

ITEM: 9

REPORT TO: WECA SCRUTINY COMMITTEE

DATE: 6 DECEMBER 2017

REPORT TITLE: 2016/17 CITY REGION DEAL ANNUAL PERFORMANCE

AUTHOR: CITY REGION DEAL BUSINESS RATES POOLING BOARD

Purpose of Report

- 1.1 This report provides a summary of the West of England's City Region Deals pooled Business Rates performance for 2016/7, as used for the Economic Development Fund and in accordance with the requirements of the Business Rates Pooling Principles Agreement.

Issues for Consideration

- 2.1 Clause 10.2 of the Business Rates Pooling Principles Agreement specifies the right for the Scrutiny Committee to receive an annual report on the performance of the Pool. This report provides a summary of audited Pool balances held, and details of funds distributed or committed for the Economic Development Fund (EDF) for the financial year.
- 2.2 The Business Rates Pool balance at the close of 2016/17 is provided below analysed by UAs total contribution. This shows net growth received by the Pool for EDF, and includes interest of £0.107m earned on balances.

UA Contributions to the BRP 2016/17 for EDF

Audited Summary Pool Balances	B&NES	BCC	NSC	SGC	Combined
	£'000	£'000	£'000	£'000	£'000
Funds held by BRP at 1 April	599	2,602	2,202	4,050	9,453
made up of:					
- Uncommitted cash	557	2,429	2,055	3,782	8,823
- Uncommitted cash - Contingency	42	173	147	268	629
- Committed cash	0	0	0	0	0
Net Growth figure paid to BRP for EDF	193	1,572	487	1,919	4,171
Funds held by BRP at 31 March	792	4,174	2,689	5,969	13,624
made up of:					
- Uncommitted cash	540	2,856	1,839	4,086	9,321
- Uncommitted cash - Contingency	61	307	199	437	1,004
- Committed cash	191	1,011	651	1,446	3,299

ITEM 9

- 2.3 The cumulative Pool balance now totals £13.624m at the end of 2016/17. The table shows that £9.321m is available for future EDF distribution, and a further £1.004m held as contingency. The pool is holding £3.299m committed cash in the pool balance in respect of future year's indicative EDF commitments, subject to cash being held and the overall level and profile of approved and completed schemes.
- 2.4 During 16/17, the Pool distributed £2.144m of in year EDF to Sponsor UAs, based on the current approved EDF profile, which now includes some completed EDF funded schemes. This includes 2016/17 in year recognition of the following:
- The 2nd year Invest in Bristol & Bath revenue project £1m
 - The Temple Quarter Enterprise Zone Investment Team revenue project £1m
 - The NSETC project completion – 1st instalment £50.129k
 - The Aztec West A38 project – 1st instalment £93.75k
- 2.5 The following programme of schemes at Appendix A has been agreed, consisting of schemes where Programme Entry has been phased in future years, schemes where Full Business Cases have been approved and Practical Completion dates forecast and schemes which have already reached Practical Completion. In terms of progress with the development and implementation of the schemes within the EDF programme – one scheme is complete, a further 9 schemes are fully approved, and one scheme is approved with conditions. Further detail regarding the way that schemes are developed, approved and evaluated, together with a description of the approved schemes within the EDF programme is provided in item 8 on this agenda.
- 2.6 In the last annual update of the EDF cash-flow forecast reported to the Pooling Board in June 2017, the EDF is funding capital schemes totalling £406.1m (including repayment of £22.4m of RIF schemes) as well as the revenue costs of the IBB and TQEZ Investment Teams. The costs of servicing scheme's financing costs over the 25 years of the fund's operation are forecast as £96.0m. Re-phasing later scheme's repayment periods where funding allows should ensure costs are contained within the £500m to which the EDF is capped.
- 2.7 Interest rate movements and the potential impacts of reforms to the national Business Rates Retention system are being closely monitored by the Pooling Board to determine whether they could have any detrimental effect on the cash-flow of the fund. Mitigating actions have been proposed in the event of any temporary deficits occurring.

Consultation:

- 3 The s151 Officers and members of the Business Rates Pooling Board and 4UA Finance Working Group have collaborated on and agreed this report. No formal consultation was required.

Other Options Considered:

- 4 This is an update report for information only and requires no decision regarding options or proposals.

Risk Management/Assessment:

- 5 This is an update report for information only and makes no recommendation or proposal either to explicitly increase risk or address existing risk.

Public Sector Equality Duties:

- 6.1 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.2 The Act explains that having due regard for advancing equality involves:
- Removing or minimizing disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.3 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.4 There are no direct equalities implications in relation to this report

Economic Impact Assessment:

- 7 The purpose of the fund is to support and advance Economic Development across the region by funding strategic economically beneficial infrastructure to unlock growth potential.

Finance Implications:

- 8.1 This report provides summary of the previous years pooled Business Rates and resulting balance of funds available to support the West of England Economic Development Fund programme. The Unallocated funds yet to be distributed for approved schemes are properly recognised in the 4UAs accounts in line with agency accounting requirements, and any payments due but not paid accounted for as accruals.
- 8.2 Contribution to and Distribution from the fund is fully governed by the “West of England Growth Incentive City Region Deal Business Rates Pooling Principles Agreement”, and spending commitment of the EDF programme fully governed by the West of England Growth Incentive City Region Deal Agreement for the Operation and Administration of the Economic Development Fund – both signed by the 4UAs in acceptance of the terms and conditions within these formal documents.
- 8.3 There are no further financial implications beyond these terms and conditions and the mitigating actions agreed therein.

Legal Implications:

- 9 There are no legal implications arising as a direct result of this report.

Land/Property Implications:

- 10 There are no land/property implications arising as a direct result of this report.

Human Resources Implications:

11 There are no HR implications arising as a direct result of this report.

Chief Executive Comments:

12 This report has been approved by the Chief Executive.

Recommendation:

13 It is requested that the WECA Scrutiny Committee:

- Note the Business Rates Pool EDF transactions and audited available balance at 2016/17 outturn.
- Note the progress against the latest EDF programme.

Report Author: WOE City Region Deal Business Rates Pooling Board

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Background Papers

None

Appendix A

EDF PROGRAMME - SPEND PROFILE (INCLUDING FINANCING COSTS)														Last updated 12/10/2017		
Reference	Lead Authority	EDF Schemes	Status	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 & beyond	Currently not profiled £m	Current Allocation	Current Forecast including Finance		
				£m	£m	£m	£m	£m	£m	£m	£m	£m				
3	EDF C	B&NES	P&R East of Bath/P&R Phase 2/ A4 Bus Lanes			0.500	0.500	0.500	3.500	7.500			12.500	16.536		
8	EDF H	B&NES	Innovation Quay Phase 1										See EDF R	NA		
16	EDF P	B&NES	Bath Flood Mitigation Phase 2										See EDF R	NA		
17	EDF Q	B&NES	Windsor Bridge Road Improvements										See EDF R	NA		
35		B&NES	Diversion of Green Park Rd & relocation of Coach Station										See EDF R	NA		
18	EDF Ra	B&NES	Bath Quays South North Phase 1a Enabling Infrastructure			0.430	3.407	2.184	0.225				6.245	7.779		
18	EDF Rb	B&NES	Bath Quays North Phase 1b Relocation of Coach Park			0.145	1.637	0.027					1.809	2.286		
18	EDF R	B&NES	B&NES Flagship Release - Innovation Quay (Quays North and South)									27.946	27.946	35.975		
		B&NES		0.000	0.000	1.075	5.545	2.710	3.725	7.500	0.000	27.946	48.500	62.576		
1	EDF A (RIF)	BCC	TQEZ Infrastructure Programme						1.000	1.500	18.350		20.850	20.850		
2	EDF B	BCC	BCC Flagship Release - The Bristol Arena						36.000	17.000			53.000	70.345		
13	EDF M	BCC (WoECA)	Invest in Bristol & Bath		0.985	0.991	1.000	1.009	1.015				5.000	5.000		
15	EDF O	BCC	TQEZ Programme Team		0.500	0.500	0.500	0.500	0.500				2.500	2.500		
38	-	BCC	Central BRS & TQ EZ Flood Defence									10.000	10.000	11.813		
39	-	BCC	M32 Park & Ride									20.000	20.000	21.859		
		BCC		0.000	1.485	1.491	1.500	1.509	38.515	18.500	18.350	30.000	111.350	132.367		
4	EDF D (LGF X)	NS	West Wick Rbt & North-South Link			0.385	4.855	3.169					8.409	10.181		
5	EDF E	NS	North Somerset Enterprise Technical College	0.392	1.133								1.525	2.509		
19	EDF S	NS	NSC Flagship Release - Avoncrest & Hutton Moor Regeneration Phase 1		0.164	0.202	4.522	10.112					15.000	18.796		
37	-	NS	NSC Flagship									22.639	22.639	26.129		
		NS		0.392	1.297	0.587	9.377	13.281	0.000	0.000	0.000	22.639	47.573	57.615		
6	EDF F (LGF P)	SGC	Aerospace Bristol			1.200							1.200	1.200		
7	EDF G (RIF)	SGC	A38/A4174 Widening Works & Gypsy Patch Lane/Aztec West Roundabout			0.094	0.094	0.188	0.188	0.188	0.750		1.500	1.500		
9	EDF I	SGC	MetroBus Extension to Cribbs Causeway	0.321	0.536	0.492	4.596	11.805	11.400	5.850			35.000	45.939		
10	EDF J (LGF Y)	SGC	Aztec West Roundabout				1.471					0.529	2.000	2.143		
20	EDF T	SGC	SGC Flagship Release - Purchase of Land at Bristol & Bath Science Park				20.000						20.000	25.616		
21	EDF U	SGC	Bromley Heath Viaduct				2.800						2.800	3.502		
36	-	SGC	SGC Flagship									5.000	5.000	6.456		
40	-	SGC	M49 Junction & Link Road									22.000	22.000	27.514		
41	-	SGC	M32 Junction 1									0.750	0.750	0.795		
42	-	SGC	Superfast Broadband									2.700	2.700	2.862		
		SGC		0.321	0.536	1.786	28.961	11.993	11.588	6.038	0.750	30.979	92.950	117.527		
25		Joint	Metro West Phase 2 TOTAL									39.900	39.900	53.240		
28	EDF K	Joint	Avonmouth /Severnside Flood Mitigation TOTAL									58.300	58.300	69.441		
31	EDF L	Joint	Avonmouth /Severnside Ecology (BCC and SGC total)									5.600	5.600	7.351		
34	EDF N	Joint	Avonmouth/Severnside Ecology and Flood Development Costs (BCC and SGC total)		0.015	0.840	0.698	0.347					1.900	1.950		
		Joint		0.000	0.015	0.840	0.698	0.347	0.000	0.000	0.000	103.800	105.700	131.982		
			Total	0.713	3.333	5.778	46.080	29.840	53.827	32.038	19.100	215.364	406.073	502.067		