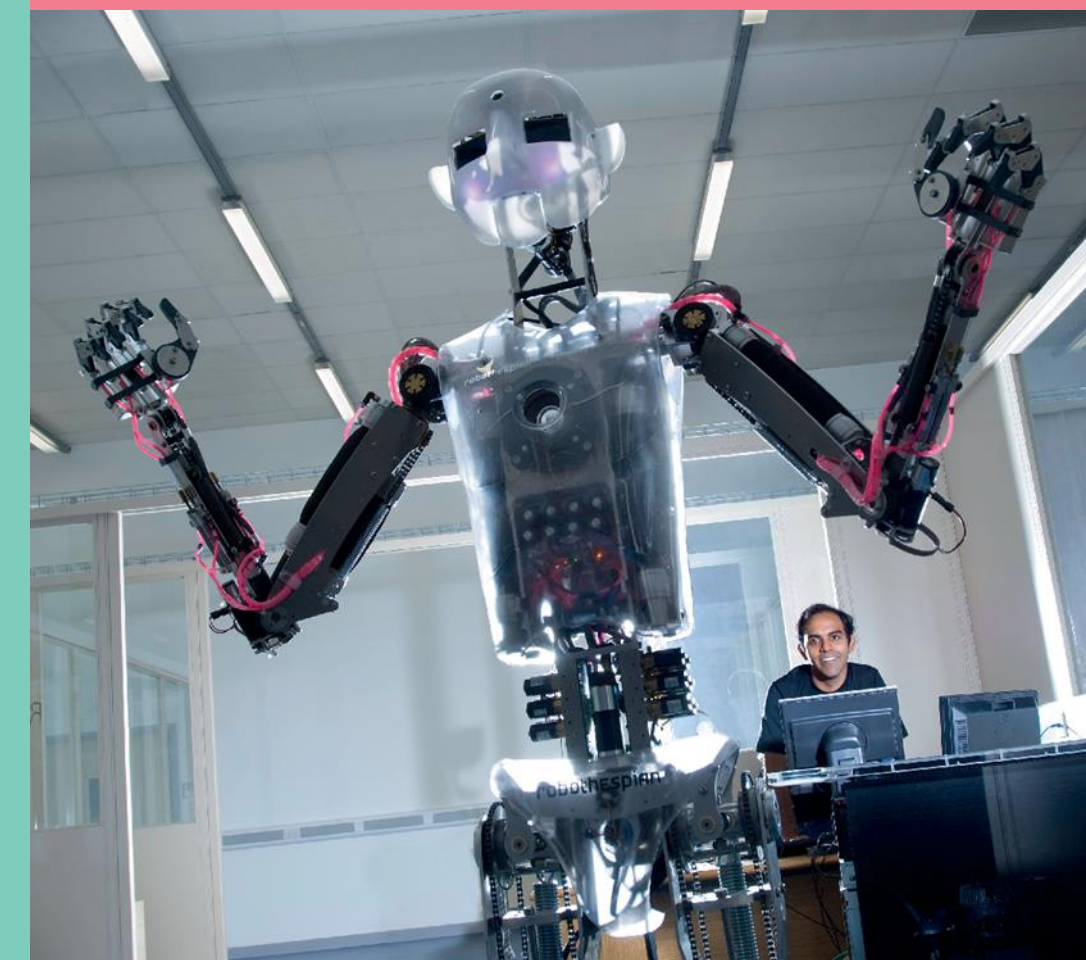


2018/19 CITY REGION DEAL PERFORMANCE

Overview and Scrutiny Committee 2 October



Economic Development / Local Growth Funds

- £500 EDF. 25 Years based on Business Rate Growth generation;
- Local Growth Fund:
 - £202m Government Grant Funded;
 - Must be spent by March 2022;
 - Deliver Economic Growth;
 - Currently over-programmed by £11.8m;
- Unclear on successor to LGF beyond March 2023 - Shared Prosperity Fund?;

WEST OF ENGLAND CITY DEAL

- Agreement in 2012 between Government, the WoE authorities (including North Somerset) and the WoE LEP;
- Increased local financial flexibility and freedoms in exchange for a focussed programme of investment to deliver economic growth;

Included within Growth Incentive:

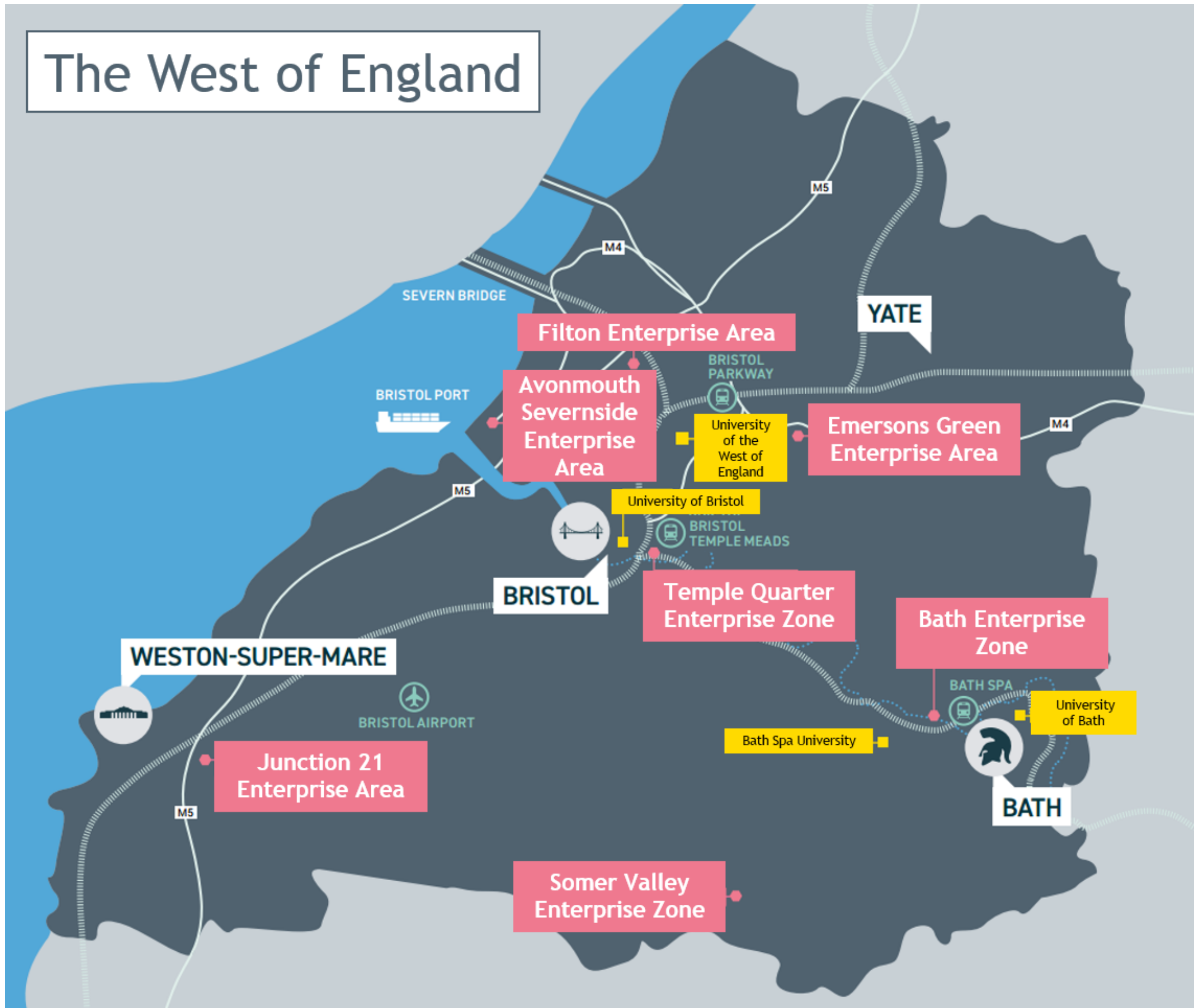
Government will:

“Provide a licensed exemption from the effects of the resets and levies of the local government finance system in five Enterprise Areas over 25 years (starting April 2014), enabling the West of England to retain 100% of business rates growth in these areas.”

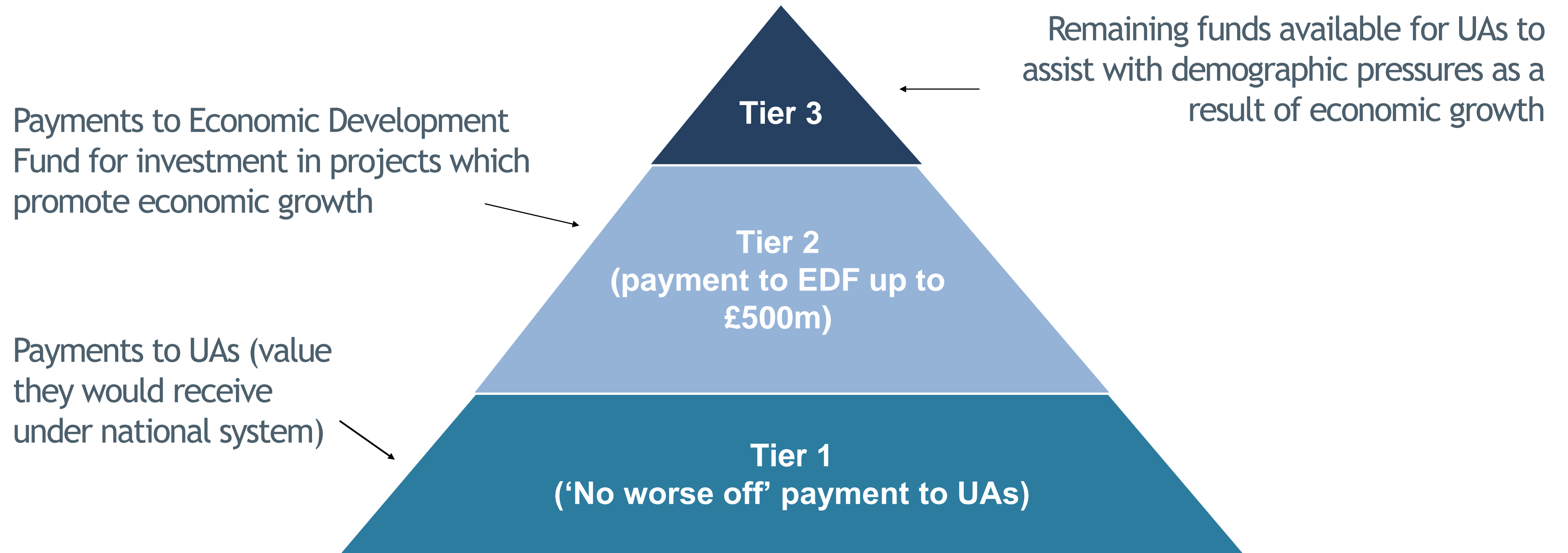
Local authorities will:

“Pool the business rate growth from these five Enterprise Areas alongside that from the existing Enterprise Zone...”

The West of England



EDF - POOL DISTRIBUTION



POOLING PRINCIPLES

1. No Local Authority should be worse off under the Growth Incentive deal than they would be under the national resource system.
2. Pooling arrangements will be in place for 25 years - the Pooling Agreement comes into effect on 1 April 2014 and will operate for 25 years until 31 March 2039.
3. As the business rate pool is a local government funding stream, full accountability and decision making rests with the local authorities.
4. Surplus contributions from the pool to each UA to meet additional demographic / other pressures will be based on a system which is proportionate and equitable (growth/housing).
5. **Business Rates Pooling Board to manage the pool (reporting to scrutiny)**

Economic Development Fund Allocations

1. Based on estimated growth within the Enterprise Areas;
2. Fully programmed over 25 years;
3. Timing of capital spend matched with estimated business rates retained;
4. Temple Quarter and Somer Valley added later as EDF 2 - ring-fenced to performance in those specific zones;
5. Value for each council based on their specific growth predictions;
6. Right of 'substitution' should any scheme default / under / overspend

Economic Development Fund Programme as at Sept '19

Lead Authority	Scheme	Status	Completion Forecast Year	Current Allocation (£m)	Current Spend to 2018/19 (£m)	Payments from EDF
B&NES	East of Bath Transportation Improvements	Programme Entry	Not yet approved or profiled	6.500	0	0
B&NES	Bath Quays North and South	Programme Entry	2022/23	10.632	0	0
B&NES	Bath Quays North Infrastructure Development Works	Approved	2024/25	23.879	0	0
B&NES	Bath Riverside Enterprise Zone Team	Approved	2020/21	0.685	0.228	0
BCC	TQEZ Infrastructure Programme	Approved RIF scheme (repaid by EDF)	2020/21	20.850	18.462	0
BCC	The Bristol Arena	Conditional approval	2020/21	53.000	0	0
BCC (WECA)	Invest in Bristol & Bath	Approved	2019/20	5.000	3.539	1.938
BCC	TQEZ Programme Team	Approved	2019/20	2.500	1.764	0.500
BCC	Central Bristol & TQEZ Flood Defence	Programme Entry	Not yet approved or profiled	10.000	0	0
BCC	M32 Park & Ride	Programme Entry	Not yet approved or profiled	20.000	0	0
BCC	Engine Shed 2	Requires substitution	2021/22	0	0	0
NS	North Somerset Enterprise Technical College	Completed	2016/17	1.525	1.525	0.375
NS	Avoncrest & Hutton Moor Regeneration Phase 1	Programme Entry	2021/22	15.000	0	0
NS	NSC Flagship	Programme Entry	Not yet approved or profiled	22.639	0	0
SGC	A38/A4174 Widening Works & Gypsy Patch Lane/Aztec West Roundabout	Completed RIF scheme (repaid by EDF)	2016/17	1.500	1.500	0.376
SGC	MetroBus Extension to Cribbs Causeway	Programme Entry	2021/22	35.000	0	0
SGC	Aztec West Roundabout	Approved	2017/18	0.370	0.072	0
SGC	SGC Flagship	Programme Entry	Not yet approved or profiled	19.235	0	0
SGC	M49 Junction & Link Road	Programme Entry	Not yet approved or profiled	22.000	0	0
SGC	M32 Junction 1	Programme Entry	Not yet approved or profiled	0.750	0	0
SGC	Superfast Broadband	Programme Entry	Not yet approved or profiled	2.700	0	0
Joint	Metro West Phase 2	Programme Entry	2023/24	39.900	0	0
NSC	Metro West Phase 1	Programme Entry	2023/24	26.079	0	0
Joint	Avonmouth /Severnside Flood Mitigation and Ecology Development	Completed	2019/20	1.900	1.860	0
Joint	Avonmouth /Severnside Flood Mitigation & Ecology	Approved	2025/26	63.900	1.470	0
Total				405.544	27.323	3.189

Funding Flexibility across the Region

Funding Stream	£m	Narrative
Local Growth Fund	202	Grant funded to be used by Mar '19
Economic Development Fund	500	25 years business rates retention up to 2040
Revolving Infrastructure Fund	57	Specific schemes that pay back into the fund
Investment Fund (WECA)	900	30 years at £30m p.a. to deliver growth
Transforming Cities Fund	103	Major transport schemes to be spent by Mar'23
	1,762	

- Objective to maximise investment to the region - moving more to a 'single pot' approach to utilising (£1.76bn) funding;
- Schemes have been 'swapped' between LGF and EDF; e.g. MetroWest 1 swap with CPME MetroBus;
- Although complication of 3 vs 4 Councils and different Committees...

Report on Business Rates Performance

- Amion model used to understand BR impact of growth projects;
- Regularly updated and reviewed by WoE Technical Officers;
- Summary Points from October '19 report;
 - Overall 2018/19 growth £19.1m - ahead of target by £417k;
 - Particularly strong growth in SGC Enterprise Areas;
 - There are fluctuations between individual zones / UAs;
 - Pool remains vulnerable to mandatory changes, valuations & appeals

Growth Performance for 2018/19 and Estimated Growth for 2019/20

Enterprise Area/Zone and UA	2018/19 Budgeted Growth	2018/19 Outturn Growth	2018/19 Change since Budget	2019/20 Budgeted Growth
	£'000	£'000	£'000	£'000
Bristol Temple Quarter EZ	1,136	936	-200	1,695
Bristol Filton EA	38	55	17	51
Bristol Avonmouth EA	3,948	4,344	396	4,854
Total Bristol UA (EZ & EA)	5,122	5,335	213	6,600
Bath City Riverside EA/EZ	569	714	145	446
North Somerset Junction 21 EA (includes adjustment income re Port Cumulo)	2,297	1,282	-1,015	1,995
SGC Severnside EA	5,988	6,989	1,001	8,386
SGC Emersons Green EA	1,022	994	-28	1,047
SGC Filton EA	3,716	3,817	101	4,260
Total SGC EA	10,726	11,800	1,074	13,693
TOTAL	18,714	19,131	417	22,734
Bristol Temple Quarter Extension EZ	0	0	0	0
Bath & Somer Valley EZ	18	0	-18	0

Looking Forwards...

- Pooled Business Rates Growth estimated as £22.7m for 2019/20;
- New National 75% Business Rates Retention from April 2021;
- New National system should not impact on the WoE City Deal Pool but...
- The Combined Authority has 100% BRR Pilot - £14.6m p.a. for the region;
- This relates to growth retention beyond the Enterprise Areas;
- There will be impact on WECA core capacity budget (£1.2m) and reductions in individual council revenue budgets from 2021/22)