

DCLG Press release 5th July 2012

Cities' economic power unlocked in radical power shift

Government has agreed to devolve new powers to England's largest cities in a series of unique deals that will help them invest in growth, improve local workers' skills and create jobs, support local businesses, control budgets and improve critical infrastructure Deputy Prime Minister Nick Clegg and Cities Minister Greg Clark announced today.

The core cities are Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Sheffield and Manchester. These eight largest and most economically important English cities outside of London were invited to set out the powers they need to drive local growth in December last year. In return the cities have agreed to put in place stronger, more accountable local leadership and to spend their resources more efficiently. The resulting groundbreaking agreements signal a dramatic shift, freeing cities from Whitehall control.

Following Greater Manchester's example, Leeds and Sheffield will each form Combined Authorities, bringing their existing local authorities together so they can make more strategic decisions about how money is spent and what it is spent on. Liverpool and Bristol have voted to have directly elected mayors supported by strong decision making structures across the wider economic area. Leeds will form a West Yorkshire Combined Authority and Sheffield will form the South Yorkshire Combined Authority.

Newcastle is working with the seven authorities across their economic area to take steps towards forming a North East Combined Authority; Greater Birmingham and Solihull has established strong private sector leadership and decision-making across its Local Enterprise Partnership. And Nottingham has created a new private sector-led governance structure to deliver their City Deal.

Deputy Prime Minister Nick Clegg said:

"These groundbreaking deals signal a dramatic power shift, freeing cities from Whitehall control. Everyone in these eight core cities will feel the benefits - from young people looking for jobs, to businesses looking to expand.

"Over the coming months, we are transferring more and more power from Whitehall to these cities.

"They are the economic powerhouses of England - so it makes sense that the cities decide for themselves how to boost their local economies."

Cities Minister Greg Clark said:

"City deals represent a watershed moment in the Government's revolution to hand power down from Whitehall to the local level.

"These landmark agreements will unlock the huge potential of our cities by harnessing their unique strengths to drive the growth Britain needs.

"Our major cities have seized the opportunity to take control of their economic destiny and will now reap the benefits of new financial freedoms and investment opportunities available to them.

"Now we have concluded the first deals, we will shortly set out next steps for this radical extension of power to other places across the country."

The deals give new freedoms, powers and tools to help the cities go for growth, including:

More power to invest in growth

Powers to 'earn back' tax from the HM Treasury for Manchester

Freedom to fund critical infrastructure through tax increment financing for Newcastle, Sheffield and Nottingham

Self-sustaining investment funds to spend on local priority projects, reducing dependence on grants from central government for Birmingham, Bristol, Manchester, Leeds, Liverpool and Sheffield

More freedom to support local businesses

Power to create a venture capital fund to invest in high tech start ups and growth businesses for Nottingham

Business Growth hubs bringing support, advice and services to help businesses grow for Manchester and Bristol

More power over budgets and resources to drive infrastructure development

Devolved transport budgets for Birmingham, Bristol, Leeds and Sheffield

Responsibility for commissioning and managing franchise arrangements for local and regional rail services devolved to Manchester, Leeds and Sheffield

Joint investment programmes bringing together private and public sector assets to unlock resources for housing development and regeneration

Powers to deliver the skills training local people and businesses need

Control of the skills budget so the city can better respond to what businesses need from the local workforce for Sheffield

Apprenticeship hubs for Bristol, Manchester, Leeds, Newcastle and Nottingham, enabling the cities to boost apprenticeship numbers by supporting small and medium sized businesses to take on more apprentices with measures such as incentive payments

A 'Guarantee for the Young', with innovative new ways to give every young person access to a job, training, apprenticeship, volunteering or work experience for Leeds, Liverpool and Newcastle.

Guide

[Unlocking growth in cities: city deals - wave 1](#)

Notes to editors

1. The core cities are: Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Manchester and Sheffield. The eight core cities are the largest and most economically important English cities outside of London.

2. Cities account for 58 per cent of England's population and 61 per cent of its jobs. When their wider commuting areas are taken into account, this rises to 74 per cent of population and 78 per cent of jobs. Source: Data for 2008, from Department for Communities and Local Government (2010) Updating the evidence base on English Cities. Data for cities relates to Primary Urban Areas; for hinterlands includes travel to work areas.

3. Manchester's city deal was announced on 20 March 2012. To see the deal document visit: www.dpm.cabinetoffice.gov.uk/resource-library/unlocking-growth-cities (external link).

4. The Deputy Prime Minister Nick Clegg and Cities Minister Greg Clark announced the first wave of deals on 8 December 2011, at an Institute for Public Policy Research North event in Leeds. The eight core cities were invited to bid from a menu of transformative new powers as the basis of a series of bespoke 'City Deals'.

Additional comments

Birmingham

Sir Albert Bore, Leader of Birmingham City Council said:

"City Deal comes at a time when Birmingham and the wider Local Enterprise Partnership area is enjoying renewed confidence and has, for the first time, all of the building blocks for success in place.

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"We have a strong private and public sector partnership, a strategy for growth and, now, a deal with Government that will give us the powers to rebalance the economy.

"For this to be a truly successful and globally competitive city region we need to maximise our full potential in areas such as Life Sciences, where we already have a leading position internationally.

"There is much more to be done, but the City Deal is testament to the strength of the relationship between the public and private sectors and the local authorities involved in the Local Enterprise Partnership."

Andy Street, Local Enterprise Partnership Chairman said:

"From the moment we were first invited by Government to put together our vision for the City Deal, we took a stance of being bold and ambitious, looking at what we could deliver in order to drive the growth being demanded.

"We looked at our assets and the key economic challenges before setting about outlining the ambitious proposals we know will bring about sustained economic growth.

"Not only will the City Deal support immediate job creation but also improve our skills base and invest in our infrastructure to meet the economic needs of the future.

"This announcement is a key part of our continued journey to rebuild the pride and passion that is so needed."

Leeds

Cllr Keith Wakefield, Leader of Leeds City Council, said:

"Today's announcement is hugely significant for Leeds, for the eleven local authorities that make up the City Region and for the North as a whole.

"This deal spells the beginning of a fundamental shift in the relationship between Whitehall and the regions. It marks the first steps of a new era which will allow the North to truly control its own destiny.

"For a long time we have suffered from under investment and over-centralised decision-making.

"This deal will allow us to create thousand of new apprenticeships, offering a much needed boost to the local economy in a very difficult time and providing young people with the skills and training they need to survive in the workplace.

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"It also gives us the opportunity and the means to transform our transport system so that travel to other city regions becomes easier and faster. A better transport system will mean high productivity, lower costs and more jobs. It will also enable us to create a single economy across the Pennines.

"I'm looking forward to working with the other local authorities in the city region to attract investment, exploit exports and create a thriving economy which will bring real benefits and exciting opportunities to the people of Leeds and to local businesses."

Cllr Peter Box CBE, Chairman of the Leeds City Region Partnership and Leader of Wakefield Council said:

"This is major first step forward towards delivering our city region priorities and I hope it will lead to even greater devolution of power from Whitehall to the regions.

"The Deal gives the Partnership more powers to act quickly to achieve economic growth, create more jobs and work more efficiently across the whole region.

"It means we can support businesses to grow, cut through red-tape and get make sure everyone in the workforce is in education, employment or training.

"We will now have a much bigger say in how happens in our region and can use our local knowledge to get resources to the areas which need them most. We can access better links to national and international business and trade, opening up opportunities for the whole Leeds City Region with the potential fund of £400m to underpin our local economy."

Neil McLean, Chairman of the Leeds City Region local enterprise partnership said:

"The city deal is the result of months of discussion and refinement and really starts to unlock the potential of the City Region and our ability to grow the economy and employment through investment in skills, infrastructure, trade and investment and progress on our low carbon and planning agendas."

Nottingham

Cllr Jon Collins, Nottingham City Council's Leader said:

"In Nottingham we have much to be proud of. Our city is safer, cleaner, and greener than it has ever been, and through our investment in projects like the tram and the station we have delivered major improvements to infrastructure. But we cannot stand still. Through our Growth Plan we will help Nottingham become, once more, a city that designs and makes things.

"Key to the City Deal is Nottingham's new Creative Quarter. This is a significant step forward and a bold statement that Nottingham is prepared to think differently to effect change. This Deal provides a

platform for the next generation of Nottingham entrepreneurs to carve out their future, create opportunity and jobs, and lead Nottingham to an exciting new future."

Sheffield

Cllr Julie Dore, Leader of Sheffield City Council:

"This deal is a clear demonstration of the shared ambitions of the public and private sectors in Sheffield City Region. When I was elected as Leader of Sheffield City Council, I promised that I would stand up for Sheffield and work with Government to achieve the best outcomes for the city and the City Region. The deal is real proof that by working with city regions and business leaders, Government can give local areas the right tools they need to support economic growth and create jobs.

"This deal is vital for our economy. Last year, there were 7 engineering jobs for every young person gaining an engineering qualification in Sheffield. At the same time, every 2 young people that gained a hair and beauty qualification in the city were competing for just 1 job.

"This deal means we can change all that by making the skills system work for our economy, for our communities and for our businesses.

"With local businesses in the lead, this deal means that there'll be 4,000 new apprentices working in the City Region by 2016, getting the skills they need for a successful career. There will also be 2,000 more employees with the necessary skills to help our businesses and the City Region's economy grow."

James Newman, Chairman of the Sheffield City Region Local Enterprise Partnership said:

"This deal will further allow the Local Enterprise Partnership to drive forward real economic growth and create jobs for the Sheffield City Region.

"Our £700m shared investment programme creates the funding firepower for business leaders to influence local funding allocation decisions - so that future investments are prioritised on creating new growth opportunities.

"The skills deal gives businesses unprecedented control over the way in which our skills system works, so that we can make sure we have a highly skilled workforce which corresponds with the City Region's business needs.

"Our transport deal will ensure that our workforce can travel faster, smarter and more efficiently. This deal is essential to achieving our growth potential and devolves the power to make transport decisions which focus on growing the City Region's economy."

John Mothersole, Chief Executive of Sheffield City Council:

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"This is a groundbreaking deal for Sheffield City Region which reflects our position as a lead partner of Government in delivering the jobs and growth that the UK needs.

"The proposals in our deal signal an unprecedented shift in control away from Whitehall and are a major step on the road to giving cities the tools they need to facilitate sustainable economic growth. With greater control over skills, infrastructure investment and transport, Sheffield City Region increasingly has control over the economic enablers which create growth opportunities. Using our strong, accountable governance arrangements, we can now make decisions based on local economic need.

"We welcome the announcement of the 'MADE in Sheffield' deal and the advent of a new, stronger relationship between Sheffield City Region and Government based on mutual trust, strong public and private leadership and shared aspirations."

Newcastle

Cllr Nick Forbes Leader of Newcastle City Council said:

"Today's announcement is magnificent news for Newcastle and the wider region. It is the culmination of a lot of hard work by the city council over many months lobbying Government and setting out in no uncertain terms the benefits of our City Deal proposals.

"We take our responsibilities as the regional capital very seriously and are delighted in this vote of confidence. Our top priority has always been to make Newcastle a working city - and the creation of up to 13,000 jobs will go a long way to achieving that. These jobs will improve the lives of thousands of families and give many young people the chance to start their careers.

"As well as creating jobs, this City Deal is good news on a number of other fronts. It will establish the city as a low carbon economy; deliver up to 15,000 homes on brownfield sites, reduce congestion on the A1 Western Bypass, and create 500 new apprenticeships in three years.

"Our priority now is to get on with this and make it happen on the ground as soon as possible."

Mick Henry Leader of Gateshead Council said:

"Any support that will help to boost economic growth in our area is to be warmly welcomed. The package announced today will help to re-ignite development on Gateshead Quays and Baltic Business Quarter, to ensure our ambitions for that area can be further progressed. The news that we will finally secure improvements to the A1 is very significant as this will unlock the potential of Team Valley to grow further and ensure that key brown field regeneration projects around Metrocentre can go ahead, as well as enabling further growth across the whole A1 corridor from Durham to Northumberland."

Paul Woolston Chairman of the North East Local Enterprise Partnership said:

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"The Newcastle City Deal represents a welcome boost for the whole of the North East.

"The Accelerated Development Zone will help the North East attract new businesses and create world-class venues for trade, science and visitors in Newcastle and Gateshead.

"Through this Deal the government will now ensure that the investment on the A1 Western Bypass is given the priority it deserves and also help the Local Enterprise Partnership to craft a strategic alliance on skills.

"I particularly welcome the Government's strong commitment to secure investment in the marine and offshore sector and the low carbon economy as further evidence that we're leading the way in this region."

Liverpool

Robert Hough, Liverpool City Region Local Enterprise Partnership Chair said:

"This City Region Deal is critically important for our economy as we seek to increase our competitiveness over the next few years. For instance, our innovative 'Skills for Growth' programme will enable us to support The City Deal process has shown how the partners within the City Region can work together to achieve positive benefits for the economy. A focus on low carbon engineering resonates strongly with the key sector growth strategies of the Local Enterprise Partnership while support to get 17,400 people into work while creating around 6,000 apprenticeships. Additionally, the focus on low carbon engineering resonates strongly with the key sector growth strategies of the Local Enterprise Partnership.

"Delivering this City Deal will be a significant step forward in realising our ambitions and the potential of the City Region."