



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: ECONOMIC PROSPERITY

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Date of Meeting: 24<sup>th</sup> April 2006

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Public

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Key Decision: Yes

Recorded in Forward Plan:

Yes

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Inside Policy Framework

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**Title:** CARLISLE RENAISSANCE  
NWDA FUNDING PROPOSAL (2006-07)

**Report of:** Director of Development Services

**Report reference:** DS.21/06

### Summary:

This report provides details of a proposed funding application by City Council to the NWDA for £1m to support economic development activities during 2006/07. It also details the proposed scope of work for a new Carlisle City-Region Economic Strategy which would be funded in part from through this application.

### Recommendations:

Members are requested to: -

- a) Agree the draft funding application and give delegated authority to the Director of Development Service to make any minor amendments prior to its submission to the NWDA
- b) Note progress on the scope of work for a new Carlisle City-Region Economic Strategy

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**Note:** in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

## **1. BACKGROUND**

- 1.1 On the 20 March 2006 (CE 06/06) the Executive considered a report on the progress of Carlisle Renaissance. The report made reference to a provisional allocation of £3m of funding made by the NWDA to support Carlisle Renaissance in the period 2006/07 to 2008/09 in furtherance of the objectives of the Regional Economic Strategy and Cumbria Vision's Strategic Plan.
- 1.2 This report provides details of a proposed funding application by City Council to the NWDA for £1m of this allocation to support economic development activities for the Carlisle area during 2006/07. It also details the proposed scope of work for a new Carlisle City-Region Economic Strategy which would be funded in part from this allocation.

## **2. NWDA FUNDING APPLICATION**

- 2.1 A copy of the draft funding proposal is attached as an Appendix to this report. In summary it proposes a series of projects that will: -
- Reinforce the evidence base for economic development and provide guidance on intervention and support by the public sector to develop the Carlisle City-Region.
  - Tackle skills gaps, unemployment and worklessness within the City's most deprived neighbourhoods
  - Support the development of the visitor economy, including brand development and marketing, public realm and other aspects of the tourism infrastructure
  - Encourage entrepreneurialism and new enterprise development, particularly amongst women and within deprived neighbourhoods
  - Assess the feasibility and viability of bringing brownfield land forward for employment use, particularly in the south of the City.
- 2.2 The attached funding proposal identifies sources of potential match funding including existing City Council mainstream funding and Local Authority Business Growth Initiative (LABGI) funding which has recently been awarded to the City Council. The rationale for this use of LABGI funding is the subject of a separate report to the Executive.
- 2.3 At this stage the City Council has been invited to submit a 'Concept Proposal' to the NWDA. It scope has been approved in principle by the Project Sub Group of Cumbria Vision at its meeting on 16 January 2006. The proposal will be considered by the NWDA following submission and if it is accepted the City Council will then be

invited to submit a 'Detailed Proposal'. The timetable for appraisal and approval has not been confirmed but it is considered unlikely to be before the third quarter of 2006. However, as outlined in the proposal, the NWDA may be prepared to accelerate this timetable to enable the work on the Carlisle City-Region Economic Strategy to commence earlier. This strategy will be key to determining the scope of any future funding proposals to the NWDA (and other bodies) in the period to 2008/09 and beyond.

- 2.5 Overall the proposals set out would lead to an investment of up to £2m by the public sector in a range of economic development activities in 2006/07 that support the vision and strategic objectives of Carlisle Renaissance, which the Executive agreed to endorse at its meeting of 23 January 2006 (CE 01/06). This would represent a step change in the level of support available to stimulate the local economy and address the economic challenges facing the City.

### **3. CARLISLE CITY-REGION ECONOMIC STRATEGY**

- 3.1 An outline scope of work for this strategy is included as an Appendix to this report. The preparation and delivery of this strategy will be a fundamental to achieving the vision for Carlisle Renaissance and will underpin the delivery of each of the strategic objectives. It is a major and vital undertaking.
- 3.2 The purpose of the strategy is to determine how the public sector, in partnership with the private sector, can encourage new investment, sustainable economic growth, job creation and enterprise development, and address economic disadvantage within deprived neighbourhoods and communities.
- 3.3 The methodology for the preparation of the strategy is likely to include the following stages: -
- An economic health-check and baseline assessment
  - An evaluation of key issues/themes based on macro and local economic trends
  - Establishment of specific objectives and key deliverables linked to these themes
  - A costed and programmed action plan
- 3.4 Ownership of this strategy by the both the public and private sectors will be vital to its realisation. It will be a strategy for the City-Region as a whole and not simply for the City Council. The Carlisle Local Strategic Partnership (LSP) is expected to play a crucial role in this respect. In preparing the strategy it will also be necessary to engage with organisations in the wider City-Region as defined by factors such as

the City's Travel to Work Area (TTWA) and retail catchment, which extend well beyond the City Council's administrative boundaries.

#### **4. CONSULTATION**

2.1 The following have been consulted in the preparation of this report: -

- North West Development Agency
- Cumbria Vision
- Cumbria County Council
- Centre for Regional Economic Development
- Carlisle Renaissance City & County Councillors Steering Group

2.2 It is intended that the Economic Development & Enterprise Thematic Group of the Carlisle LSP will also be consulted on the scope of work for the Carlisle City-Region Economic Strategy. This group will include representatives of the Chamber of Commerce and other private sector interests.

#### **5. RECOMMENDATIONS**

5.1 Members are requested to: -

- a) Agree the draft funding application and give delegated authority to the Director of Development Service to make any minor amendments prior to its submission to the NWDA
- b) Note progress on the scope of work for a new Carlisle City-Region Economic Strategy

#### **6. REASONS FOR RECOMMENDATIONS**

6.1 To enable the submission of a funding proposal to the NWDA in support of Carlisle Renaissance and ensure that the Executive is informed as to the scope of work for a economic strategy for the Carlisle City-Region.

#### **7. IMPLICATIONS**

- Staffing/Resources – The implications for staffing resources will be determined as part of the process of preparing a Detailed Proposal to the NWDA
- Financial – A separate report has been prepared concerning the allocation of the City Council's LABGI funding in support of the NWDA funding proposal. The

draft proposal also includes reference to the use of existing budget allocations as match funding.

- Legal – The legal implications will be determined as part of the process of preparing a Detailed Proposal to the NWDA. The City Council may be required to be the ‘Accountable Body’ for any external funding approved, the details of which would be set out in a formal grant agreement with the NWDA.
- Corporate – The vision and strategic objectives of Carlisle Renaissance were endorsed by the Executive at its meeting of 23 January 2006 (CE 01/06)
- Risk Management – A risk assessment will be included as part of the process of preparing a Detailed Proposal to the NWDA.
- Equality Issues – This report refers to projects that will encourage entrepreneurialism and new enterprise development, particularly amongst women and within deprived neighbourhoods
- Environmental – The environmental implications will be determined as part of the process of preparing a Detailed Proposal to the NWDA. This report refers to projects to reuse brownfield land for employment use.
- Crime and Disorder – None
- Impact on Customers – The impact on customers will be determined as part of the process of preparing a Detailed Proposal to the NWDA

## **APPENDIX 1**

### **Economic Strategy for Carlisle City Region**

#### **Working Arrangements, Scope and Purpose**

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#### **1 Working Arrangements**

##### **1.1 Sponsors**

Catherine Elliot, Corporate Director of Development Services, on behalf of the Senior Management Team, Carlisle City Council and Chris Collier, CEO, Cumbria Vision [CV]

##### **1.2 Project Team**

The Project Team will be lead by the Head of Economic Development and Tourism and will include officer representation from NWDA/Cumbria Vision and Cumbria C.C. The team will be expanded as necessary to include representation from the LSP 'Economy and Enterprise' sub group when this is established.

#### **2 'Ownership' of the Strategy**

- 2.1 As the Carlisle Local Strategic Partnership comes into being it will start to take ownership of the Strategy. Until then it is assumed the local authorities and Cumbria Vision will manage the process.
- 2.2 Members of the 'Economy and Enterprise' sub group of the Carlisle LSP will be engaged in the development of the Strategy at the earliest opportunity once this group is established.
- 2.3 The City & County Councils and Cumbria Vision will follow their own internal processes in considering the Strategy.
- 2.4 Following consideration by the two local authorities and CV it is assumed it will be recommended that the Carlisle LSP adopt the Strategy, steers its implementation and monitors its progress.
- 2.5 It is intended that the Strategy will be branded as the product of the City and County Councils and Cumbria Vision.

#### **3 Coverage of the Strategy**

- 3.1 The detailed geographical coverage of the Strategy will be the whole of Carlisle City Council administrative area - including Carlisle's rural area.
- 3.2 However, the Strategy will also take account of Carlisle's role in the sub-region and its role beyond the administrative boundaries of the City Council. It will engage neighbouring authorities and other agencies within Carlisle's sphere of influence in England and Scotland to better define Carlisle's sub regional role.

## **4 Scope and purpose of the Strategy**

- 4.1 The purpose of the Economic Strategy is to provide the economic context for Carlisle Renaissance and to support its implementation. It will set the priorities for the future economic development of Carlisle in the context of the RES, the Cumbria sub-regional strategy, CV's Business Plan and other relevant policy documents.
- 4.2 The Strategy will include an action plan for public sector interventions in support of those priorities. It will show what interventions are needed and how they will be delivered.
- 4.3 The Strategy's essential role is to encourage investment, sustainable economic growth, quality employment and to address areas of deprivation and economic disadvantage.
- 4.4 The strategy will also identify strategic economic targets for adoption and monitoring by partners under the auspices of the Carlisle LSP
- 4.5 There will be several audiences and roles for the Strategy. It will, [alongside the Local Plan] help to inform private sector decision making, it will be a policy document for the City Council, it will serve as a reference document for bids for external funding and it will also be used as the basis for lobbying.
- 4.6 The Strategy will provide the justification for policy decisions by the City Council under its power to promote the 'economic well being' of Carlisle. It will provide the on-going policy context for existing initiatives such as the Longtown MTI and will make the links with the Council's Clean, Green and Safe corporate priority.

## **5 Relationship with Carlisle Renaissance**

- 5.1 The process of setting out an agenda for economic growth in Carlisle began with the publication of the Carlisle Renaissance prospectus in August 2005. This will be refined following a consultation process during early 2006.
- 5.2 The prospectus includes six objectives for the regeneration of Carlisle. These are;
  - 1 The expansion of the City Centre to the South and West, introducing high quality mixed use development with improved public realm and a vibrant waterfront development.
  - 2 Improving movement into and around the City for all modes of transport
  - 3 Maximising the potential of Carlisle as a major destination for leisure and business tourism – particularly tourism and leisure infrastructure.
  - 4 The establishment of Carlisle as a Learning City – particularly the development of Higher Education.
  - 5 Strengthening the City's economic base, and
  - 6 Creating sustainable communities, -

- 5.3 The Economic Strategy will cover all of the economic development aspects of these objectives, including the physical development of the City Centre, Learning City, Business Support, Tourism etc etc.
- 5.4 Where Carlisle Renaissance places particular emphasis on physical change through key transformational projects, - particularly in relation to the objectives in 1 – 4 above - these will also be taken forward in detail through a Movement Strategy and a Development Framework & Action Plan. These proposals will be tested as part of the review and inquiry into the Local Development Plan later in 2006.

## **6 Timetable**

- 6.1 The intention is to produce a consultation draft of the Strategy for Summer 2006 and to finalise the Strategy for the Autumn. A project Plan and brief for the Strategy is in preparation.

## **7 Working methodology**

- 7.1 The intention is to engage as many key people in the early stages of the development of the strategy as possible using a mix of qualitative techniques in order to inform the project team. A 'draft and consult' approach is not intended.

## **8 Links with 'Sustainable Communities'**

- 8.1 The Strategy will include proposals for the delivery of the 'economic' strand of the 'sustainable communities' agenda in Carlisle. It will not attempt to define how the whole of that agenda will be delivered.

## **9 Budget and Format**

- 9.1 Research, consultation and publicity & distribution costs are the three main area of expenditure. Cumbria Vision will be requested to consider bids for original research, consultant's services for strategy development and for the cost of consultation. These costs have yet to be determined. The City Council will take responsibility for the publication, printing and dissemination of the Strategy at final consultation draft and finished version stages.
- 9.2 The final strategy document will be limited to 20 sides but will be supported by additional documentation containing the evidence on which the strategy is based.



## APPENDIX 2

# CONCEPT PROPOSAL FORM – EXTERNAL

<b>Project Name:</b> Carlisle Renaissance – Year 1 Action Plan		<b>Project Number:</b>			
<b>1. Please provide a brief description of the project.</b> This is the Carlisle Renaissance year 1 action plan. It consists of a package of measures aimed at strengthening the City's economic base including: <ul style="list-style-type: none"> <li>Developing Economic Strategy and robust evidence base</li> <li>Supporting the visitor economy</li> <li>Tackling skills and worklessness in most deprived areas</li> <li>Releasing brownfield land for development</li> <li>Providing complementary business support</li> </ul>					
<b>2. Is this project part of previously approved Regeneration Company business:</b>		Yes (if yes – please see guidance notes)		No	<input checked="" type="checkbox"/>
<b>3. What is the expected start date?</b>		01/05/2006			
<b>What is the expected finish date?</b>		31/03/2007			
<b>4. What is the major Strategic Fit of the project?</b> (Please tick 1 only)					
Priority 1: Business Development		Priority 2: Regeneration	<input checked="" type="checkbox"/>	Priority 3: Skills & Employment	
				Priority 4: Infrastructure	Priority 5: Image
<b>Please provide information of the fit between the project and the 2005-2008 Corporate Plan, which reflects the existing RES priorities. You should also take account of the emerging issues from the current RES review.</b>					
<p>Within the scope of the Economic Strategy, Carlisle Renaissance will operate at a strategic level delivering transformational change within Carlisle as the driver of the sub-regional economy. The associated key actions in the new RES and the Agency's current Corporate Plan are therefore to ensure that "<i>Growth opportunities ...[in] Carlisle are fully developed</i>" (RES Vision Statement) and to "<i>Deliver Urban [and Rural] Renaissance</i>" (Corporate Plan Key Priorities 5 and 6).</p> <p>Developing plans to capitalise on the opportunities in Carlisle is recognised as a key Transformational Action within the new RES (page 7, Action 55) and falls within the "People and Jobs" theme. The year 1 action plan also has links to other actions under this theme particularly those relating to worklessness (including Actions 41-6).</p> <p>The project will also have direct links to all the other RES themes e.g. within the "Business" theme where the project's activity will support Actions 3, 10 and 11. Within the "Skills and Education" theme, through partnership working, the project will impact on Actions 28, 29 and 38. The "Culture and Image" theme contains a number of relevant Actions (98, 101, 103, 105, 115 and 119) relating to tourism development and Actions 117 and 122 concerned with deriving economic benefits from complementary environmental actions.</p> <p>Some key transport "infrastructure" issues will be addressed as part of the other elements of the Renaissance programme e.g. through the movement strategy. Those Actions to be tackled in year 1 include number 82.</p>					

**5. Where is the project located and which priority areas will benefit from the project?**

All project activity will take place within Carlisle district although the benefits are expected to extend beyond the authority boundary. Carlisle has 6 wards in the top 20% ID 2004 demonstrating pockets of deprivation in central, southern and western parts of the urban area. In addition, significant portions of its rural area are ERDF Objective 2.

**6. Please make reference to how the project fits with the appropriate Sub-Regional Strategy Action Plan(s) and if it is supported by the Sub-Regional Partnership, if relevant.**

The two most relevant sub-regional strategies are the Cumbria Strategic Partnership's "Sustainable Cumbria" and Cumbria Vision's emerging Strategic Plan.

Sustainable Cumbria, launched in 2004, identifies a package of priority actions for Carlisle aimed at releasing its potential and at the same time dealing with severe pockets of deprivation. These fit very well with the Renaissance agenda and include direct references to "Learning City", tourism development, strengthening the economic base and creating sustainable communities.

The Cumbria Vision Strategic Plan is not finalised and its content will presumably need to be adjusted to take account of the new RES. However, the consultation draft does enshrine some key principles and priorities that strongly support the Renaissance agenda.

It contains a geographical priority focussed on Carlisle that fully recognises all the issues behind the six Renaissance objectives. It further sets out how transformational activity can be supported through the Strategy. Actions include:

- development of an Economic Strategy, which directs the economy towards nurturing high GVA businesses
- tackling worklessness,
- developing tourism
- exploiting the opportunities that having the hub of the University of Cumbria in the City presents
- City Centre public realm improvements
- development of key mixed use sites
- bringing forward brownfield land.

**7. Are there any potential or unresolved State Aid issues? (please detail.)**

The actions envisaged in year 1 of the Economic Strategy/Renaissance do not raise any state aid issues as all investment will either operate under the De Minimis threshold where benefits relate to individual businesses or accrue to public sector organisations.

## CONCEPT PROPOSAL FORM

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**8. What are the estimated costs of the project, including non-cash costs if appropriate, and how is funding to be provided? Please detail the different sources/amounts of matched funding to the project. (£000's)**

### Expenditure Summary (£000's)

	2006/7				Future Years				Total			
	Capital Investment	Resource - Investment	Resource - Current	Total	Capital Investment	Resource - Investment	Resource - Current	Total	Capital Investment	Resource - Investment	Resource - Current	Total
NWDA	450		610	<b>1060</b>					450		610	<b>1060</b>
Public	450		380	<b>830</b>					450		380	<b>830</b>
Private			263	<b>263</b>							263	<b>263</b>
Voluntary												
<b>Total</b>	<b>900</b>		<b>1253</b>	<b>2153</b>					<b>900</b>		<b>1253</b>	<b>2153</b>
Income												

### Sources of expenditure:

Public: Capital match – Local Authorities. Revenue match – majority indicative and subject to confirmation – mix of Local Auth, LSC, Jobcentre Plus and “other public”.

Private: Circa £155k Carlisle Housing Association, circa £68k Northern Rock Foundation, remainder from individual companies



**9. Have there been any sunk costs incurred previously on this project? Are these included in table 8?**

Work on the Renaissance has started, for example a project team is in place and an extensive consultation exercise has begun. Those costs already incurred are not included in the tables above.

**10. What is the status of any leverage shown in the table above (e.g. committed/under discussion/not yet discussed)? Are there any deadline implications attached to this funding (e.g. ERDF funding years) or phasing requirements?**

Match Funding Source	Status	Timescale for Decision
<b>Public</b>		
Carlisle City Council	£140k confirmed. Remainder subject to further discussion re LABGI and Asset Review resources	April 2006
Cumbria County Council LSC/JC+	Discussion initiated following concept £10k LSC confirmed, remainder subject to applications and discussion	Not known Expected early summer
"Other Public"	Subject to negotiation re project delivery	April/May 2006
<b>Private</b>		
CHA	Confirmed	
Northern Rock	Confirmed	
"Other private"	Majority expected to be match funding during project delivery	
<b>11. If any of the Expenditure requested is for Pre-Approval Expenditure please give details of how much, in which year(s) and what the costs are for.</b>		
No		

**12. What gross outputs do you expect the project to deliver, and how many will be attributable to the NWDA funding requested?**

Headline Outputs	2006/7	
	Total	NWDA
1. Job Creation	25	14.3
2. Employment Support	120	68.4
3. Business Creation (*)	8	4.6
4. Business Support	30	17.1
5. Regeneration (£m)	0.35	0.2
6. Skills	95	54.2

(\*) to be claimed after closure of Year1 ie after 12 months trading

**13. What is the expected outcome/impact of the project?**

The year 1 action plan is a vital step towards achieving these outcomes and will be focussed on a number of key deliverables:

- Approval and adoption of new Economic Strategy
- Increased footfall and visitor spend
- Improved public realm
- Enhanced Image
- People into training /jobs
- New businesses created
- Land/site assembly identified for development.

**14. Who is the delivery organisation or contractor (where different) and what previous projects have they been involved with? (for grants only). Are there any associated projects that may need to be taken into consideration?**

The City Council is the lead body for the project, the Council has had considerable experience in delivering and administering both NWDA and other publicly funded programmes. The City Council will be responsible for the delivery of the year 1 programme with the exception of the continuation of the existing CHA project, which is already in receipt of NWDA grant in 2005/6. This may continue to be subject to a separate application.

**15. What are the key issues/risks with this project?**

The key success factors which would form the basis of a risk register can be summarised below:

- Private sector and other partners “buy in” to Economic Strategy
- Investor confidence
- Formation of strong public sector delivery partnerships
- Engagement of businesses in actions to tackle worklessness
- Continued decline of employment opportunities in deprived communities
- Public support for Renaissance proposals

### 16. What would be the impact of the project not going ahead?

As has been described Carlisle has been targeted for growth by regional, sub-regional and local strategies. This year 1 action plan is the first step towards this, however, without it progress towards this goal would be hampered due to:

- No clear agreed strategy to drive process forward and no robust evidence base
- Carlisle unable to make full contribution towards sub-regional GVA
- Continued disproportional negative effects of worklessness on deprived communities
- Failure to develop visitor economy – major lost opportunity
- Businesses fail to benefit from growth potential

<b>Prepared by:</b> <b>(Project Sponsor)</b>		<b>Team/Directorate:</b>	
<b>Project Sponsor Recommendation:</b>			
<b>Signature:</b>		<b>Date:</b>	

### Executive Director Recommendation

<b>Signature:</b>		<b>Date:</b>	
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### PRG recommendation for referral to Board sub-committee

## CONCEPT PROPOSAL FORM - EXTERNAL

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## APPENDIX 3

## FUNDING

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