policies that influence the growth of their economies. To date, City Deals have been struck with England's eight 'Core Cities' (Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Sheffield and Manchester) through Wave 1 of the Deal.

4. A key feature of the Wave 1 bids from the Core Cities was the breadth of issues that they covered. Each city specialised in a distinctive policy area, but a number of cities identified similar barriers to economic growth. In response to this, the Government proposed two elements to Wave 2 of City Deals: a bespoke element, reflecting specific city needs, backed up with a 'Core Package' of powers that will be offered to every city in recognition of the common challenges that most cities face when trying to support economic growth.
5. The Southampton and Portsmouth City Deal submission was entitled 'A Second Wave for the Solent Maritime Economy' and was supported by Solent Local Enterprise Partnership, Hampshire County Council, Isle of Wight Council, Hampshire District Councils, and a number of private sector partners including BAE Systems, Associated British Ports, Centros Delancy, Tipner Regeneration Company, Morgan Sindall, Hammerson and Southampton Football Club.
6. The focus of the bespoke part of the Deal is on delivering enabling infrastructure and assembling land to bring forward the development of seven key sites around the Southampton/Portsmouth waterfronts (Royal Pier, Itchen Riverside, Marchwood, Watermark Westquay, the Portsmouth Naval Base, Tipner/Horsea Island and the Northern Quarter), supporting growth in the marine/maritime sectors and sub-sectors including transport and logistics, defence and advanced manufacturing, research and innovation. The bid outlines a series of 'asks' and 'offers' to facilitate this growth, including the creation of a single investment fund for economic growth to be underwritten by Government's Infrastructure Guarantee, a single conversation with government departments regarding development proposals linked to the Ports, the Portsmouth Naval Base and Marchwood, and the release of decommissioned Ministry of Defence sites back to the market. From Southampton's perspective, this would kick-start the development of the whole waterfront and have a 'domino effect' to realise the wider masterplan vision for the City, creating thousands of jobs. In return, Southampton and Portsmouth will need to agree robust joint governance arrangements.
7. In addition to the contents of the bespoke Deal, Southampton and Portsmouth have been invited to contribute to the development of the 'Core Package' which will be available to address shared barriers to economic growth, including economic development, planning and housing policy, skills and employment support, transport and business services. The spectrum of 'offers' for the Core Package are being defined with government departments, ranging from powers to influence national policy through to removal of ring-fencing of public sector funding and roll out of Whole Place Community Budgets. Across the packages, there is a general concept of the 'recycling of the proceeds of growth', through which places should be able to retain a proportion of any financial savings resulting in the co-ordination and consolidation of funds and programmes at the local level.

8. The Southampton and Portsmouth proposal will be presented by the local authority leaders to an Ad Hoc Ministerial Grouping chaired by the Deputy Prime Minister on 4 June 2013. This will follow from a presentation from the two cities to the Cities Minister in May. The discussions will focus on the specific challenges to be addressed, financial modelling, proposed use of the Core Package, and governance arrangements. Cabinet Office support has been identified to work with the two cities and partners to develop the proposals over the next two months.
9. Implementation of the City Deal would commence from the summer.

RESOURCE IMPLICATIONS

Capital/Revenue

10. There is no new funding for City Deals, but an intention to devolve national funds and policy direction to a local level, re-packaging and combining existing resources more efficiently.
11. A primary objective of the Deal is to stimulate private sector investment. The Royal Pier, Itchen Riverside and Watermark West Quay developments would create over £550 million investment and more than 8,000 jobs.
12. Full legal and financial implications, delegations and governance will be further addressed as the Deal is refined and negotiated with Government.

Property/Other

13. Full legal and financial implications, delegations and governance will be further addressed as the Deal is refined and negotiated with Government.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

14. Full legal and financial implications, delegations and governance will be further addressed as the Deal is refined and negotiated with Government.

Other Legal Implications:

15. Full legal and financial implications, delegations and governance will be further addressed as the Deal is refined and negotiated with Government.

POLICY FRAMEWORK IMPLICATIONS

16. This will be identified as the deal is refined and negotiated with Government.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	None directly as a result of this report
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SUPPORTING DOCUMENTATION

Appendices

1.	City Deal Expression of Interest (EOI)
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Dependent upon forward plan item
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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