

(Related Report – Submitted to the Cabinet)

Swindon and Wiltshire Local Enterprise Partnership Strategic Economic Plan and Swindon's Future Infrastructure Needs

Cabinet

Date: 19th March 2014

Author: Leader of the Council,
Chief Executive

Wards: All

Locality Affected: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To secure agreement to the submission of the Swindon and Wiltshire Local Enterprise Partnership's Strategic Economic Plan.
- 1.2 This report contributes towards the Council's priority to promote the economy as set out in the corporate objective: right skills, right jobs, in the right places. It also supports the broader financial goals stated in "Consistently make best use of all available resources."

2. Recommendations

Cabinet is recommended to:

- 2.1 Request the Special Committee, on behalf of Council, to approve the Swindon proposed areas of Investment set out in paragraphs 3.11 - 3.13 as items for inclusion in the Swindon and Wiltshire Strategic Economic Plan to be submitted by the Swindon and Wiltshire Local Economic Partnership on 31st March 2014;
- 2.2 Authorise the Chief Executive, in consultation with the Leader of the Council, to agree amendments to items related to Swindon in the Strategic Economic Plan (SEP) prior to its final submission and if required following feedback from partners and central government;
- 2.3 Request the Special Committee, on behalf of Council, to agree in principle the proposals related to the use of New Homes Bonus and the Infrastructure Fund as set out in paragraphs 3.17 – 3.21 of this report.

3. Detail

Local Enterprise Partnerships

Further information on the subject of this report can be obtained from, Paddy Bradley, Head of Commissioning - Economy /Attainment, pbradley@swindon.gov.uk, 01793 465744.

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- 3.1 The Government is committed to encouraging greater local ownership and leadership of local economic priorities, this has been affirmed by its commitment to Local Enterprise Partnership (LEPs) as the “chosen engine of local growth”; ideally placed to lead the development of long-term strategies and business plans for their local areas.
- 3.2 Consequently, the Government's emerging National Growth Strategy takes forward a number of priority themes from the original *Local Growth* White Paper (Oct 2010) and Lord Heseltine's wealth creating review *No Stone Unturned in Pursuit of Growth* (Oct 2012).

Swindon and Wiltshire Local Enterprise Partnership

- 3.3 The Swindon and Wiltshire Local Enterprise Partnership (SWLEP) was approved by the government in July 2011 and is one of 39 LEPs across the country. The current board of 14 members has a vast array of experience in private and public backgrounds.
- 3.4 The SWLEP is a business led partnership between two local authorities (Swindon Borough Council and Wiltshire Council) and the private sector, which is focused on growing our local economy, creating jobs and building sustainable communities. The Leader of the Council is a Member of the Board, the Chief Executive holds observer status, and the LEP is supported by officers from Swindon Borough Council and Wiltshire Council.
- 3.5 The SWLEP plays a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. The SWLEP is able to access government funding, channelling investment into the region that will leverage even greater funding from private sector investors. The SWLEP provides strategic leadership and direction, by acting as a gateway for engagement with the business community. Being recognised as a factually based ‘voice for the business community’ at both local and central government levels.

Strategic Economic Plans

- 3.6 LEPs have been asked by Government to lead the development of strategic economic plans (SEPs) for local growth in line with national priorities. These five-year plans will bring together local stakeholders and include co-ordination with

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existing public programmes, whilst also demonstrating how the creativity and support of key partners in both the public and private sectors has been harnessed.

- 3.7 The timeline for the SEP's production and submission is 31st March 2014, which is challenging. The submitted SEP forms a bidding document and LEPs will then be invited to enter into a competitive 'negotiation' with government to secure a 'Growth Deal', which ultimately will enable local areas to draw down resources.
- 3.8 The concept of Growth Deals was announced as part of the 2013 Spending Review, within the context of Government proposals for "Investing in Britain's Future". Through Growth Deals, LEPs can seek freedoms, flexibilities and resources from Government and a share of the new Local Growth Fund, which totals £2bn a year from April 2015 for 5 years and can be drawn down annually to support activity enabling local growth. The Growth Deal is a competitive process and it is critical that the SWLEP stands out against the other 38 LEPs through evidencing maximum input from the private sector and support from the public sector, Higher Education and other partners. The final Growth Deal is expected to be in place around September 2014.

Swindon and Wiltshire Strategic Economic Plan

- 3.9 The SWLEP has been leading on the development of the SEP, with officers from across Swindon and Wiltshire supporting this process. Significant effort has been put into the SEP in recognition that the more compelling the offer that the LEP is able to present, the better chance we have of maximising the funding the Swindon and Wiltshire area will receive over the five year lifetime of the SEP. The Growth Deal presents the only source of capital funding of any significance for Transport, Skills and Learning, and strategic infrastructure. The Swindon and Wiltshire SEP (SWSEP) target for investment is around £300m over five years, which will be negotiated with Government through the Growth Deal process.

The SEP is in draft form at this stage and a key "Star Chamber" session will take place on 14th March that will finalise the shape of the "ask" and "offer" for Swindon and Wiltshire. Following any necessary redrafting, for which authority is sought from Cabinet for the Chief Executive, in consultation with the Leader of the Council, to agree amendments to items related to Swindon, the latest version of the document will be circulated to Members. The SWLEP has taken the decision for this to be treated as a confidential document until after its submission

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on the 31st March 2014, because it is a bidding document to government and the SWLEP is competing with 38 other LEPs.

Swindon Proposed Areas for Investment

- 3.10 The SWSEP presents strategic priorities for investment in a series of zones – Swindon; South Wiltshire; and the A350 Corridor. Each zone contains a number of packages for funding. Together, the zones describe a compelling story for investment over the next five years, as well as detailing our offer and existing financial contributions.
- 3.11 The Swindon Zone is comprised of the Town Centre, Eastern Villages, and Wichelstowe. These represent strategic priorities for Swindon as identified in the submission draft of the Local Plan. SEPs will be assessed on their ability to deliver housing numbers, bring forward employment land to the market, increase employment and make a contribution to the overall economy of the area. All proposed Swindon projects will deliver these outcomes. Table 2 shows the Swindon interventions for which investment is sought from the Local Growth Fund.

Table 2

The Swindon Zone
Swindon Town Centre <ul style="list-style-type: none">• Railway Crossing• Bus Exchange• Higher Education Centre• Development of new facilities to support digital technology, construction and high value manufacturing
Eastern Villages <ul style="list-style-type: none">• White Hart Junction• A420 Junction improvements

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<ul style="list-style-type: none">• Green Bridge• M4 Junction 15 / Commonhead Link
Wichelstowe <ul style="list-style-type: none">• M4 Junction 16 improvements• Western Access options

- 3.12 In addition to these infrastructure elements, the SWSEP will also seek to use local growth funds to provide enhanced business support and increase inward investment, improve the level of skills in the resident population and utilise additional borrowing capacity on the Housing Revenue Accounts to fund additional social housing.

Key Infrastructure Needs and Funding

- 3.13 In considering the SEP and its financial implications, Cabinet should have regard to the wider capital investment requirements that the Council will face over the period 2015 – 2020 and the resources that will be needed to fund them. It has been identified that at least £300m of additional investment will be required over the next 5 years on Swindon's infrastructure that is necessary to support the town's current growth and unlock future expansion. This includes spend on:
- Primary and secondary school expansion to address growing pupil numbers (c£70m);
 - Maintenance and enhancement of the current Highways network and operational properties (c£62m); and
 - Unlocking the strategic developments in the Eastern Villages, Wichelstowe and the Town Centre, primarily through introducing new infrastructure solutions as set out in the SEP (c£150m).
- 3.14 Only a relatively small proportion of the funding needed to support this investment can currently be regarded as likely to be in place. There is around £17m of s106 funding that can be used for these purposes and grants expected

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to be received through the Local transport Plan and Basic Needs school funding (assuming secondary school expansion qualifies for this) total around £80m. The remainder (over £200m) will need to be found from a mix of Council borrowing, private funding (e.g. for Higher Education facilities) and external grants.

- 3.15 In addition to the s106 and Community Infrastructure Levy (CIL) funding that the new developments will attract, there are two key sources of grant funding that can be used to support the strategic infrastructure that is needed to unlock the development sites that will drive Swindon's continuing economic and housing growth: Local Growth Fund (as set out above) and the New Homes Bonus.
- 3.16 Council has agreed to establish an Infrastructure Fund, using £2.9m of the 2014-15 New Homes Bonus allocation, to be used to support schemes that are directly linked to unlocking Swindon's full economic potential. Recognising the scale of the key infrastructure needs and the medium to longer-term timescales over which they will need to be taken forward, it is important to have a strategy around the use of New Homes Bonus looking beyond 2014-15, to determine whether this offers a sustainable funding source to supplement the agreed Infrastructure Fund.
- 3.17 In this respect, it is also important to recognise that the source of the New Homes Bonus is partly through a topslicing of Revenue Support Grant that would in the past have been available to support revenue expenditure. With the increasing pressure on the Council's revenue budget, it has been recognised that it is no longer possible to ignore the New Homes Bonus in setting the revenue budget. Just over £2m has been used from this source in both 2013-14 and 2014-15, representing (on average) around one half of the allocation.
- 3.18 By contrast, a large number of Councils have used their entire NHB allocation to support the revenue budget. In the view of the Board Director, Resources this would be a high risk approach for Swindon. This is because Swindon is one of the higher recipients of this source of funding, which could be changed or removed by a future Government that may put a greater emphasis on need rather than incentives as part of a review of Local Government funding.
- 3.19 Swindon is likely to receive up to around £40m in total from the New Homes Bonus in the 5 years from 2015, assuming that the grant continues in its current form. It is very difficult for the Council to commit to specific uses of the New Homes Bonus in future years, as options to balance the revenue budget have not

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yet been considered. However, reaching an “in principle” position around the balance between using it for revenue and infrastructure purposes would send a strong message around the Council's commitment to funding its priority infrastructure projects. Based on the experience of the last two years, Members are recommended to agree in principle that at least one half of New Homes Bonus received in each year beyond 2014-15 be used to top up the Infrastructure Fund agreed as part of the 2014-15 budget.

Infrastructure Fund

- 3.20 The concept of an Infrastructure Fund and its initial funding of £2.9m was agreed by Council on 24th February 2014, with its purpose being, “to support schemes that are directly linked to unlocking Swindon's full economic potential”. If the Council is to maximise its chances of success in attracting funding through the Local Growth Fund, it will be important to demonstrate a commitment to use the Infrastructure Fund as a means through which the Council will use its own resources to match those to be provided through the LEP. This means that, most particularly in the early years of the SEP's lifespan, the Infrastructure Fund will need to be seen to be used in support of the priority areas for Swindon's economic growth, as set out in the SEP.
- 3.21 However, as we move through the period from 2015 to 2020, attention will inevitably need to turn to Swindon's future infrastructure priorities. It will be necessary to start planning for these and potentially undertaking some feasibility studies and advance design work to ensure we are well placed to benefit from future funding allocations. Using a proportion of the Infrastructure Fund to support this work would be in line with its agreed purpose.
- 3.22 To ensure this work is well co-ordinated, it is recommended that a bidding process be introduced, using a similar methodology as that used to identify the current infrastructure priorities, and managed by the Head of Commissioning (Economy and Attainment) . All decisions on the use of the fund would be agreed by Cabinet, following consideration by the Leader's Asset Management Advisory Group.

4. Alternative Options

- 4.1 Not including Swindon priorities within the SWLEP SEP. Without inclusion of Swindon's strategic investment priorities to support major transport, skills and

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learning, and strategic infrastructure priorities, Swindon could miss out on significant funding opportunities from agencies and funding streams including the Department for Transport, Department for Business, Innovation & Skills and the Department for Communities and Local Government.

- 4.2 Alternative Investment Priorities: The priorities have been identified by considering skills and learning priorities identified in the Skills Strategy and strategic transport, infrastructure projects identified in the submission draft of the Local Plan.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 At this stage the SEP forms a bidding document to government. Following a negotiation with Government over the Spring/ Summer of 2014 the Swindon and Wiltshire Local Enterprise Partnership Growth Deal will be reached, by which stage we will have a full understanding of the financial implications for Swindon. In the interim, it is considered that this report relates to setting the budgetary framework of the Council over the coming years and so is a matter for Council to decide rather than Cabinet.
- 5.2 The SEP is a 5 year-plan, the Comprehensive Spending Review covers a 3-year cycle, so there is a level of unknown both in national and local public contributions that will be available for the full 5 years of the SEP lifespan. Over this period we expect the SEP to be reviewed on an appropriate basis.
- 5.3 Specific financial implications relating to decisions within the Council's control are detailed in the main body of the report.

Legal and Human Rights Implications

- 5.4 Legal and Human Rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention Rights.

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All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 No other relevant implications have been identified in the preparation of this report.

Diversity Impact Assessment

- 5.6 A Diversity Impact Assessment was undertaken. It identified no adverse effects from the report's recommendations. A copy is available on request from the report author.

Risk Management

- 5.7 No specific risk management issues were identified.

6. Consultees

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 None.

9. Key Decision/Decision in Cabinet Work Programme/Forward Plan

- 9.1 This is not a key decision for the Cabinet as the Special Committee on behalf of the Council will determine this matter. This is an issue included in the Council's Work Programme for March 2014.