



**LOCAL  
PARTNERSHIPS**

## **COVENTRY CITY COUNCIL**

Using assets for growth



### **Introduction**

Coventry is the 10th largest city in England and it is administered by Coventry City Council a metropolitan borough authority. Historically part of Warwickshire, Coventry is the West Midlands's second largest city with a population of 316,900 at the 2011 UK census. By the early 20th century, Coventry had become a major centre of the British motor industry. The design headquarters of Jaguar Cars is in the city at their Whitley plant and although vehicle assembly ceased at the Browns Lane plant in 2004, Jaguar's head office returned to the city in 2011. The Whitley



plant is one of the engineering centres of Jaguar Land Rover and the headquarters of Jaguar Cars. The facility is a fully integrated design, research and development centre and is used for the design and development of Jaguar and Land Rover vehicles. Manufacturing and engineering remains a strong sector with Aston Martin, Rolls Royce and MIRA all based in the area.

Coventry suffered severe bomb damage during World War II, most notoriously from a massive Luftwaffe air raid known as the "Coventry Blitz" on 14 November 1940. In the post-war years, Coventry was largely rebuilt under the general direction of the Gibson Plan, gaining a new pedestrianised shopping precinct, the first of its kind in Europe on such a scale. This rebuilding was underpinned by a blanket CPO which effectively brought all the land in the city centre into the ownership of the Council. The legacy of this approach forms the bedrock of the Council's town centre regeneration ambitions today.

The 1970s saw a decline in the British motor industry and Coventry suffered particularly badly. By the early 1980s Coventry had one of the highest unemployment rates in the country and crime rates rose well above the national average. By 2008 only one motor manufacturing plant was operational, that of LTI Ltd, producing the iconic TX4 London taxi cabs. Over the past 30 years, the Council and its partners have worked hard to ensure a city-wide economic recovery and Coventry has seen capital investment in out of town retail parks and business parks which have delivered much-needed new employment opportunities for local people. This peripheral development has not translated into renewal of Coventry's city centre which is today characterised by dated covered shopping centres all approaching the end of their economic life at the same time and an inner ring road that places a collar around the heart of the city, limiting its flexibility to respond to changing needs and new opportunities. All too often, those working in the many new businesses that have been attracted to Coventry chose not to live or shop in the city.

The city's office stock is largely obsolete and its national retail ranking is 58th (CACI 2013) according to spend, lagging behind other similar centres in terms of the quality and range of shops. According to the latest national statistics available for 2010, shoppers spent £510 million over the year in Coventry – this compares to £1,030 million in Cardiff (England's 12th biggest city) and £1,810 million in Nottingham ranked as the 14th biggest city. The out-moded appearance of the city centre and its poorly performing retail offer has contributed to Coventry suffering a negative image or stigma.

Coventry's locational advantages are obvious. Coventry and Warwickshire sit at the heart of the UK's motorway network, with the M6, M1, M40 and M42 all serving the area, while Birmingham airport is just a short drive away. Over one million people live within a 30 minute drive of Coventry. There are very regular train services to London, which is only an hour away from the city via the West Coast Main Line. Its two leading universities – Warwick and Coventry – are renowned in their fields and both have a strong reputation not only for the range and quality of their undergraduates but also for their links with innovation and business.

# 1. Case Study: Leadership, Assets and Growth

## 1.1 Key Facts:

- ▶ May 2013 saw the appointment of a new Leader of the City Council and the beginning of a fresh approach to the delivery of Coventry's economic and social ambitions. In the recent past, the policy to grow the city's economic base was focussed on all new homes and businesses being constructed on brown field land and housing policies were centred on delivery of affordable homes and protection of the Green Belt. Viability challenges on these allocated sites meant that investment in new homes and modern business space had been limited and the significant challenges presented by the dated and declining city centre had yet to be translated into action "on the ground". The new leadership embarked on an ambitious growth agenda which has had a transformative impact in a number of highly visible ways.
- ▶ A review of the Council's agricultural estate has enabled the release of 400 acres at Kings Hill adjacent to the urban edge for a large-scale green field housing development. Increasing the supply of aspirational homes is at the heart of the LEP's economic strategy and this site will play a central role in accelerating that process.
- ▶ Review of the Council's corporate office estate has produced a rationalisation strategy which will see the number of occupied offices reduce from 29 to 9 and critically the construction of a new office headquarters building as the first phase of the Friargate scheme which will house 2000 Council employees. The Friargate scheme is the first essential stage in realising an ambition to have grade A commercial floor space situated in the city centre, with all the advantages that will bring for the vitality of the retail and leisure offer. Friargate comprises 15 Ha of land surrounding Coventry rail station and plans to redevelop this land had stalled following the market crash of 2008/9. In total, Friargate could provide 300,000sq m of new offices, hotels and apartments but an inability of the developers to secure debt finance has fuelled a lack of confidence to embark on speculative construction. The Council decided it was necessary for the authority to intervene in this aspect of market failure by committing to the occupation of the Phase 1 building. In order to stimulate the speculative construction of a second office building, the Council has entered into an agreement with the developers to take an over-riding lease which will provide a back-stop guarantee of income if occupiers are not identified. The approved business case for the Phase 1 building was based around £500k pa revenue savings arising from maintenance backlog relating to the old stock, kick starting a vital town centre development project and enabling new, flexible and efficient forms of agile work styles to be adopted.
- ▶ In conjunction with the delivery of Phase 1 Friargate, the Council successfully bid for RGF and ERDF to fund essential infrastructure including building a new at-grade bridge deck over the ring road to create an attractive public boulevard which will connect this presently isolated part of the city to the shopping areas and to begin the process of releasing the strangle-hold that road has around the city centre. Construction work is underway.
- ▶ The Council has selected 3 developers to a shortlist for the City Centre South retail development scheme as part of an open competition. Situated on Council owned land, this scheme includes 52,000 sq m of retail floor space both new and refurbished, an anchor store of circa 11,500 sq m, an hotel of 3,500 sq m, cinema, up to 40 apartments plus 15,000 sq m of public realm, a new public square and a multi storey car park of around 1,200 spaces. The configuration, size and number of new units proposed in the plan are designed to attract the big stores and quality brands expected to be found in a centre as large as Coventry. The scale and viability of the scheme has been carefully planned to provide the best chance of attracting the right developer and range of retailers. The new 12,000 sq m anchor store will provide retail over three floors. It has been positioned and designed to maximise its appeal to all the top retailers.

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- ▶ In a determined effort to dispel its past reputation, Coventry is delivering a series of high quality public realm improvement schemes on land it owns right across the city centre. These are underway in Council House Square, Little Park Street, New Union Street, Broadgate and Gosford Street supported by ERDF funds. These investments reflect a recognition that in the future the city centre cannot just fulfil a shopping function. The rapidly changing face of retail in the UK will increasingly mean that the central area of Coventry needs to be capable of increasing dwell time and encouraging participation in leisure and cultural activities. As a further example of the city rebranding itself as ambitious, confident and investment friendly, a large team of officers and elected Members promoted Coventry at the international property fair at MIPIM 2014 with all expenses met by the business community of Coventry.
  - ▶ The Council has gained additional confidence that the city centre can turn around its fortunes by the £60m investment of Severn Trent plc in a new headquarters office hub of 20,000 sq m and the continuing investment of the city's 2 universities including Coventry University's £55 million investment in the new Engineering and Computing Faculty Building. The Severn Trent planning application was determined within 7 weeks of submission and the Council's Planning Service is one of the UK's most efficient.

## 1.2 Exceptional characteristics

- ▶ A bold change of policy direction with respect to use of assets and powers to drive growth has been justified on the basis of Coventry's ambition to assert itself as the main economic engine for Warwickshire to the benefit of the whole county. The scale of the challenge ahead with respect to the remaking of large swaths of the city centre which share the same sub-optimal characteristics, coupled with frustrations that Coventry needed to cast off its stigma if it were to "go up a league" and attract new inward investment and aspirational entrepreneurs and families has translated into a series of highly focussed market interventions which set the city on a path towards a new and more successful future. This boldness needed sure-footed and determined political and executive leadership to set a quite different course than that pursued over the past 20 years or so.
- ▶ A series of new public private partnerships are being put into place to act as project specific delivery vehicles which are capable of drawing in funds from a variety of sources. The Council is utilising its buying power and its extensive asset base to energise these partnerships which will see the first development of speculative grade A office space in the city for a generation.
- ▶ Recognising that property market failure was inhibiting the supply of workshops for SMEs, the Council has established the Coventry Investment Fund (CIF). The Council has borrowed £50m from the Public Works Loan Board to put into CIF. One of the first schemes will be to develop some new small industrial units on Council land at Lythalls Lane. CIF can be used to attract match funds from other public funding streams as well as to use alongside private property developer investment in joint venture schemes. CIF will be replenished via retention of Business Rates and revenue returns and the fund may well be used to acquire brown field employment sites for remediation and development.
- ▶ Coventry City Council has a close and effective working relationship with the Coventry and Warwickshire LEP (CWLEP) and a close alignment of strategic objectives. The emerging SEP recognises and validates the Council's approach that Coventry is the focus for growth for the sub-region. A senior officer of the Council is appointed as Chief Executive of the LEP and this direct connection appears to work to the advantage of both organisations. This close linkage has meant that City Council resources have been available to promote the development of the LEP throughout its establishment phase with costs being shared. There are no separate agendas but rather adoption of a pragmatic one team approach.

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- ▶ Despite budget cuts, the Council has maintained a significant in-house team dedicated to attracting inward investment, supporting local business development and securing external public funds. This resource is regarded within the Authority as a centre of excellence and a source of pride. The team are incentivised to perform as a percentage of all funds secured are used to cover this over-head. The team are recognised as effective with key influencers in DCLG, BIS and Treasury and this has meant that under-spends have been offered for investment in Coventry. The team adopt a personalised case officer approach to all inward investors and growing local companies and provide a free bid writing service. In organisational terms, this team is situated in the same Directorate as the estate and asset managers in order to ensure that funding and property needs are considered at one and the same time.

### 1.3 Key lessons learnt

- ▶ Wide-spread freehold ownership by the City Council across the city centre and its excellent record of raising funds for growth places the Authority in the lead delivery role in terms of both place and market making. This conjunction of assets, capital and purchasing power is providing a basis for control over the quality, form and timing of new private sector investment as it has enabled participation in risk sharing. This means that the Council is an active partner in these joint ventures beyond the traditional structure where the public sector land owners share of equity is limited to the value of the land.
- ▶ Coventry is now clear that its purpose is to step up to its sub-regional responsibilities to drive the economy to the benefit of all its catchment. It has managed to generate a level of self-confidence and this is flourishing via determined and bold leadership, a close working relationship with the LEP and consistent retention of some exceptional in-house capabilities such that it no longer feels it is in the shadow of Birmingham. The Council is investing in a new generation of assets which are capable of changing perceptions.
- ▶ Sticking with land use policies that concentrate on non-viable housing allocations will not deliver affordable or market homes but will deflect investment to other competing locations.

### 1.4 Future aims

- ▶ Significant urban extensions needed to provide for growth and a full range and quality of choice in Coventry and Warwickshire's housing market will rely on meaningful partnership across all District Councils, the County Council and the City Council under the Duty to Cooperate.
- ▶ City centre remodelling will be comprehensive and take account of the rapidly changing face of retail. This will need a review of planning policies for the city centre which may concentrate unit retailing to a smaller area in a higher quality environment. The strangle-hold of the inner ring road will be released and a new business quarter anchored by the Council will be established based on exceptional public realm whose management will be fully funded to the long term future.
- ▶ Relationships with local businesses will continue to mature via active partnership with the Council and LEP. Ambitions for inward investment will be keyed into expansion of the universities, as well as upgrading of the leisure and cultural offer.
- ▶ The Council will identify a new generation of attractive and viable employment sites, perhaps within the sub-region not necessarily in Coventry, but which can draw on the city's labour pool and help to attract to the city new residents and shoppers.
- ▶ The Council intends to promote a One Public Estate approach to the Authority's surplus offices and land in the city centre post relocation to Friargate.

## 2. Case Study: Funding for growth

### 2.1 Key Facts:

The Coventry City Council has a dedicated Resources and New Projects Team that is responsible for bidding to secure external funding for the authority and managing externally funded economic and social development programmes which contribute to the Council's overall strategy to grow Coventry's economy. This team has secured over £30m from the European Regional Development Fund (ERDF) and £31m from the Regional Growth Fund (RGF). A summary of their recent success is:

Source	Programme value	Details	Outcomes
<b>ERDF – Enterprise and Business Growth</b>	<b>£4.1m</b> from ERDF Grant and <b>£13.2m</b> match funding from Coventry City Council, Coventry and Warwickshire Chamber of Commerce, Warwickshire County Council and private sector companies	<ul style="list-style-type: none"> <li>▶ <b>Start Up Support:</b> Supporting unemployed residents to start up an enterprise – £623k</li> <li>▶ <b>Accelerated Growth Business Support:</b> Providing one-to-one support for established SMEs – £900k</li> <li>▶ <b>Enabling Innovation &amp; Growth:</b> Developing digital, aerospace and environmental technology sector networks, encouraging businesses to collaborate and develop local supply chains – £318k</li> <li>▶ <b>Access to Finance Grants:</b> Capital grants of up to £100k for SME's, £14.3m including £2.6m ERDF grant and £11.7 private sector investment</li> </ul>	<ul style="list-style-type: none"> <li>▶ 570 individuals assisted to start a business</li> <li>▶ 203 businesses created and surviving 12 months</li> <li>▶ 516 businesses assisted and</li> <li>▶ 750 new jobs created by December 2015</li> </ul>
<b>ERDF Priority 2 – CWLEP Small Business Loans</b>	<b>£519k</b> from ERDF Grant and <b>£519k</b> match funds from CWLEP Growing Places	<ul style="list-style-type: none"> <li>▶ <b>A capital loan fund</b> available to SMEs with loans between £10k and £50k</li> <li>▶ <b>CCC Resources and New Projects Team</b> acts as the accountable body, appoints the loan fund manager, manages this contract, monitors expenditure/ outputs and ensures ERDF audit compliance</li> </ul>	<ul style="list-style-type: none"> <li>▶ 67 businesses assisted</li> <li>▶ 100 jobs safeguarded</li> <li>▶ 40 new jobs created by June 2015</li> </ul>

Source	Programme value	Details	Outcomes
ERDF Priority 3 – Achieving Sustainable Urban Development	<b>£25.47m</b> ERDF Grant (increased from original allocation of £12m)	<ul style="list-style-type: none"> <li>▶ <b>Restoration of listed and historic properties</b> in a conservation area – £2.35m</li> <li>▶ <b>Public realm works</b> Coventry city centre – £5.75m</li> <li>▶ <b>Provision of new rail-bus interchanges</b> at key employment sites – £3.52m</li> <li>▶ <b>Development of a creative industries hub</b> – £3.37m</li> <li>▶ <b>Expansion/upgrade</b> of Coventry Transport Museum</li> <li>▶ <b>Additional works</b> adjacent to the Friargate Bridge development site</li> </ul>	
RGF3 Infrastructure	<b>£23.295m</b> RGF Grant from BIS – the largest amount awarded in Round 3 to any single programme nationally	<ul style="list-style-type: none"> <li>▶ <b>A redesigned Ring Road Junction 6</b>, including a landscaped bridge deck, and pedestrian boulevard</li> <li>▶ <b>A new road layout at M40 Junction 12</b> will provide better access to Jaguar Land Rover and Aston Martin Lagonda</li> <li>▶ <b>Highway infrastructure works</b> to provide improved access to major employment sites</li> <li>▶ <b>Business Development Advisors</b> working with businesses to help them grow and develop</li> </ul>	<ul style="list-style-type: none"> <li>▶ Average employment impacts over 10 year period = 2974</li> <li>▶ Private sector investment of up to £300m over 10 year period</li> </ul>
RGF3 SNE Grants	<b>£1.05m</b>	<ul style="list-style-type: none"> <li>▶ <b>Grants to Small and Medium Enterprises</b> (SME) to enable them to undertake major capital investments</li> </ul>	<ul style="list-style-type: none"> <li>▶ 100 Jobs</li> <li>▶ 25 Business Assists</li> <li>▶ £6.6m private sector Investment</li> </ul>

Source	Programme value	Details	Outcomes
<b>RGF4 Business Grants</b>	<b>£3.8m</b>	<ul style="list-style-type: none"> <li>▶ <b>Financial support (over £100k) to larger businesses</b> that are investing in expansion (new products or new premises etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▶ 500 new jobs</li> <li>▶ 20 business assisted</li> <li>▶ £25m private sector investment</li> </ul>
<b>RGF4 Lancaster: Growth Hub</b>	<b>£2.6m</b> RGF Grant from Lancaster University (accountable body) to AME businesses	<ul style="list-style-type: none"> <li>▶ <b>Establish a Clearing House</b> that will deliver a one-stop-shop function to provide both business support and access to finance support. This will also deliver peer-to-peer bespoke business support to Advanced Manufacturing and Engineering (AME) sector businesses</li> </ul>	<ul style="list-style-type: none"> <li>▶ 217 jobs created</li> <li>▶ 10 jobs safeguarded</li> </ul>
<b>Growing Places Fund</b>	<b>£11.8m</b> capital from Department for Communities and Local Government (DCLG) and the Department for Transport (DfT)	<p><b>Three Open Calls</b> with simple application processes, and transparent scoring procedures:</p> <ul style="list-style-type: none"> <li>▶ Round 1 funding awarded a £2m loan to Coventry Airport to build new hangars, generating 26 new jobs.</li> <li>▶ Round 2 funded 10 investment projects by businesses across Coventry &amp; Warwickshire to generate over 800 new jobs – allocation £4.8m</li> <li>▶ Round 3 will invest in further infrastructure and business investment that will create economic growth and new jobs in the Coventry &amp; Warwickshire economy – allocation £4.25m.</li> </ul>	<ul style="list-style-type: none"> <li>▶ 470 jobs to be created</li> <li>▶ 24,000 square metres of new commercial floor space to be created</li> </ul>
<b>Coventry Investment Fund</b>	<b>£50m</b> from CCC	<ul style="list-style-type: none"> <li>▶ <b>Loans</b> to support the development of new commercial premises/ floorspace leading to the generation of new business rate income for Coventry City Council</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase Business Rates</li> <li>▶ Create new jobs</li> <li>▶ Safeguard existing jobs</li> <li>▶ New commercial floor space</li> </ul>



## 2.2 Exceptional characteristics

- ▶ Ability and track record of managing large funding programmes which, in turn, attracts additional funds. For example, Coventry's team are offered underspend capital as they have a "war chest" of ready-to-go projects agreed with businesses across the city.
- ▶ Building on experiences from the Open Call for the CW Growing Places Programme that was issued during 2013, the Team have a tried, tested and well respected scoring process for applications which prioritises projects that are planned and ready to go, with a quantified funding gap and calculated outputs.
- ▶ Ability to leverage additional ERDF matching funding to expand programmes.
- ▶ Experience managing programmes which require robust audit processes, now enables the Team to take large advances on forecast claims demonstrating an ability to manage cash flows.
- ▶ Programmes have passed external audits, with a recent audit considering the programme to be an exemplar.
- ▶ Rapid contracting process for businesses means the Team are credible across business networks.
- ▶ Cost per job created through the grants have been significantly lower than the original target meaning that project represent strong value for money against national benchmarks.

## 2.3 Key lessons learned

- ▶ The Coventry Investment Fund is the first of its kind and shows both the calculated risks that Coventry City Council is willing and able to take. It also demonstrates the Political Leadership's confidence in the Resource and New Projects Team to deliver the programme and act as Accountable Body for such a high profile and innovative programme. This programme could act as a model for other Councils to offer a similar service.
- ▶ Retaining a consistent, highly skilled and well-resourced team who can specialise in prospecting for and administering multiple funding streams which focus on growth and economic development has proved excellent value for money, as well as a source of pride within the Council and the City.
- ▶ Developing and operating a sophisticated scoring process for bids has saved time and built credibility with fund allocating Government Departments.

## 2.4 Future aims

- ▶ Retain the core Team. There is a danger key members of the Team will be "poached" by private consultancies who can pay more.
- ▶ Be the "go to" Council for underspends.
- ▶ Keep refreshing the register of worked up projects with businesses.



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