

# Economy and Transport Board

Agenda

Thursday 19 July 2012  
11.00am

Smith Square Rooms 1 & 2, Ground Floor  
Local Government House  
Smith Square  
London  
SW1P 3HZ

**To:** Members of the Economy and Transport Board  
**cc:** Named officers for briefing purposes

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**Please don't forget to sign out at reception and return your badge when you depart.**

## **Economy and Transport Board**

19 July 2012

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The **Economy and Transport Board** meeting will be held on **Thursday 19 July 2012 11.00am** in **Smith Square Rooms 1 & 2**, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ.

**Please note that there will be a Lead Members' Pre-meeting at 9.15am in Meeting Room 6.**

Refreshments will be available upon arrival and lunch will be at 1.00pm.

### **Apologies**

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

**Labour:** Aicha Less: 020 7664 3263 email: [aicha.less@local.gov.uk](mailto:aicha.less@local.gov.uk)  
**Conservative:** Luke Taylor: 020 7664 3264 email: [luke.taylor@local.gov.uk](mailto:luke.taylor@local.gov.uk)  
**Liberal Democrat:** Evelyn Mark: 020 7664 3235 email: [libdem@local.gov.uk](mailto:libdem@local.gov.uk)  
**Independent:** Group Office: 020 7664 3224 email: [independentgroup@local.gov.uk](mailto:independentgroup@local.gov.uk)

### **Attendance Sheet**

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

### **Location**

A map showing the location of Local Government House is printed on the back cover.

### **Contact**

Virginia Ponton (Tel: 020 7664 3068, email: [virginia.ponton@local.gov.uk](mailto:virginia.ponton@local.gov.uk))

### **Carers' Allowance**

As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £6.08 per hour is available to cover the cost of dependants (ie. Children, elderly people or people with disabilities) incurred as a result of attending this meeting.

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## Economy & Transport Board - Membership 2011/2012

Date: 23.05.12

<b>Councillor</b>	<b>Authority</b>
<b>Conservative (7)</b>	
Shona Johnstone <b>[Vice-Chair]</b>	Cambridgeshire CC
Andrew Carter	Leeds City
Philip Atkins	Staffordshire CC
Tony Ball	Basildon DC
Neil Clarke	Rushcliffe BC
Martin Tett	Buckinghamshire CC
<i>Vacancy</i>	
<b>Substitutes:</b>	
Gillian Brown	Arun DC
Paul Yallop	Worthing BC
Kevin Bentley	Essex CC
<b>Labour (5)</b>	
Peter Box CBE <b>[Chair]</b>	Wakefield MDC
Mark Dowd OBE	Merseyside Travel / Sefton Council
Roy Davis	Luton BC
Claire Kober	Haringey LB
Anne Western	Derbyshire CC
<b>Substitutes:</b>	
Tony Page	Reading Council
Guy Nicholson	Hackney LB
<b>Liberal Democrat (2)</b>	
Roger Symonds <b>[Deputy Chair]</b>	Bath and North East Somerset Council
Heather Kidd	Shropshire Council
<b>Substitute</b>	
Colin Rosenstiel	Cambridge City
<b>Independent (1)</b>	
Mike Haines <b>[Deputy Chair]</b>	Teignbridge DC
<b>Substitute</b>	
Peter Popple	Scarborough BC

## Economy & Transport Board - Attendance 2011/2012

Councillors	08.09.11	17.11.11	19.01.12	22.03.12	24.05.12	19.07.12
<b>Conservative Group</b>						
Shona Johnstone	Yes	Yes	Yes	Yes	Yes	
Andrew Carter	No	Yes	No	No	Yes	
Philip Atkins	Yes	No	Yes	Yes	Yes	
Tony Ball	Yes	Yes	Yes	Yes	Yes	
Neil Clarke	Yes	Yes	Yes	Yes	Yes	
Martin Tett	N/a	Yes	Yes	Yes	No	
<b>Labour Group</b>						
Peter Box CBE	Yes	Yes	Yes	No	Yes	
Mark Dowd OBE	Yes	Yes	No	No	Yes	
Roy Davis	Yes	No	Yes	Yes	Yes	
Claire Kober	Yes	No	No	No	Yes	
Anne Western	Yes	Yes	Yes	No	No	
<b>Lib Dem Group</b>						
Roger Symonds	No	Yes	Yes	Yes	Yes	
Richard Knowles	No	No	Phone	Phone	-	-
Heather Kidd	-	-	-	-	Yes	
<b>Independent</b>						
Mike Haines	Yes	Yes	Yes	Yes	Yes	
<b>Substitutes</b>						
Colin Rosenstiel	Yes					
Tony Page		Yes	Yes			
Guy Nicholson		Yes	Yes		Yes	
Heather Kidd		Yes				
Kevin Bentley			Yes		Yes	
Gillian Brown					Yes	

## Economy & Transport Board – Meeting Dates 2012/13

<b>DAY (2012)</b>	<b>DATE</b>	<b>TIME</b>	<b>ROOM / VENUE</b>
Monday	3 September 2012	10.00am	Councillors' Briefing - LGH
Thursday	27 September 2012	11.00 – 13.00	Rathbone Room 1 & 2
Thursday	29 November 2012	11.00 – 13.00	Rathbone Room 1 & 2
<b>DAY (2013)</b>			
Thursday	31 January 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	28 March 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	30 May 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	25 July 2013	11.00 – 13.00	Smith Square Rooms 1 & 2





## Agenda

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### Economy and Transport Board

19 July 2012

11.00am – 13.00pm

Smith Square Rooms 1 & 2, Ground Floor, Local Government House

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	<b>Item</b>	<b>Page</b>	<b>Time</b>
<b>Part 1</b>			
1.	<b>Note of previous meeting</b>	<b>3</b>	<b>11.00am</b>
2.	<b>City Deals</b>	<b>9</b>	<b>11.05am</b>
3.	<b>Transport Update</b>	<b>47</b>	<b>11.45am</b>
4.	<b>EU Funds Post 2013 – Update and Lobbying Strategy</b>	<b>65</b>	<b>12.05pm</b>
5.	<b>Moving the Local Growth Campaign forward</b>	<b>71</b>	<b>12.45pm</b>
<b>Part 2 INFORMATION</b>			<b>12.55pm</b>
6.	Performance Report 2011/12	<b>77</b>	
7.	Appointments to Outside Bodies 2012/13	<b>81</b>	



## Note of Meeting 24 May 2012

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**Title:** Economy & Transport Board  
**Date and time:** 24 May 2012, 11.00am  
**Venue:** Local Government House

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### Attendance

Position	Councillor	Political Group	Council
<b>Chair</b>	Peter Box CBE	Labour	Wakefield MBC
<b>Vice Chair</b>	Shona Johnstone	Conservative	Cambridgeshire CC
<b>Deputy Chair</b>	Mike Haines	Independent	Teignbridge DC
<b>Deputy Chair</b>	Roger Symonds	Liberal Democrat	Bath and North East Somerset Council
<b>Members</b>	Tony Ball	Conservative	Basildon DC
	Neil Clarke	Conservative	Rushcliffe BC
	Philip Atkins	Conservative	Staffordshire
	Roy Davis	Labour	Luton BC
	Andrew Carter	Conservative	Leeds City
	Mark Dowd OBE	Labour	Merseyside Travel / Sefton C
	Claire Kober	Labour	Haringey LB
	Kevin Bentley	Conservative	Essex CC
<b>Substitutes</b>	Guy Nicholson	Labour	Hackney LB
	Heather Kidd	Liberal Democrat	Shropshire Council
	Gillian Brown	Conservative	Arun DC
<b>Apologies</b>	Martin Tett	Conservative	Buckinghamshire CC
	Anne Western	Labour	Derbyshire CC
<b>Substitutes</b>	Tony Page	Labour	Reading Council
	Paul Yallop	Conservative	Worthing BC
	Peter Popple	Independent	Scarborough BC

**In attendance:** Cllr Marianne Overton, Vice Chair and Leader of the Independent Group, Ian Hughes; Philip Mind; Eamon Lally; Charles Loft; Rachael Donaldson; Nick Porter; Virginia Ponton (LGA)

Item	Decisions and actions	Action by
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The Chair welcomed all to the meeting and the Board noted apologies from Cllr Martin Tett, for whom Cllr Gillian Brown substituted. Cllr Kevin Bentley attended for the current Conservative vacancy. Cllr Mark Dowd apologised for having to leave at 12pm and Cllr Guy Nicholson for arriving later.

This was the first meeting since the death of Cllr Kevin Lynes. The Chair said that Cllr Lynes had been committed to local government in a very non-political way and that his death was a sad loss to the Board and his family and friends. He noted that some members were able to attend the funeral and that he has written to the family to offer condolences from himself and on behalf of the Board. He also asked Sir Merrick Cockell to note the sad news at the LGA Executive.

Cllr Shona Johnstone added that Cllr Lynes had made a huge contribution, he focused on important outcomes and was enthusiastic. She was staggered by his untimely death. Cllr Roger Symonds said that he had been impressed by Cllr Lynes and Cllr Mike Haines endorsed the Lead Members' comments.

The Chair noted that Cllr Richard Knowles had stepped down from the Board. He wished him all the best and thanked him for his contribution.

He welcomed back Cllr Heather Kidd as the Liberal Democrat member. Cllr Marianne Overton, LGA Vice Chair and Leader of the Independent Group attended to observe the meeting and thanked the Board for having her.

**1 Note of previous meeting**

***Decision***

The note of the previous meeting was approved.

**2 The Local Growth Campaign**

The Chair introduced the item which updated members on the Local Growth Campaign and asked that members test out the key messages of the campaign. He said that the town hall debates closed with a meeting in Devon on 23 May 2012. The debates have involved talking to many cities and a huge range of people and have demonstrated the tremendous work that local authorities are driving, though more can still be done. The Chair said that the Local Growth Campaign report would now be a call to action to government rather than a green paper. This report rounds off the first year of the campaign, which is set to continue.

Cllr Johnstone stressed that the government needs to trust local government, which in turn must promote the good work happening locally.

Cllr Haines thanked the Chair and officers for the meeting in Devon and was pleased with the inclusiveness of the debates.

Cllr Symonds agreed that one size fits all approaches are not helpful and also hoped that areas outside of the city regions would be focused on.

Members discussed:

- planning authorities' contribution to growth through enabling and supporting business and development and ensuring a business-friendly planning process. Cllr Neil Clarke offered his help on planning as DCN Chairman.
- on business and growth there is a need for local government to assist business in starting-up and growing; to establish recognition of local government as a link to foreign investment; and to make the most of business opportunities outside of Europe, doing so transparently and promoting the benefits to the public.
- the need for government departments to pool and share resources, especially on large sites such as the Ministry of Defence and the NHS, where they could help the local economy.
- differing levels of capability for local authorities to drive local growth and the role of the LGA in developing capacity.
- difficulties drawing partners together locally (compounded in part by government silo working).
- the importance of ensuring skills and qualifications are relevant to work and that the skills agenda is addressed at LEP level.
- the importance of assisting rural deals.
- ensuring government departments, for example the Highways Agency, are more pragmatic and that local authorities can help with local solutions.

The Chair thanked members for their comments. The final document will go to Lead Members to approve. Officers will email members to capture case study details.

### ***Decision***

Members supported the key messages of the local growth campaign and agreed for the Lead Members to sign off the final report.

### **Action**

- Officers to take on board members' comments and finalise the report with Lead Members.

**Officers**

### 3 Streetworks

Charles Loft introduced the report which set out options for managing streetworks, some of which, he highlighted, would require more long-term lobbying. Officers called for evidence and case studies to support the key messages. The Chair and Cllr Johnstone outlined that streetworks can inhibit growth, cause vehicle damage, make an area unattractive for shoppers and irritates the public.

#### **Decision**

Members agreed the next steps as detailed in paragraphs 12 – 14 in the report and agreed for the campaign to start in autumn.

#### **Action**

- Officers to take on board members' comments and build into LGA work. **Officers**

### 4 EU Funds post 2013

The Chair said that he had attended the CLG Select Committee inquiry into the functioning of the European Regional Development Fund (ERDF).

Cllr Nicholson, also a member for the European and International Board, said that key messages were about simplification of the EU funding system and in particular an offer of a simplified process from local government which would enable investment to be drawn down to a local level. There is a need for joint investment and to use European-led investment as a catalyst to lead to other sources.

Members discussed:

- the need to coordinate access to EU funding and inform European Parliament about LEPs and Enterprise Zones.
- the importance of the lobbying powers afforded to LEPs.
- the need to take opportunities to secure health funding.
- pressing government to stop the goldplating of EU projects and reduce hurdles for local government.
- the need to engage with BIS on EU funds via the local government secondees, who the Chair agreed should be invited to the next meeting (as per paragraph 13.1).

Cllr Bentley highlighted that Essex and Kent County Councils have teams for EU funding which have secured funding and can help navigate the EU and UK government systems. Questioning whether this capacity is widespread across the sector, it was suggested that the officers were invited to a Board meeting.

***Decision***

Members agreed to take a more detailed paper on EU funding at the next meeting.

**Action**

- Officers to provide a more detailed paper on EU funding at the next meeting and include a link to the EU tracker available online. **Officers**

**5 Transport update**

***Decision***

Members noted the report.

**6 Hidden Talents update**

The Chair invited Cllr Johnstone to update the Board on the Hidden Talents campaign. Cllr Johnstone said that conversations with government need to move on to what local government can deliver on skills through addressing funding stream issues, transport issues and ensuring skills are fit for purpose.

Members added that it was important to consider engagement with job centre plus and focus on ensuring young people leave education with the right skills so that business can build on these through further training.

Nick Porter said that officers are now building evidence with local authorities from the bottom up to persuade government of the Hidden Talents agenda. Research on skills mismatching is expected to be released after the LGA's Annual Conference and will be circulated to members. Under paragraph 15.3, Ian Hughes urged members to continue to send any examples of mismatches between skills provision and employment opportunities to officers.

- Action** Officers to circulate the research on skills mismatching once published. **Officers**

**7 LGA Conference**

Ian Hughes tabled the amended dates of relevant plenary and fringe sessions at the LGA Annual Conference. The Chair encouraged members to get involved.

- Action** Officers to circulate a note on what is expected from members at conference and how they can get involved. **Officers**

The Chair thanked all for attending and closed the meeting.





## **City Deals**

### **Purpose of report**

For update and discussion.

### **Summary**

This report updates members on City Deals and the proposed next steps for the LGA's work on City Deals. Board members may wish to explore:

1. any feedback/learning points from those who have signed City Deals.
2. what ambition there is within other areas (including rural areas) for City Deal type agreements
3. the big transformative ideas that would make a major difference to local growth that councils could bring forward.

Cllr Peter Box, Chair of the Board and the Leeds City Region, will present to the Board setting out his experience of the Leeds City Region deal.

### **Recommendation**

That members use this paper and the information in the presentation to inform discussion.

### **Action**

Officers to take forward members' comments.

**Contact officer:** Sarah Bull / Phillip Mind

**Position:** Adviser / Senior Adviser

**Phone no:** 0207 665 3872 / 3243

**E-mail:** [sarah.bull@local.gov.uk](mailto:sarah.bull@local.gov.uk) / [philip.mind@local.gov.uk](mailto:philip.mind@local.gov.uk)



## **City Deals**

### **Background**

1. The LGA's Local Growth Campaign in November 2011 identified the key role councils have in driving local economic growth and their ambition to do more. It set out that a key way to deliver councils' ambition for growth would be through more devolved powers and matching finances so that more levers of growth could be handled locally.
2. As part of the focus on growth and localism, the Government saw the Core Cities (Liverpool, Manchester, Birmingham, Sheffield, Leeds, Bristol, Nottingham and Newcastle) as key to driving forward national economic recovery. But it was also acknowledged that these cities needed to be empowered locally to address the under-performance of most UK cities compared to their European counterparts. This meant "a fundamental shift in the relationship between national government and cities – starting with a genuine transfer of power" (*Unlocking Growth in Cities* – Cabinet office, attached at **Appendix A**).
3. As a result, the City Deals concept was developed. Liverpool signed a City Deal in February 2012 and Greater Manchester signed in March 2012. Deputy Prime Minister Nick Clegg and Cities Minister Rt Hon Greg Clark MP announced the detail of the 6 remaining core City Deals on the 5 July 2012, as per **Appendix B**.

### **Key features of the Deals:**

4. Whilst the content of each of the deals is bespoke to the specific area, there are some key issues which underpin each deal:
  - 4.1 A **transformative** idea which leads to the reform of public services, such as the earn back deal in Manchester.
  - 4.2 The **devolution of economic levers to localities** which gives cities the greater powers and tools to drive local economic growth – e.g. new economic investment funds.
  - 4.3 The **unlocking of new private sector finance** to support investment in local initiatives that will boost economic development.
  - 4.4 Robust **governance arrangements around functional economic areas** – for example the combined authorities in the case of Manchester, Sheffield and Leeds.

**Item 2**

5. Detail of all eight City Deals can be found in **Appendix A**. It is expected that the above issues will also underpin any future negotiated deals with Government.

**Devolutionary steps by Government**

6. The Board has been campaigning for more devolution to councils to support growth especially around skills and transport. Much progress has been made on this agenda through the first tranche of deals.

7. For example on skills:

- 7.1 **Local skills funding model:** a new model of skills funding that will match local contributions (public and private) with national funding to provide a skills budget that cities will control to invest in the skills that local businesses need. (Sheffield City Region)

- 7.2 **Skills Bank:** an employer-owned mutual that will match public sector funding with private sector investment and allow businesses to buy the skills and apprenticeships that their local economy needs. (Liverpool City Region)

- 7.3 **Outcome incentives:** new models to give cities greater influence over the skills system by using incentive payments or payment by results. (Greater Manchester and Liverpool City Region)

- 7.4 **City apprenticeship hubs:** enabling cities to boost apprenticeship numbers by supporting SMEs take on apprentices through Apprenticeship Training Agencies, brokerage and incentive payments. (Bristol and the West of England, Greater Manchester, Leeds City Region, Newcastle and Nottingham)

- 7.5 **Localised youth contracts:** local alternatives to the national 16-17 youth contract programme, with cities having the power to design and deliver local models to reduce NEETs. (Leeds City Region, Liverpool, Newcastle)

8. On transport:

- 8.1 **Rail devolution:** increase city control over rail services by devolving greater responsibility for commissioning and managing franchise arrangements for local and regional rail services (e.g. Northern Rail). (Bristol and West of England, Leeds City Region, Greater Manchester and Sheffield City Region)

- 8.2 **Devolution of local transport majors funding:** matching local resources with devolved transport budgets so cities have the power and

**Item 2**

resources to make strategic transport investments. (Greater Birmingham and Solihull, Bristol and West of England, Leeds City Region, and Sheffield City Region)

**Board's call for an expansion of City Deals**

9. A number of councils – both cities and other areas - outside of the core cities have expressed their desire to broker a deal with central government along the lines of the City Deals. These 'deals' would provide councils and groups of councils with the flexibility to shape national programmes to local economic circumstance.
10. A number of councils have called for the ability to determine the precise shape of local improvements in for example, transport infrastructure, skills, the Work Programme and other infrastructure and develop the connections between them in order to improve the place, encourage investment and drive growth for that area.
11. A recent letter from the LGA, to Cities Minister Rt Hon Greg Clark MP, asked for the LGA to work with Government to see "how we could develop this policy to support the ambition for economic growth in our smaller cities, in our counties and in the sector as a whole".

**Latest position**

12. LGA officials have been involved in discussions with Cities Unit to support extending the City Deal offer to *non city* areas and to explore how the LGA can support the development of more bids.
13. An announcement on a second wave of deals is expected soon. As discussions with Government are currently taking place, officers will update the Board on timescales and detail at the Board meeting.
14. In order to develop LGA work on future city deals, members may wish to discuss:
  - 14.1 any feedback/learning points from those who have signed City Deals.
  - 14.2 what ambition there is within areas outside Core Cities for City Deal type agreements.
  - 14.3 what big transformative ideas would make a major difference to local growth could councils bring forward.
  - 14.4 what role the Board would like to see the LGA taking in the next phase of City Deals and what support councils like from the LGA in this area.



# Unlocking growth in cities: city deals – wave 1

# Contents

1. City Deals: Progress to date	I
2. Summary of City Deals	4



# 1. City Deals: Progress to date

The Coalition Government is committed to unlocking the full growth potential of our cities. We want powerful, innovative cities that are able to shape their economic destinies, boost entire regions and get the national economy growing. But to unlock their full potential, we need a major shift in the powers and levers available to local leaders and businesses to drive growth. To achieve this, the Government has launched a programme of city deals.

1.1 The first wave of city deals has focused on the eight largest cities outside London and their wider economic areas. Each deal is bespoke and reflects the different needs of individual places but every deal aims to:

- **Give cities the powers and tools** they need to drive local economic growth;
- **Unlock projects or initiatives** that will boost their economies; and
- **Strengthen the governance** arrangements of each city.

1.2 And each and every deal represents a genuine transaction – with both cities and Government offering and demanding things in return.

1.3 We have concluded deals with Greater Birmingham and Solihull, Bristol and the West of England, Greater Manchester, Leeds City Region, Liverpool City Region, Nottingham, Newcastle and Sheffield City Region. Across these deals there is an impressive picture of

devolved powers and new and innovative ways of doing things that will unlock growth and deliver jobs.

1.4 The core cities have estimated that the first wave of deals will create **175,000 jobs over the next 20 years and 37,000 new apprenticeships**. If achieved, this is a significant contribution to our economy – one that will create real opportunities for real people across the country. Crucially, through these deals the core cities are embarking on new and innovative ways of driving local economic growth. Taken together, these deals provide a suite of new freedoms, powers and tools to help cities go for growth.

## Greater powers and incentives to invest in growth

- **Earn Back:** a new payment by result model that incentivises a city to invest in growth in return for a share of the national tax take. (Greater Manchester)

- **New Development Deals:** the freedom to deliver critical infrastructure through tax increment financing, with the ability to borrow against future business rate income in key development zones. (Newcastle, Sheffield and Nottingham)
- **Economic Investment Funds:** the power to pool multiple funding streams and business rate income into a single investment fund, leverage private sector capital and invest in local priorities. Cities will be able to create self-sustaining investment funds that will reduce dependence on central government grants. (Greater Birmingham and Solihull, Bristol and West of England, Greater Manchester, Leeds city Region, Liverpool City Region and Sheffield City Region)
- **City apprenticeship hubs:** enabling cities to boost apprenticeship numbers by supporting SMEs take on apprentices through Apprenticeship Training Agencies, brokerage and incentive payments. (Bristol and the West of England, Greater Manchester, Leeds City Region, Newcastle and Nottingham)
- **Localised youth contracts:** local alternatives to the national 16-17 youth contract programme, with cities having the power to design and deliver local models to reduce NEETs. (Leeds City Region, Liverpool, Newcastle)

### Greater powers and levers to deliver the skills and jobs that local businesses and people need

- **Local skills funding model:** a new model of skills funding that will match local contributions (public and private) with national funding to provide a skills budget that cities will control to invest in the skills that local businesses need. (Sheffield City Region)
- **Skills Bank:** an employer owned mutual that will match public sector funding with private sector investment and allow businesses to buy the skills and apprenticeships that their local economy needs. (Liverpool City Region)
- **Outcome incentives:** new models to give cities greater influence over the skills system by using incentive payments or payment by results. (Greater Manchester and Liverpool City Region)

### Greater freedoms and tools to support local businesses

- **Local venture capital fund:** a localised model that will match national funding with local contributions to create a venture capital fund that will invest in high tech start up and growth businesses across an economic area. (Nottingham)
- **Business Growth Hubs:** city led business hubs that bring together all the support, advice and services that investors and local businesses need to locate, grow and trade. (Greater Manchester and Bristol and West of England)

### Greater powers and resources to drive critical infrastructure

- **Rail devolution:** increase city control over rail services by devolving greater responsibility for commissioning and managing franchise arrangements for local and regional rail services (e.g. Northern Rail). (Bristol and West of England, Leeds City Region, Greater Manchester and Sheffield City Region)

- **Devolution of local transport majors funding:** matching local resources with devolved transport budgets so cities have the power and resources to make strategic transport investments. (Greater Birmingham and Solihull, Bristol and West of England, Leeds City Region, and Sheffield City Region)
- **Localised asset management:** joint investment programmes that bring together local and national assets in an economic area to unlock resources for housing development and regeneration (Greater Birmingham and Solihull, Bristol and West of England, Greater Manchester, Liverpool and Newcastle).
- **Broadband:** Resources to deliver super fast broadband across cities. (Bristol and West of England, Greater Manchester, Leeds City Region, Newcastle, Greater Birmingham and Solihull).
- **Low carbon pioneering cities:** local programmes that will help cities make critical investment in green infrastructure and technology; generate low carbon jobs; and accelerate reductions in emissions. (Greater Birmingham and Solihull, Leeds City Region, Greater Manchester, Newcastle, Nottingham)

New powers and responsibilities have been matched by strengthened governance and accountability.

1.5 Liverpool and Bristol have voted to have **directly elected mayors** supported by strong decision making structures across the wider economic area; Leeds and Sheffield have joined Greater Manchester in forming a West Yorkshire and South Yorkshire **Combined Authorities**; Newcastle is working with the seven authorities across their economic area to take steps towards a North East Combined Authority; Birmingham is an unusually large Local Authority - one of the biggest in Europe - and has developed strong private sector leadership and decision making across the Local Enterprise Partnership; and Nottingham's City Deal is focussed on a particular area of the City Centre – the Creative Quarter – which is wholly within the city council's boundaries and Nottingham has created a new Private Sector Governance arrangement to deliver the Deal.

1.6 Huge progress has been made in just over seven months since the publication of *'Unlocking growth in Cities'*. But city deals are not a 'one time' event but a continuing process. Over the months and years ahead, the core cities will need to make the most of these new powers and projects; show that local power and initiative can and does work; and come back to Government to negotiate greater powers and freedoms.

## 2. Summary of City Deals

### Bristol and West of England LEP

(Bath and North East Somerset, City of Bristol, North Somerset, South Gloucestershire)

Bristol estimates that the deal will deliver 40,000 jobs across the Enterprise Areas and existing Enterprise Zone and over £1bn of investment to drive local economic growth over the next 25 years, as a result of new financial powers.

#### Summary

- The West of England will get new financial powers to drive economic investment through 'Growth Incentive'. The West of England will invest its own resources in critical infrastructure projects that will maximise growth. In return, the West of England will retain 100% of their business rate growth in five Enterprise Areas for 25 years. This business rate income will be pooled and pumped into a £1bn economic development fund which will invest in more growth maximising projects.
- The deal also includes a ten year allocation of local transport majors funding to deliver the Greater Bristol Metro, and further initiatives on employment and skills, inward investment, and public property.

2.1 The West of England Local Enterprise Partnership area has a population of over 1 million and has around 450,000 jobs. Bristol has a higher proportion of the population with high-level qualification than any other core city and the lowest proportion with no formal qualifications at all, and had the highest net private sector jobs growth rate of any major English city outside of London. Furthermore, the Bristol urban area has the highest GVA per capita of the core cities.

2.2 However, high levels of population growth have led to high living costs and house prices, and congested infrastructure. The City Deal will unlock the economic potential of the West of England by accelerating the delivery of the 21<sup>st</sup> century infrastructure needs. The West of England is capable of generating 95,000 new jobs over the next 20 years, but this is only deliverable as a result of investment in infrastructure which can only be generated by handing the city much greater freedoms and flexibilities to raise finance and re-invest the dividends of success.

## Bristol's City Deal has five parts:

- 1) **Growth Incentive:** The West of England will get new financial powers to drive economic investment through a growth incentive. The West of England will invest its own resources in critical infrastructure projects that will maximise growth and create 40,000 jobs. In return, the West of England will retain 100% of their business rate growth in five Enterprise Areas for 25 years. This business rate uplift will be pooled and pumped into a £1bn economic development fund which will invest in more growth maximising projects, creating a revolving investment programme.
- 2) **Transport:** in return for strengthened governance arrangements, the Government will give the West of England a ten year allocation of local majors funding to deliver the Greater Bristol Metro; greater control and freedom to deliver the Bus Rapid Transit Network, including the ability to recycle savings locally; and new powers over rail planning and delivery.
- 3) **Public Property Board:** create a new Public Property Board, made up of relevant Government departments and Bristol City Council, which will manage public sector assets in the city – including up to £1bn of City Council assets and an estimated 180 public sector land and property assets. This will unlock more land for economic growth and housing, use assets to lever in other public and private sector investment for regeneration and generate savings by co-locating services.
- 4) **City Growth Hub:** establish a City Growth Hub that will bring together all the facilities and services that businesses need to grow. The Hub will be co-located in the Temple Quarter Enterprise Zone and will create a 'one stop shop' for foreign investors and exporters with the aim of boosting trade in the West of England. UKTI will strengthen the capacity of the hub by sharing resources and expertise.
- 5) **People and Skills:** the business community will be given real influence over skills provision in the West of England, particularly over the £114m of Skills Funding Agency funding for Further Education colleges, through a Local Enterprise Partnership Skills Group. The Group will agree and deliver a single skills investment plan linked directly to the West of England's jobs strategy. As part of this deal, West of England will deliver a 5% per year increase in apprenticeship starts for 16 to 24 years olds over 3 years.

## Governance

The people of Bristol voted to have a Mayor at the recent referendum. The Mayor will be elected on 15 November and will strengthen Bristol's leadership, putting in place a strong, stable and visible leader for a four year term.

The City Deal is also strengthening governance across the West of England with the pooling of business rates, a legally binding agreement to ensure investment is focused maximising economic returns and strong Local Enterprise Partnership-wide governance arrangements on transport, skills and the City Growth Hub.

## Greater Birmingham and Solihull LEP

(Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Tamworth, Wyre Forest)

Birmingham estimates that the deal will deliver more than 10,000 additional jobs, through new investment in the life sciences sector and expansion of the Green Deal programme, alongside leveraging in over £15bn of private sector investment over 25 years as a result of new financial powers.

### Summary

- The Birmingham City Deal tackles the greatest constraint on local economic action – flexibility over how public funds are spent in the local economy – and will create GBS Capital, a £1.5bn investment fund, to aggregate, manage recycle and invest public funds to deliver LEP priorities.
- The deal also includes further investment in the local life sciences sector, which will deliver 2,000 jobs, and green investment that will deliver 8,000 jobs by 2020. The deal also includes initiatives on skills, and housing.

2.3 Birmingham is England's second city and the economy of the Greater Birmingham and Solihull (GBS) Local Enterprise Partnership supports 900,000 jobs and generates £34bn of GVA, with a population of almost 2 million people. However, Greater Birmingham and Solihull faces some critical challenges including high unemployment, low levels of skills and constraints around unlocking key development sites. The inability to effectively flex, prioritise and leverage the public funds spent in the local area is also of specific concern to Birmingham and Solihull.

2.4 The Greater Birmingham and Solihull LEP has ambitious plans to create a net increase of 100,000 private sector jobs by 2020 and increase GVA by over £8bn over the same period. The Greater Birmingham and Solihull Deal will support Greater Birmingham and

Solihull to achieve these targets as well as tackling the constraints on economic growth, particularly flexibility over spending in the local economy.

### Greater Birmingham and Solihull Deal has five parts:

- 1) **Finance:** Create an investment fund of £1.5bn – GBS Capital – that will manage, invest, recycle and leverage a number of public and private sector funding streams to deliver the LEP's infrastructure priorities. Greater Birmingham and Solihull will seek to negotiate a single settlement from central Government. This investment fund could leverage in over £15bn of private sector investment over 25 years. Greater Birmingham and Solihull will develop a new

approach to local economic investment that will be self-sustaining and reduce dependence on central government grants.

- 2) **Skills:** Tackle the long-standing skills deficit, by implementing a ‘*Skills for Growth Compact*’. This will commit employers, colleges and schools to building a best-in-class skills service. By getting local businesses into schools and colleges to lecture, mentor and train, this initiative will help young people get the skills they need and link them into local job opportunities. The city has committed to recruit 25% of local businesses to the Compact by 2015 and deliver 3,560 new apprenticeships.
- 3) **Housing:** Unlocking the potential of under-used public land by kick starting housing development to address long-term housing needs. A joint investment plan will be produced, bringing together HCA and city assets to stimulate housing and economic development. The city estimates that this will deliver 2,800 new homes by 2022 and yield a 100% return on the current value of the public assets.
- 4) **Life Sciences:** Capitalising on Birmingham’s leading position in life sciences and its unique

assets as a location for clinical trials, the city will launch a new Institute for Translational Medicine which will cluster state of the art clinical facilities. This will inject £25m worth of investment into the sector and create 2,000 high value jobs.

- 5) **Low Carbon:** Creating new ‘green’ jobs while reducing the city’s carbon footprint by expanding the city’s landmark green deal programme. The LEP will leverage the expertise developed through the pioneering *Birmingham Energy Savers* programme. This will provide energy efficient improvements to 15,000 houses and 40 public buildings, create 8,000 jobs and kick start a £1.5bn investment programme.

## Governance

The City Deal will strengthen governance across the LEP area. Robust mechanisms will be established for GBS Capital and a Housing and Economic Growth Board will also be formed, with key stakeholders including the Homes and Communities Agency, to take forward the Public Assets proposal and drive maximum economic benefit from the development for housing, employment and mixed-use purposes for publicly-owned land across the LEP area.

## Greater Manchester

(Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan)

The Greater Manchester Deal will support 40, 000 jobs in the next 20 years, and 6000 apprenticeships for young people, alongside new powers which will allow Greater Manchester to 'earn back' up to £30m a year of tax for growth it creates.

### Summary

- Greater Manchester will receive new financial powers which will allow it to 'earn back' a portion of additional tax revenue from growth generated by £1.2bn of local investment in infrastructure.
- Alongside this, the city has also calculated that the deal will lead to 3,800 new jobs for local people and will protect 2,300 existing jobs through enterprise support, as well as 6,000 new apprentices by routing skills funding direct to SMEs through a new City Apprenticeship and Skills Hub. The deal also includes new initiatives on housing, investment, environment and transport.

2.5 In the decade before the recession Greater Manchester was the only area in the UK to experience growth comparable to London and the South East. In 2008 Greater Manchester generated £48bn of GVA, accounting for almost 20 per cent of the North of England's economic output. Greater Manchester has a population of 2.6m, with an additional 4.4m living within an hour's drive.

2.6 Greater Manchester has developed a clear understanding of the drivers of its economy, its strengths and challenges and the levers it needs in order to achieve its growth potential. The priorities identified in the Greater Manchester strategy supported by the Combined Authority and the LEP, form the basis of the proposals for the Greater Manchester Deal.

### Greater Manchester Deal has eight parts:

- 1) **Finance:** Greater Manchester will raise £1.2bn and invest it locally in growth maximising projects. Greater Manchester will be able to 'earn back' a share of the national tax take from this growth on a payment-by-results basis and will reinvest 'earned back' funds into further infrastructure projects.
- 2) **Investment:** establish a Greater Manchester Investment Framework that will bring together central government, European, and the private sector funding to drive economic growth. The investment framework will prioritise projects on the basis of GVA and jobs per pound of public funding in order to get the most out of public investment.



- 3) **Skills:** create a City Apprenticeship and Skills Hub which will support small businesses to increase the number of apprentices they take on. This hub will deliver a 10% per year increase in apprenticeships for 16-24 year olds; 6,000 new apprenticeships over two years; and pilot a tax incentive scheme to encourage business to take on new apprentices. In addition, Greater Manchester will trial new ways to increase the cities influence over the skills system through incentive payments to providers.
- 4) **Enterprise Support:** strengthen and expand Greater Manchester's Business Growth Hub which provides access to finance and gives trade, investment and business advice to local companies. Government will invest £4.4m of transitional funding in the hub until 2015 and then the city will use Enterprise Zone revenues to self-fund the hub. Manchester estimates that this will create 3,800 new jobs and safeguard 2,300 jobs.
- 5) **Inward Investment:** establish Manchester as a beacon for high value inward investment, specifically for developing markets in China and India, and for Graphene technologies.
- 6) **Low Carbon:** Greater Manchester will work with Central Government to develop a plan to reduce emissions by 48% by 2020 as part of the low carbon pioneer programme. UK Green Investments and Greater Manchester will also establish and fund a 50/50 Joint Venture Company (Greater Manchester Green Developments Ltd) to develop a portfolio of investment projects. The city estimates that this will create an additional 34,800 jobs in the built environment sector and an additional £1.4bn GVA.
- 7) **Housing:** establish a joint investment programme with the Homes and Communities Agency, which will use public sector assets to develop 5,000-7,000 new homes by 2017 and invest in the economic development.
- 8) **Transport:** deliver a package of transport proposals, including devolution of the Northern rail franchise, devolution of local transport majors funding and local bus improvement measures.

## Governance

Greater Manchester has established strong, stable and effective governance across its economic area following the establishment of the Greater Manchester Combined Authority in April 2011. This strategic, corporate body has powers in its own right, so is not dependent on delegations from its constituent authorities, and decisions to pursue a particular policy are binding, providing long-term stability. This provides a stable and accountable platform for Government to devolve powers and functions as part of the City Deal process.

## Leeds City Region LEP

(Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, York)

Leeds estimates that its deal will create 20,000 new opportunities for young people across Leeds City Region, and a further 20,000 extra jobs as a result of new freedoms, powers over skills, employment and transport.

### Summary

- The cornerstone of the Deal is a 'Guarantee for the Young' – a commitment that every young person in the Leeds City Region has access to a job, training, apprenticeship, volunteering or work experience. The Leeds City Region 'Guarantee to the Young' will aim to create 20,000 new opportunities for young people in order to tackle the NEET problem.
- The Deal also gives Leeds City Region new powers over transport. Leeds City Region will establish a £1bn West Yorkshire 'plus' Transport Fund that could create a 2% uplift in Leeds City Region's economic output and 20,000 extra jobs, in return for the five authorities in West Yorkshire - Leeds, Bradford, Calderdale, Wakefield and Kirklees – moving to a Combined Authority model. The deal includes further initiatives on infrastructure investment, trade and inward investment.

2.7 Leeds City Region is the largest LEP area in the country outside of London with a population of three million and a £52bn economy. But there are challenges. Despite improvements, skills levels in the workforce remain below average, and Leeds City Region is also constrained by relatively low levels of inward investment and exporting. Of particular concern to Leeds City Region is the number of young people who are NEET (not in education, employment or training). There are 47,000 young people under the age of 25 who fall into this category. This is a serious constraint on the economic potential of the local area, with damaging impact on the aspirations and opportunities for young people in the area.

2.8 The Leeds City Deal seeks to overcome some of these long standing challenges; particularly the large number of NEETs. Critically, it will help Leeds City Region achieve its goal of accelerating economic growth to an average 2.6 per cent per year by 2030, create 60,000 new jobs by 2016 and achieve a substantial reduction in carbon emissions.

## Leeds City Region has four parts to the deal:<sup>1</sup>

### 1) **Skills and Worklessness:** Leeds City

Region will offer a new ‘Guarantee to Young People’ – a commitment that every young person in the Leeds City Region will have access to a job, training, apprenticeship, volunteering or work experience. This offer will be supported by a locally designed youth employment model that will create 20,000 new opportunities for young people. This will include a trail-blazing 14-24 Academy that will deliver a business led curriculum; an Apprenticeship Training Agency which will support small businesses that have traditionally shied away from apprenticeships because of costs or bureaucracy; a wider apprenticeship brokerage service to link young people and employers; and piloting a local alternative to the national youth contract for 16-17 year olds. In addition, Leeds City Region will get greater influence over the skills system through their Employment and Skills Board which will ensure that investment goes into the skills that the local economy needs.

**2) Transport:** Leeds City Region will establish a £1bn West Yorkshire ‘plus’ Transport Fund financed by a local levy that the Combined Authority would place on individual councils, a 10 year allocation of local major funding, and co-investment from Department for Transport on a strategic investment programme in the next spending review. This could create a 2% uplift in Leeds City

Region’s economic output and 20,000 extra jobs. Leeds City Region is also working on a joint proposal with other northern cities for devolution of the Northern Rail franchise.

**3) Investment:** Leeds City Region will create an investment fund backed by £200m of local resources, including pooled business rates. This will be matched by a single capital pot from central government, aligned to local investment priorities.

**4) Trade and Inward Investment:** Leeds City Region will commit resources to implement a delivery and investment plan for trade and inward investment. Government will support the plan and provide resource for joint project teams. The deal would seek to address the Leeds City Region trade deficit (over £1 billion a year), turning it into a trade surplus of £600m by 2015 and £1.7bn by 2018. This would raise Leeds City Region’s GVA by 1.1 per cent annually from 2015, and the city estimates that this will create at least 7,400 jobs by 2018.

## Governance

As part of the Deal, the city will put in place a strong, stable and effective governance structure. Leeds City Region has committed to establish a **West Yorkshire (Leeds, Bradford, Calderdale, Wakefield and Kirklees) Combined Authority**.

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<sup>1</sup> NB. There is also an agreement to take forward Leeds City Regions’ supplementary proposals on business friendly planning and the low carbon economy bilaterally.

# Liverpool: Liverpool City Region LEP

(Halton, Knowsley, Liverpool, Sefton, St. Helens, Wirral)

Liverpool estimates that its deal will support over 35,000 people into work and create 6,000 apprenticeships through new powers over skills and employment, alongside delivering an international Business Festival which will deliver £100m return on investment.

## Summary

### Part 1

- Following Liverpool City Council's decision to move to a directly elected mayor, thus meeting the Government's test for strong and accountable leadership, Government announced part 1 of the Liverpool City Deal in February 2012.
- The deal included a new Enterprise Zone that buffers Liverpool Waters and will include the Central Business District; a £75m mayoral investment fund that will support economic development; and 6 new Academies Schools and a locally funded city wide school investment plan that will build 12 new schools.

### Part 2

- As part of the Liverpool City Region Deal, Liverpool will put on an international Business Festival which will highlight and celebrate business opportunities to Europe and the rest of the World.
- It will also increase employment by combining public and private employment and skills investments; by empowering businesses to create more jobs, tackle skills gaps and raise productivity; supporting 17,400 people into work and creating 6,000 apprenticeships; and by creating 3000 jobs low carbon industries. The Deal also includes initiatives on transport, investment and the knowledge economy.

2.9 Liverpool City Region has a 1.5m people and £20bn economy. However whilst the Liverpool City Region has made progress over recent years it is still held back by the long term structural issues of relatively low skill levels, high levels of unemployment and an over dependency on the public sector. Skills gaps also remain amongst the most severe in the country which has a knock on effect on productivity.

2.10 The Liverpool deal is split into two main parts. Part one: a deal with Liverpool City Council and the newly elected mayor focused

on giving the Mayor the tools to drive economic growth. The second part of the deal with the wider city region and Local Enterprise Partnership is focused on capitalising on the wider assets of the city region in the knowledge and low carbon sectors and the super port as well as reflecting on the recommendations of Lord Heseltine and Sir Terry Leahy's independent report.

## There are four parts to the Liverpool City Deal (Part 1):

- 1) **Finance:** A new Enterprise Zone covering the ‘City Fringe Buffer Zone and Central Business District’ which will complement the existing Enterprise Zone in Liverpool and Wirral Waters and help deliver the £10bn Liverpool and Wirral Waters project.
- 2) **Economic Investment:** a Liverpool Mayoral Investment Board that will oversee the city’s economic and housing strategy including the development of Home and Communities Agency’s land assets. The government will also contribute £75 million endowment fund to the Mayoral Development Corporation to help the Mayor deliver critical economic development projects.
- 3) **Employment:** The city will work with Department for Work and Pensions to develop welfare pilots to deliver a localised programme of support for people leaving the Work Programme and a local alternative to the national 16-17 youth contract programme.
- 4) **Skills:** Liverpool will create 6 new academy schools and begin a Secondary School Investment Plan funded by the Council that will deliver up to twelve new build secondary schools.

## And an additional six parts to the Liverpool City Region Deal (Part 2):

- 1) **Trade:** Liverpool City Region will deliver an international business festival that will facilitate new business opportunities in the city region, the Atlantic Gateway and across the UK, increasing exports with Europe, Asia and North America. The month long event that will be focused on key sectors will build on the success of the 2008 European Capital of Culture and their pavilion at the Shanghai Expo.
- 2) **Low carbon:** Liverpool City Region will run a low carbon red tape pilot that will make it easier for companies to invest in the facilities needed to compete more effectively for the multi billion pound offshore wind and civil nuclear contracts. The pilot will aim to reduce regulatory burdens and speed up local planning processes to accelerate an investment pipeline of over £100m in the next 5 years. Through this pilot Liverpool City Region hope to capture a greater share of the offshore wind market, bringing immediate jobs, open up supply chains and export opportunities.
- 3) **Skills and Employment:** combine public and private skills investments and empower businesses to create more jobs, tackle skills gaps and raise productivity. To achieve this, the Liverpool City Region will create the country’s first Skills For Growth Bank - a business led mutual that unifies public and private skills investments; it will pilot a payment by results approach to adult skills with providers rewarded when their services get people into work; and set up Youth Unemployment Task Force that will aim to reduce long term youth unemployment by

half in 3 years. This package will support 17,400 new jobs in small and medium size enterprises and create 6,000 apprenticeships.

- 4) **Transport:** create a new strategic transport body across the city region that will establish a £800m 10 year transport fund. The fund will unlock investment in critical infrastructure links to the Port of Liverpool and the Northern Hub and create 15,000 jobs. This will empower local leaders to have more of a say over local transport decisions and to align these with wider economic development opportunities.
- 5) **Investment:** Liverpool City Region will create an Investment Fund that will bring together multiple public funding streams and give the city region the control to invest in local priorities.

- 6) **Knowledge Economy:** capitalise on Liverpool City Region's science and knowledge assets by attracting 'big science' to generate job growth and to fully realise the potential of the Liverpool City Region's knowledge assets.

### Governance

The Liverpool City Region has demonstrated that they will put in place a strong, stable and effective governance structure with the newly elected mayor working with the LEP and the Liverpool City Region Cabinet to ensure that strategic decision making takes place at the Liverpool City Region level. Liverpool City Region has also committed to establish a single strategic transport body to ensure transport decisions are at the centre of economic development.

## Newcastle: North Eastern LEP

Newcastle estimates that the deal will create around 13,000 jobs and secure £1bn of investment over the next 25 years as a result of new financial powers, alongside an additional 8,000 jobs in the marine and offshore sector in the North East, and 500 new apprenticeships in Newcastle.

### Summary

- The corner stone of the deal is a commitment by Central Government to ring-fence business rate income in four growth sites in Newcastle and Gateshead, and to retain them locally. This unique arrangement will allow both Councils the financial freedom to deliver ambitious plans for private sector-led growth, initiating a £90m infrastructure programme.
- The City Deal will also create 8,000 jobs in the marine and offshore engineering sector in the North East, and position Newcastle as a pioneer in the low carbon economy. The deal also includes initiatives on transport, broadband, employment and skills, and housing.

2.11 The North Eastern LEP area has a population of around 2m and generates £32bn of economic output per year, and in the years prior to the recession, private sector employment in Newcastle and its surrounding area increased by more than in any other major city apart from London.

2.12 However the city faces a number of economic and social challenges. The labour market continues to endure the legacy of inter-generational unemployment, a disproportionate number of young people not in education, employment or training, and a workforce which does not meet all the needs of the business community, whilst there is a need to create large number of entry level jobs. Furthermore, there is a particular need for infrastructure investment across key city centre and manufacturing sites. The Newcastle City Deal will contribute to the North Eastern LEP's

priorities, and overcome these challenges to economic growth.

### Newcastle City Deal has five parts:

- 1) **Accelerated Development Zone:** create a NewcastleGateshead Accelerated Development Zone (ADZ), unlocking city centre growth, which will provide a £1 billion boost to the North East economy. Newcastle and Gateshead will benefit from new tax increment financing powers, with all growth in business rate income generated within the four key development sites retained by the two Councils for 25 years. This will allow Newcastle and Gateshead Councils to immediately initiate a £92m investment programme, creating 2,000 permanent jobs within five years, and 13,000 within 25 years.
- 2) **Energy, Marine and Low Carbon:** secure £500m in private sector investment in the

next five years into the marine and offshore manufacturing sector, creating 8,000 jobs over the LEP area. Building on Newcastle's reputation for sustainability and existing expertise, establish Newcastle as a low carbon Pioneer City, and deliver a carbon reduction target of 34% by 2020.

- 3) **Employment and Skills:** Newcastle and Government will improve employment opportunities through co-location and better integration of national and local services. Newcastle will also set up a Skills Hub which will support small businesses to take on apprentices; increase apprenticeship starts by 15% (500 in Newcastle); deliver a skills system which better meets the needs of employers; and provide a model for local delivery of the Youth Contract.
- 4) **Housing:** deliver a Joint Investment Plan with the Homes and Communities Agency (HCA), using HCA resources and Newcastle's £25m Future Homes Fund, to

deliver 15,000 homes within Newcastle's urban area and to improve the housing market in Newcastle.

- 5) **Transport and Connectivity:** produce an investment programme with Government to reduce congestion on the A1 Western Bypass, to reduce journey times on one of the most congested links in the national network, as well as investing in the broadband infrastructure of the city.

## Governance

Newcastle will work with other local authorities towards creating a North East Combined Authority.

Separately, in response to the governance requirements of the Accelerated Development Zone, Newcastle and Gateshead intend to further strengthen their partnership, by giving it formal decision making powers and making it subject to greater scrutiny and accountability.



## Nottingham

Nottingham estimates that the deal will create 10,000 jobs and 1,000 apprenticeships in and around the Creative Quarter.

### Summary

- Nottingham will turn its Creative Quarter into an incubator that will attract a cluster of high tech businesses and entrepreneurs. It will support the development of high tech firms in and around the Quarter through technology grants, a £45m venture capital fund and a ‘Generation Y’ pilot to encourage young graduates become entrepreneurs.
- The Deal will also simplify the process of connecting people to jobs, with the aim of reducing youth unemployment by 25% over 4 years, and creating 1,000 apprenticeships in and around the Creative Quarter. There are also initiatives on infrastructure investment, transport and the low carbon economy.

2.13 The City of Nottingham has a GVA of £12.1 billion. It is also the youngest core city, with 25% of the population aged between 16 and 24, and has two leading universities with over 55,000 students and 18,800 annual graduates.

2.14 However, Nottingham has suffered from a lack of private sector jobs growth. Even prior to the economic downturn, between 1998 and 2008, Nottingham experienced negative net private sector jobs growth – Nottingham lost 15,600 jobs in this period – the second worst performance of all the core cities.

2.15 The City Deal will unlock Nottingham’s economic potential, by putting in place the structure to enable enterprise to flourish, and to allow young people to better access the opportunities that will be created. The Deal is built around Nottingham’s Creative Quarter - the Nottingham Growth Plan’s flagship project – a unique enterprise environment.

### Nottingham City Deal has four parts:

- 1) **Enterprise support:** Establish a large incubator in its Creative Quarter. Nottingham will trial new SME finance products to boost high tech start ups: a **£45m venture capital fund to provide equity in high tech businesses;** a **Technology Fund** to support the exploitation of intellectual property; and a **“Generation Y” fund** to encourage graduates to start businesses in Nottingham.
- 2) **Employment and Skills:** a package of measures to increase skills and reduce unemployment, including an apprenticeship hub which will create up to 1,000 apprenticeships in and around the Creative Quarter; a Youth Employment Hub which will help 16-24 year olds find jobs in Nottingham and reduce youth unemployment by 25% over 4 years; a scheme to get

businesses into schools to improve enterprise education; and a pilot for adult and community learning.

- 3) **Connectivity and Infrastructure:** deliver a package of transport measures that will improve connectivity to other cities through improvements to Midland Mainline and links to HS2 in the East Midlands; by managing congestion on key roads; and trialling innovative ways to use transport to improve access to jobs. The deal will also transform the infrastructure and transport links across the Creative Quarter through a £8m New Development Deal scheme. Finally, it will provide **super-fast broadband connectivity** to businesses in and around the Quarter through joint investment from Nottingham and commercial providers.

- 4) **Low Carbon:** put in place a Green Deal strategy to **accelerate Nottingham's move to a low carbon economy**, with assistance to secure funding to roll out an expansion of the city's district heating system.

### Governance

Nottingham will put in place strong private sector led leadership to deliver the vision for its economy, by creating the Nottingham Economic Growth Board chaired by Sir John Peace (Chairman of Standard Chartered). The Board will oversee the venture Capital Fund and the entire suite of measures to deliver the Creative Quarter and the Nottingham Economic Strategy.

## Sheffield City Region

(Barnsley, Bassetlaw, Bolsover, Chesterfield, Doncaster, North East Derbyshire, Rotherham, Sheffield)

The Sheffield City Deal will create over 4,000 new apprenticeships and an additional 2,000 up skilled employees over a three year period and 7,000 new jobs through a city centre development scheme.

### Summary

- Sheffield City Region will work with Government to create a transformative local skills funding model to address skills gaps in key growth sectors such as advanced manufacturing. Sheffield will lever in £44.4m of local public and private sector investment in return for £27.8m of devolved funding from Central Government, to create 4,300 new apprenticeships and 2000 additional qualifications in key sectors.
- Sheffield City Region will also receive new financial powers as part of the Deal to strengthen Sheffield City Region's economic self-reliance, through a Sheffield City Region Investment Fund (SCRIF). This will provide flexible financial tools to invest in growth, develop infrastructure, create jobs and stimulate inward investment. Sheffield will also receive tax increment financing powers for a city centre development. The deal also includes new initiatives for transport and nuclear advanced manufacturing in return for strengthened governance in the form of a South Yorkshire Combined Authority.
- Sheffield will receive new powers to fund a £33m city centre regeneration scheme through tax increment financing – a New Development Deal.

2.16 Sheffield City Region generates over £25.7bn for the UK economy, and has a population of over 1.7m people with 7.6m people living within a 35 mile radius of the City of Sheffield. But Sheffield City Region has a number of challenges to address if it is to meet its full potential. These include a historical dependence on the public sector jobs and grants, educational underperformance and continuing skills gaps in key sectors, and a need for infrastructure investment, particularly for transport.

2.17 Sheffield City Region can make a significant contribution to an export-led, rebalanced UK economy by capitalising on their unique assets and heritage. It has the economic growth potential to lead a 21<sup>st</sup> century UK export boom beyond the volatile EU market with a high skilled, modern manufacturing economy, combining digital innovation and world class advanced manufacturing expertise.

2.18 The City Deal will ensure the economy is fully enabled to meet business demand by

maximising the skilled resource available and investing in essential infrastructure to accelerate growth.

### Sheffield City Deal has four parts:

- 1) **Skills:** Sheffield City Region will create a local skills funding model to address skills gaps in key growth sectors such as advanced manufacturing. Sheffield will lever in £44.4m of local public and private sector investment in return for £27.8m of devolved funding from Central Government over a three year period. The city will use this budget to invest in skills and to incentivise colleges and providers to respond quickly and flexibly to emerging needs of key sectors. Sheffield City Region will create a *Skills for Growth and Employment Partnership*, enabling business leaders, skills providers and local authorities to oversee the delivery of the deal and shape skills provision. This will deliver at least 4523 additional apprenticeships and 2,000 skilled employees over three years.
- 2) **Finance:** create a Sheffield City Region Investment Fund that will give the city new freedoms and financial powers to invest in growth, develop infrastructure, create jobs and stimulate inward investment based on local priorities. The £700m Sheffield City Region Investment Fund will include an initial contribution of £30m from Sheffield, business

rate income from a city centre development scheme and public sector funding.

- 3) **Transport:** a transport package that will improve connectivity in Sheffield City Region including a 10 year allocation of devolved majors funding; devolution of Northern Rail Franchise; local management of the tram trains project; and a Better Bus Area pilot which will give Sheffield City Region the power and tools to improve the quality and access of the local bus network.
- 4) **Nuclear Advanced Manufacturing Supply Chain:** Develop a national centre for procurement based around Sheffield City Region's Advanced Manufacturing and Nuclear Research Centres. This will help improve national procurement; speed up innovation and help Sheffield City Region build up its comparative advantage in advanced manufacturing and nuclear industries.

### Governance

Sheffield has recognised the need to put in place a strong, stable and effective governance structure in order to maximise local growth. They are forming a South Yorkshire Combined Authority and have a plan making clear how they intend to expand this across the entire Sheffield City Region area in the future.

 HM Government  
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**DCLG Press release 5<sup>th</sup> 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](http://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.

## Appendix B

"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.

## Appendix B

"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:

"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:

"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."

## **Transport Update**

### **Purpose of report**

For discussion and direction.

### **Summary**

This paper provides an update on the establishment of an HS2 environmental forum by the Secretary of State for Transport, rail decentralisation, the Department for Transport/LGA demonstration projects and rail investment.

### **Recommendation**

Members are asked to consider the issues set out in the paper and to provide comment and direction.

### **Action**

Officers to take actions as directed.

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## **Transport Update**

### **HS2 Environmental Forum**

1. The Government announced its decision to develop a new national high speed rail network (HS2) on 10 Jan 2012. In the timetable for HS2, it proposes engagement on environmental issues along phase 1 of the route in spring 2012, with the publication of an Environmental Statement in spring 2013.
2. In June 2012, the Secretary of State for Transport invited a number of groups to attend an Environmental Roundtable discussion. The meeting took place on 28 June. The stated purpose of the meeting was to provide the Secretary of State with the opportunity to hear from environmental groups on “key strategic and national level themes, such as the ways in which environmental organisations can engage with the design of HS2, and the Environmental Impact Assessment process”.
3. The invited groups were:
  - 3.1. Campaign for Better Transport
  - 3.2. Campaign to Protect Rural England
  - 3.3. Ramblers Association
  - 3.4. RSPB
  - 3.5. Friends of the Earth
  - 3.6. National Association of AONBs
  - 3.7. Woodland Trust
  - 3.8. National Trust
  - 3.9. Greenpeace
  - 3.10. Heritage Alliance
  - 3.11. Local Government Association

### **LGA attendance**

4. The invitation to the LGA to attend the roundtable discussion was initiated by the Department for Transport (DfT) and sent to officers. Given the divergence of views on HS2 in the sector, advice on LGA attendance was sought from the Chair and Vice Chair of the Economy and Transport Board. In accepting the invitation, it was made clear to DfT officials that an LGA officer would be attending with a watching brief and our participation would be reviewed with members once the purpose of the forum was clearer.

**Item 3**

**Issues discussed on 28 April**

5. Discussion at the forum was conducted at a strategic level and focused on how best to ensure an effective strategic framework in which local decisions on the design of HS2, and mitigation of the negative environmental impact could take place.
6. The environmental groups present had coordinated a view in advance of the meeting. The view was broadly supportive of HS2 and optimistic that here could be environmental gains through the creation of a “green corridor” along the proposed HS2 route.
7. The environmental groups expressed a view that the development had to reflect a commitment to the equality of the economic, environmental and social factors.
8. There was some discussion of phase 2 of HS2 and it emerged that the location of stations would be a major issue in the discussion of this phase.
9. In these discussions, our watching brief was understood by DfT and other participants.
10. To note, in the course of the meeting, it emerged that the DfT was working on a national strategy statement for transport which it is hoping to publish in December 2012. The LGA stressed the need for local government to have a major stake in the development of the Statement, not least because of the programme of devolution which will place an increasing amount of decision making in the hands of local authorities and their communities. We are now in talks with the DfT on our participation in the development of the strategy.

**Future role of the group**

11. A key aim for the LGA in attending the first meeting was to seek clarity on the future role of the forum. The group does not currently have terms of reference and participants did not proceed beyond the statement of broad positions.
12. The Secretary of State requested that the group meet quarterly as a regular forum and this was agreed.
13. The environmental groups asked for the establishment of a design stakeholder group to support the development of HS2. This is under consideration.

**LGA role**

14. Based on this broad remit for the group, the role for the LGA can be clarified.

**Item 3**

15. As there are distinct and different views amongst councils on this issue, the LGA will be unable to represent a single collective view to DfT. In response to future invitations to this forum, it will be the LGA's role to ensure that a broad range of council views is represented. Thus members may wish to consider writing to the Secretary of State requesting that local government interests at future meetings should be from four councils to ensure the widest views of the sector are heard.

**Rail Decentralisation**

16. The consultation on Rail devolution closed on 28 June. The LGA's response to the consultation can be found in **Appendix A**. In summary the LGA was positive about rail devolution. We argued for maximum flexibility in the use of the various models put forward by the DfT for devolution. However, we also noted that a realistic funding regime was required emphasising that it was not devolution at any price.

18. The Governments response to the consultation is awaited, but we are aware that negotiations on localisation in the Northern Franchise (including the Trans Pennine) and in the South West Franchise are advancing. The recently announced City Deals contain rail devolution as a key element.

19. Cllr Shona Johnstone gave evidence to the House of Commons Transport Select Committee on 10 July 2012, together with representatives from Passenger Transport Executive Group (PTEG). Cllr Johnstone stressed the importance of good governance arrangements to ensure that local authorities outside ITA areas had an opportunity to inform and influence the localisation of rail. Cllr Johnstone also spoke about the value of the regional network and the capacity of authorities, for example Cornwall, to make significant improvements to patronage through targeted investment.

**LGA/DfT Demonstration Projects**

20. The LGA's campaign identified a number of barriers to growth including transport. The LGA met with the Secretary of State for Transport and got agreement to examine approaches to making devolution work for the benefit of growth and also to explore different ways for councils to work with the department and key agencies such as the Highways Agency (HA). We are currently working with a number of councils as demonstration projects.

21. The DfT continues to liaise closely with LGA on our work to use demonstration projects to highlight how devolution can work effectively and also to identify continuing challenges.

**Item 3**

- 22. We have met with Cornwall Council, Staffordshire County Council, Cambridgeshire County Council and Manchester City Council, at officer level, to scope out further work to be undertaken in the autumn.
- 23. What has emerged from these meetings is a substantial amount of ambition for greater transport devolution across the modes.
- 24. There is evidence of good partnership working with the HA, but some frustration with the framework in which the HA operates, which can have negative impacts on the growth ambitions of councils. We have also heard how councils are overcoming some of these barriers to growth.
- 25. The timetable for the continuing work is set out in Table 1.

**Table 1**

Date	Activity
June/July 2012	Scoping meetings with demonstration authorities
Sept/Nov 2012	Summits held in each area involving senior members and officers senior DfT Officials
Dec 2012	Meeting with Secretary of State to address opportunities and issues raised through the summits

**Rail Investment**

- 27. Following a meeting between Lead Members and Office for Rail Regulation (ORR) we were asked to provide some examples of how Network Rail (NR) could consult in a more effective way with councils. A document was sent to ORR on this before the end of May at ORR’s request, so that it could influence their steer to NR and ‘ensure they are having the right conversations’.
- 28. From further discussion with ORR, there does seem to be a debate developing in the rail industry about how councils can be better involved in decision-making. For example, we have been asked by ORR to consider two further issues to strengthen council involvement with Network Rail:
  - 28.1. An understanding of what involvement the Economy and Transport Board would like once ORR has received NR’s strategic business plan. This plan is due to be published on 7 January 2013 and ORR will seek comments by 19 February 2013 and hold a workshop. Whilst we will send a formal LGA response and attend any consultation events, it is recommended that we request a formal meeting in advance of the plan being submitted to ORR to influence NR thinking.

**Item 3**

28.2. In the longer term, what involvement the Economy and Transport Board would like in franchises. It is likely that individual councils and groups of councils would be involved in the detail of franchise and the LGA's role would be to ensure that this occurs. Our LGA role would be to ensure capacity building and sharing best practice. In order to support councils, we do need to press ORR on their role in relation to franchising especially on how ORR will engage with the sector in framing the next performance review, to ensure that a framework for engagement is put in place

**29. Members are asked to consider these issues and officers will then respond to ORR.**

**Wider issue of engagement with Network Rail**

33. The LGA has been lobbying for a greater role for councils in transport investment decisions. Given the indications from ORR that this message is being heard, members may wish to consider some of the principles which could form the basis of future work/relationship with Network Rail to influence its plans.

34. Members are asked to consider some of the issues below from which a more detailed report will be delivered.

**What local engagement might look like for Network Rail**

35. The DfT's move to devolve decision-making on rail, the likelihood that this will in practice be linked to other devolutionary moves within transport (major schemes, bus subsidy Local Sustainable Transport Fund and possibly others) and the Government's wider devolution agenda, mean there is advantage for both councils and NR in more effective engagement at local and in particular sub-regional level.

36. Transport is a key element of the LGA's Local Growth Campaign. Thus we would need to ensure that transport issues are dealt with within a wider debate about how investing in rail can support growth in Britain's and local economies. ORR is keen to press NR to meet councils at a sub-regional level to discuss joined-up investment strategies. Members may wish to comment on how this is best achieved.

**What is the offer from councils?**

**Item 3**

37. We will need to ensure that the rail industry is aware of the wider role that councils play and how rail investment decisions affect a wide-range of policy areas. For example:
- 37.1. Councils undertake sustainability assessments in relation to local development plans; many have voluntary sustainability statements and policies on meeting climate change and air quality targets as well as Local Transport plans.
  - 37.2. There is an increasing emphasis on preventing ill health through the work of local health and wellbeing boards will involve local transport planning.
  - 37.3. NR properties, in particular station sites, are fundamentally affected by and intrinsic to many micro economic initiatives – for example regenerating high streets – as well as public safety (crime reduction) initiatives.
38. The important issue is to ensure that NR is aware of the widest impact of its decisions at a strategic level and that detailed technical presentations and consultations on a 'route' basis tend not to engage local partners on key issues.
39. Given that councils may now be in the frame for a more involved role it is important to establish some principles for engagement. Members are invited to comment on this issue. From their view a more detailed report will be delivered.

**Traffic Management Act (TMA) Part 6**

40. As we previously noted, officials have reviewed the evidence from London's experience in order to inform discussions at ministerial level on the enactment of TMA Part 6. DfT has now agreed that as part of the City Deal process it will be working with Sheffield City Council and Nottingham City Council in order to conduct a thorough assessment of the costs and benefits of implementing TMA Part 6. In both cases the councils will be taking forward a project to analyse the traffic benefits of enacting Part 6 of the Traffic Management Act 2004, to allow local enforcement of moving traffic contraventions and facilitate the efficient control and management of traffic. We do not have all the detail but this seems to fall short of piloting any new powers.

## **LGA response to consultation on Rail Decentralisation** ***Devolving decision-making on passenger rail services in*** ***England***

### **KEY POINTS**

**The existing rail devolution arrangements in London, Merseyside Wales and Scotland are widely regarded to have delivered effective services to the communities involved, boosting investment, satisfaction and ridership.**

**Devolution must be fully funded. It is too soon to assume the current cost-saving and revenue generating plans will succeed.**

**It is unrealistic to expect that rail can deliver increased benefits to passengers, an economic stimulus, reduced carbon emissions AND cost less in absolute terms. The test must be whether the benefits delivered are worth the costs.**

**If the benefits of decentralisation are to be fully realised councils must be given freedom to explore funding options, devise assessment criteria and avoid red tape. The provision of some form of central legal/technical expert resource via DfT may prove essential.**

**A flexible approach to governance and structures will be necessary. All forms of franchise structure set out in the consultation document should be available to councils**

**Rail devolution needs to be considered in relation to the devolution of local major schemes, BSOG and other initiatives.**

**Franchising must be transparent. Councils will need to have access to all the relevant cost figures.**

### **1. General**

1.1. The Local Government Association (LGA) is a voluntary membership body and our member authorities cover every part of England and Wales. Together they represent over 50 million people and spend around £113 billion a year on local services. They include county councils, metropolitan district

councils, English unitary authorities, London boroughs and shire district councils, along with fire authorities, police authorities, national park authorities and passenger transport authorities. The LGA welcomes the opportunity to respond to this consultation

1.2. The LGA shares the Secretary of State's determination to move to a more localised approach to decision making on the railways and wants to work with the department to realise that vision; however, we do not understand how devolution fits with the Government's new policy that franchise specifications should be less prescriptive than before and give more responsibility and flexibility to bidders (and subsequently train operators).

1.3. In the short term DfT needs to ensure that councils wishing to influence franchises do not miss the boat simply because the franchise timetable means a particular franchise is awarded before the details dealt with in this consultation have been fully worked out..

1.4. The Government's vision for rail needs to see rail in the context not only of the totality of an area's transport provision but in the context of other policies, in particular around economic growth and the environment.

1.5. LGA would like to see the development of a model of devolution that:

- Supports increased local economic growth
- Maximises councils involvement in bus/rail and road provision,
- Allows authorities to enter into partnerships when and where appropriate with each other, private and third sector partners and agencies such as Highways Agency and Network Rail and to get the best from LEPs
- Minimises financial risk and ensures devolution does not simply mean creating an environment in which service cuts are inevitable and councils get the blame.
- Maximises budgetary flexibility to shift funds between modes and to access other funding aimed at promoting growth/environmental goals and health outcomes.
- Maintain a role for DfT, working with LGA and others to provide support for councils through the provision of central expertise and dissemination of best practice while freeing councils from a single DfT evaluation criteria
- Dovetails the various devolutionary measures central government is currently considering both within the transport sphere and relevant to it.

**2. Existing Devolution: Consultees are invited to identify lessons which may be learned from existing rail devolution arrangements in Scotland, Wales, London and on Merseyside, and which are relevant to any proposals for future rail decentralisation covered in this document.**



2.1. The existing rail devolution arrangements in London, Merseyside Wales and Scotland are widely regarded to have delivered effective services to the communities involved, boosting investment and ridership.

2.2. The experience of devolution suggests that better results can be achieved when bodies controlling transport at a strategic level can plan across modes at a local level.

**3. Objectives: Consultees are invited to submit views on how they consider that devolving responsibility could help achieve the objectives for the railway:**

- **Cost reduction and enhanced value for money**
- **Local democratic control**
- **Benefits for passengers**
- **Supporting and stimulating economic growth**
- **Contribution to carbon reduction**

3.1. We consider it self-evident that by involving local authorities in the franchising process to a greater extent than has previously been the case, the department is increasing the local democratic control of the railway.

3.2. We believe Decentralisation will deliver the objectives listed above because it will encourage the provision of local rail services that are better attuned to local needs, better integrated with other local transport services and with other local priorities, such as economic growth. It will therefore deliver better value for money.

3.3. Examples of why this will be the case include: the ability to integrate rail with existing local transport plans and local carbon reduction plans; the potential to build links between rail provision and local authorities work on Health and Wellbeing boards (e.g. using rail to promote improvements in air quality by reducing road congestion); and in particular working with LEPs to maximise the economic benefits of improved rail services. Experience of devolution so far indicates increased levels of passenger satisfaction.

3.4. A simple practical example is the proposal to raise more revenue from car parking facilities. LGA is already aware that this is encouraging passengers to get lifts to and from stations, doubling their road journey (as those who drop/collect them return/leave home) and is leading to displaced parking in surrounding streets. It may also encourage passengers to leave rail and journey by road by increasing the price of rail. Greater local involvement in franchising can ensure that the revenue raising aspects of parking are considered in the appropriate wider context.

3.5. We support the Government's intention to expand smart ticketing technologies. We hope that this will encourage passengers onto trains that are currently less than full. Greater local involvement in franchising would, we

think, encourage a more innovative approach to ticketing by bringing more detailed local knowledge into play; for example there may be scope for considering contra-peak ticketing that would reduce the costs of those travelling against the peak flow, making cheap days out simpler for families in school holidays.

### **Cost reduction and enhanced value for money**

3.6. The understanding of local needs in relation to local services that councils can bring to rail franchising, will assist the introduction of some of the measures mentioned in paragraph 3.6 of the consultation, such as the adoption of lower cost technologies, light rail and generally simpler means of operation. However it cannot be expected to do so quickly. Moreover it cannot necessarily be expected to have any effect on employee terms and conditions; nor should devolution be based on assumptions about staffing arrangements at stations as this may prove to be a false economy. We are therefore concerned that too great an emphasis may be being placed on cost reduction and on the role of decentralisation in achieving it.

3.7. We agree that 'decision-makers at local level may be better placed than central government to identify cases where other transport modes might meet local transport needs more effectively and at lower cost than an existing rail service' [3.11] However, where light rail is identified as an appropriate way forward, the technical and legal difficulties of conversion will take time to overcome. If the Government wishes to see progress on this front it needs to avoid holding all schemes up while a pilot is attempted that may have significant differences to many potential schemes; the DfT may also need to revise its role to one of central resource of expertise and support.

3.8. Although the rail industry is currently planning how it may achieve the savings envisaged in the McNulty report, Key aspects of the cost reductions set out in the Initial Industry Plan are as yet unclear and there is an inevitable uncertainty over whether these savings will emerge. While exploring the possibilities for decentralising NR, greater partnership working and increasing train utilisation are sensible and welcome proposals, but while it is almost certainly true that the industry can save money through better partnership, at this stage none of these initiatives can offer a firm, securable, saving. Some may yet turn out to be dead ends (for example there is no guarantee that the work on possible increased train utilization will find significant savings) and the report acknowledges that 'a step-change in the degree of cross-industry collaboration' is required, if the envisaged improvements are to be achieved. Historically it has almost always the case that the rail industry over-estimates future earnings and underestimates future costs. Equally the IIP sets out a vision in which lowering the subsidy requirement depends to a significant extent on an increase in revenue, which could fail to materialise for a variety of reasons, some of them beyond the railways' control.

3.9. For the reasons set out above we suggest that unless the assumed savings built into the devolution of funding are very low there is little prospect

of additional savings materialising that can be redirected to increase train usage as mentioned in paragraph 3.9 of the consultation paper. We also question the extent to which more people can travel by train without additional costs being incurred in accommodating them. Devolution should be structured to ensure that the other options set out in 3.9 are available.

3.10. The subsidy to rail – and other transport modes – should not be seen simply as a cost to the taxpayer but as a charge for the service transport provides beyond the service to direct users, which they pay for in fares and freight charges, in terms of economic social and environmental benefits. These benefits need to be fully taken into account when judging the value for money offered by both the existing service and additions to it.

3.11. It is unrealistic to expect that rail can deliver increased benefits to passengers, an economic stimulus, reduced carbon emissions AND cost less in absolute terms. The test must be whether the benefits delivered are worth the costs. Effective local democratic control should mean allowing local authorities the freedom to invest in transport using flexible criteria that reflect local priorities and the freedom to bring in new sources of funding.

3.12. In particular, we are conscious that the success of devolution in Merseyside and London is partially founded on the availability in those areas of other funding streams (congestion charge and Mersey Tunnel fees). Local councils should be free to find similar means of cross subsidy within transport – for example through Workplace Parking Levies, charges on out of town retail parking, more flexible use of other transport funding streams and unringfenced infrastructure capital funding.

3.13. The government's desire to concentrate funds on services that offer better value for money is understandable and of course something everyone would support in principle (Para 3.10 ). However, there are some (small) parts of the rail network which exist because it has proved politically impossible to remove them but for which the cost-benefits case of maintained operation may be weak. If the Government considers that the consequence of devolving responsibility for them to councils will be that councils abandon them to use the money elsewhere it is likely to be disappointed. The political difficulties of withdrawing rail services are likely to be greater for councils than they have been for central government. This does not mean however that there is no scope for funds to be shifted between services.

### **Supporting and stimulating economic growth**

3.14. Many of our major cities and towns underperform their European equivalents on key economic indicators and at least part of the reason is the quality of the local transport systems, which make these cities attractive places to invest and which enable people to get to the jobs.

3.15. In the UK, transport infrastructure problems are estimated to cost businesses nearly £20,000 on average and the top two improvements

businesses would like to see in their current city are improved transport links with other cities and improved public transport.

3.16. Another key role for transport in economic development is helping people to get into work. Nearly 40 per cent of jobseekers say transport is a key barrier to getting a job. Studies have show that this support works best when they are designed with the needs of different individuals and places in mind; they integrate and assist individuals in the use of existing transport provision; and when they work alongside initiatives in other policy areas. Again, this requires decision-making at a local level.

3.17. Experience of the Dalston Junction regeneration project in London shows how local control of transport can facilitate economic development at a micro level. Stations can function as hubs for the local economy. The work of community rail partnerships outside London also supports this view.

### **Additional points**

3.18. If councils are to be involved in franchising there should be a local government seat on the Rail Delivery Group. There is currently no public sector representative on this body.

3.19. We agree that artificial restructuring of service patterns to fit individual local authority boundaries (para 3.14]) would disadvantage passengers, increase costs and prevent optimum utilization of the infrastructure.

## **4. Views on activities that should be devolved Comments are invited on the list of responsibilities that should be retained by central government and those that might be devolved to sub-national bodies**

4.1. Devolution will be case specific, but we would not want to rule out any aspect of rail being devolved.

4.2. Councils need to be able to influence national services that are relevant to their local area (e.g. for some councils long-distance connections to London may be more significant than local services)

4.3. Devolution needs to be fully funded. We are concerned at the implications of para 4.9, which seem to be, in the longer term, decreased central government funding for enhancements: 'Where a devolved body seeks improved services for the reasons of improving connectivity, it is considered entirely reasonable for the devolved body to fund those services from their own resources. This would be **a continuation of the existing practice with the exception that the devolved body would be expected to fund such enhancements in perpetuity**'

## **5. Views on types of service that should be devolved and which types of service are suitable for local control? Should longer-distance**

**services be regarded as “strategic”, because they serve a variety of markets and economic purposes, and therefore be specified nationally?**

5.1. While national strategic services cannot be devolved we need to reiterate the need for councils to be able to influence services and fares on strategic services from/to their area. Moreover we think a significant area of rail traffic growth in future could be mid-distance inter-urban journeys and this needs to be taken into account

**5.2. In areas where responsibility for local passenger services is devolved, what are the implications for other users of the rail network, including freight customers and operators, and how might these implications be addressed?** Local authorities have a good record of balancing the needs of different constituencies. The local government sector would like to work with DfT, rail freight operators and other stakeholders to develop an appropriate approach. However, we would not expect this to be embedded in a regulatory framework.

**6. Models for decentralisation: Consultees are invited to comment on the models for decentralisation and how they might apply or be appropriate to particular parts of the country or service groups in a particular area.**

6.1. Councils should be free to choose the form of devolution that works for them (this choice should include the option of non-involvement). All of the models set out in the consultation should be available where councils wish to adopt them.

6.2. In order to make this choice, councils must have full access to all the relevant costing information regarding existing and planned services. The franchising process needs to be transparent.

6.3. Local authorities are good at partnership working and there is a recognition that devolution comes with the responsibility to engage broadly with local authorities and other affected stakeholders. It will be the responsibility of local authorities to make this work.

6.4. Councils need the freedom to maximise the benefits of devolution for example by innovative approaches to funding and the removal of barriers to innovative transport solutions.

7. Long franchises must have break points. Government has never before awarded franchises of such length and in the past franchises have been made more specific because their flexibility was misused by some operators to run services which triggered subsidy payments without providing benefits to passengers.

7.1. Rail devolution must dovetail with devolution of other transport functions (e.g. major schemes).

**7.2. The consultation asked three specific questions in relation to this section:**

**7.2.1. Can governance structures be developed that would ensure timely and balance decision-making throughout the franchise term?**

**7.2.2. How would the interests of authorities choosing not to participate be safeguarded and how would the interests of passengers residing in those areas be protected?**

**7.2.3. What criteria should be used to define networks to be devolved in this way? What part should railway operational and economic considerations play in such definition?**

7.3. We think these can only be fully answered on a case by case basis. It is important to engage all relevant councils and in this respect particular attention needs to be devoted to those councils outside ITAs so that they are able to play a full role in discussions.

**8. Views on governance - Comments are invited on issues related to the size of the area that needs to be covered by a devolved body and the governance issues that this may give rise to.**

8.1. The answer depends to an extent on the model adopted in particular cases.

8.2. The consultation identifies what we see as the major issues, but these should be addressed through discussions with the relevant transport authorities. While these authorities will doubtless wish to consider the views of other councils and LEAs, it will be impossible to accommodate them in formal structures and devolution should be on the basis of counties, unitaries and ITAs working together as is appropriate in relation to the specific franchise in question.

8.3. We agree with the implication of the paragraph on timing that the timetable of franchising must not be allowed to deny opportunities for devolution if the details cannot be worked out in time.

**9. Views on funding Consultees are invited to comment on the basis on which the level of funding to be devolved might be established.**

9.1. Devolution needs to be fully funded. Even if the McNulty savings emerge, they will not do so on day one of a new franchise.

9.2. We agree with the points listed in relation to the level of funding to be devolved except (b): 'the funds transferred should fully reflect the improvement in efficiency that the railway industry is expected to achieve'.

Paragraph 3.5 of the consultation states that the Government ‘would expect that the level of funding devolved would fully reflect the efficiency improvements that can be reasonably expected, as well as any extra cost required to respond to growth where this represents value for money’. The effect of this intention will depend almost entirely on what the phrase ‘that can reasonably be expected’ means in practice.

9.3. LGA is concerned that the Government intends to devolve funding in a manner that assumes the savings set out in the McNulty report will be made; and that if these savings subsequently fail to appear, councils will be left with inadequate funds to maintain an acceptable level of service. We believe this will act as a significant deterrent to local authorities in taking on franchising responsibilities, in particular if it is combined with long-term franchises devoid of break-points.

9.4. There needs to be a flexible approach to funding including a flexible approach to the criteria used to assess VFM so that local priorities can be fully reflected.

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## **EU Funds Post 2013 – Update and Lobbying Strategy**

### **Purpose**

For discussion and direction.

### **Summary**

Based on the discussions at the last Board, this report updates members on current lobbying activities related to EU funds including short presentations from:

1. Lorraine George, Head of External Funding at Essex County Council, on how the authority uses EU funds.
2. An official from the Department for Business, Innovation and Skills (BIS), which is leading the UK negotiations on structural fund reform.

### **Recommendation**

Members are asked to comment on the report, and to steer work ahead.

### **Action**

Officers to action as directed by members.

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## **EU Funds Post 2013 – Update and lobbying strategy**

### **Background**

1. The European Union structural funds typically support economic and skills development activity, and are regularly accessed by local authorities to help realise local ambitions for economic growth.
2. These funds are worth over £8 billion to the UK between 2007-2013 which, once match-funded, represents a potential total investment over £16 billion. They include the:
  - 2.1 European Regional Development Fund – for example, funding capital investments, supporting SMEs, innovation.
  - 2.2 European Social Fund – for example funding skills and pre-employment.
  - 2.3 Trans-national funds – funding collaborative projects between areas in different countries.
  - 2.4 Further investment opportunities are available to councils through the EU's Rural Development Programme for England, and a range of thematic funds.
3. This is a critical year in determining what the funds will look like from 2014-2020, and what role councils can play in using them. There are a number of issues of concern, in particular that the:
  - 3.1 overall level of funding received by areas across the UK is likely to fall.
  - 3.2 EU may place too many restrictions on how the EU funds are spent, and on what – without sufficient simplification.
  - 3.3 UK Government may seek to deliver funds in a way that does not allow sufficient opportunity for local partnerships to tailor to local need and opportunity.
  - 3.4 availability of local match-funding may be challenging.
4. The LGA continues to play a leading role in discussions with European institutions and the UK Government to shape and influence this debate. An informal task and finish group continues to lead LGA lobbying on EU funding.

**Item 4**

The group includes members from this Board and the European and International Board. The objectives are to:

- 4.1 protect investment and maximise the take of EU funds for local areas.
  - 4.2 ensure councils are able to play a leading role in the negotiation and establishment of the new programmes.
  - 4.3 articulate and push the case from new delivery models that enable local partners to join-up EU funds with all investments in their area.
5. This paper updates on work to date, and sets out some recommendations for progressing next steps.

**Update on lobbying work**

6. Members continue to lead work in both Whitehall and Brussels to influence the progress of the EU fund negotiations, spending decisions and management arrangements. Activities for the autumn are set out in paragraphs 7 and 8:
7. Protecting investment in Brussels:
- 7.1 There will be crucial votes in the European Parliament in the autumn. In order to brief English MEPs on the detail of the case for investment in the UK and the need for sub-regional delivery model, Lead Members of the European and International Board are to lobby key MEPs, European Commission officials and partners on 17/18 September 2012 in Brussels.
  - 7.2 The European Parliament has the power of co-decision on the Structural Fund regulations, and so we are lobbying them heavily. We have successfully coordinated a common set of legislative amendments with other LGAs from across the EU, as well as having amendments tabled by Catherine Bearder MEP to try and ensure funds are more flexible and encourage local delivery.
  - 7.3 Board members may wish to arrange individual meetings with their MEPs on this issue. It will be important that there is continued demand from councils for sub-regional influence over funds. Members can call on LGA briefings for such meetings if desired.
8. Making the 'local' case in Whitehall:
- 8.1 While effective engagement in Brussels remains significant, much of the decisions on the priorities the funds will achieve, and the delivery mechanisms for achieving this, are determined in Whitehall.

19 July 2012

**Item 4**

- 8.2 To help achieve this, the LGA has worked with BIS to sponsor two local authority secondments to join the BIS team which leads for the UK on negotiating future funds. The secondees will have a dual function, to engage both councils and in Government, to help reflect the ambitions of the sector in the process for scoping out the new programmes. This is the first time we have had a “Team UK” approach to EU reforms.
- 8.3 We are lobbying for new delivery models that enable local partners to join-up EU funds with all investments in their areas, such as integrating EU funds into City Deals, into Local Enterprise Partnership strategies, and into local authority investment plans. We are currently working with a range of councils to deepen the evidence case behind approaches enabling joined-up local investments, working towards publishing a set of robust propositions in the autumn.
- 8.4 Match-funding is an issue of particular concern for central and local government. Nationally, Government is beginning to consider what national pots might be aligned to match with Structural Funds. We are progressing similar activity locally. Working with a range of councils and Government to explore what potential sources of match-funding might exist from 2014 – 2020, for instance what opportunity the localisation of business rates, Tax Incremental Financing might offer.
- 8.5 This activity will run alongside a series of future engagements with responsible ministers to discuss local authority approaches – including with Mark Prisk MP, Chris Grayling MP, and Baroness Hanham.

**Discussion and debate at the meeting**

9. Following discussion at the last Board, we have two speakers.
10. An official from BIS, the department leading the UK negotiations on structural fund reform. They will set out the latest position in the EU-wide negotiations.
11. Lorraine George is the Head of External Funding at Essex County Council and will offer insight into how the county uses EU funds on projects key to driving growth and prosperity – there was a concern expressed at the previous meeting about the capacity of councils to use the programmes.



## **Moving the Local Growth Campaign forward**

### **Purpose**

For discussion and direction.

### **Summary**

Members are asked to consider the draft programme for moving the Local Growth Campaign forward in 2012-13 and delivering the recommendations of the report presented at LGA Conference.

### **Recommendation**

That a detailed report is developed from the recommendations and comments of members at the Board.

### **Action**

To be taken forward by officers as directed by members.

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## **Moving the Local Growth Campaign forward**

### **Background**

1. The report from the first year of the Board's Local Growth Campaign was delivered at conference. Based on the council and think-tank contribution and our Town Hall debates, the report set out councils' ambition to support national economic recovery and established where more work needed to be undertaken.
2. The conference report was produced as a delivery plan for change rather than a policy orientated Green Paper. It set out ideas for delivery in a number of areas.
3. Based on our report, it is recommended that the next stage of the campaign is delivered under three broad headings:
  - 3.1 councils' ambition for growth
  - 3.2 removing barriers to local growth
  - 3.3 renewed local leadership for growth.

### **Councils' ambition for growth**

4. One of the big messages from the Board's report was the think-tank/academic evidence that UK growth can be driven through devolution and action by local partnerships.
5. We need to maintain this argument with Government to support councils' case for more devolution and to ensure continued media coverage of councils' work continues.
6. The following work is proposed:
  - 6.1 A research report which analyses the increasing economic clout of local partnerships as the devolution agenda is embedded. The report would examine, for example, the increasing ability of local partners to lever new investment as a result of current devolution (TIF, Enterprise Zones, City Deals etc) and how local partnerships will be greater players in national economic life in the future. We would want to go on to examine how further devolution to cities/sub-regions (i.e. devolution that is the norm in across Europe and the Commonwealth) would create an even more effective local engines for national economic recovery.

**Item 5**

- 6.2 We will continue to collect and publish best practice stories on local economic development and ensure that these are published on our web, provided to Board members and councils, publicised in the media and used for training and development in the sector.
- 6.3 At conference, we published a “Growth offer” to councils to set out the calls councils could make on the LGA for support and development. This will be rolled out in 2012-13. Members have already made some comments on this programme, including joining up with the District Councils Network and providing more work on sources of new finance.

**Removing barriers to local growth**

- 7. Our report to conference set out a number of areas which had been identified as barriers to local growth by councils and partners. The objective in this area is to ensure that these barriers are removed.
  - 7.1 We have called for the City Deals to be made available for any council or group of councils that has a transformational idea that can deliver growth. This message has already been delivered to ministers and we need to continue to press the case. There is a separate report on the agenda which deals with this issue.
  - 7.2 The national programmes which governed transport and skills policy were the two “big issues” that were identified as barriers to local growth. We have a number of councils who are working with us to demonstrate what further devolution of decision-making could deliver for the national growth agenda. These will form the basis of an evidence-based submission to Government in the next year which will be published at proposed “summits” with relevant ministers. We already have a commitment from the Secretary of State for Transport to hold a joint summit on devolution at which we present our findings. On the skills issues, we are developing work around services to young people - through the Hidden Talents campaign - and service to adult learners - through a secondment to the LGA from National Institute for Adult Continued Education (NIACE). We have no such commitment from Government departments for a summit on skill issues.

**Renewed local leadership for growth**

- 8. Our report examined levers for economic development which were well-established in other developed nations, but where the UK appeared to be lagging behind. As such we will concentrate on three areas where renewed national partnerships are required.

**Item 5**

- 8.1 Based on a challenge from Commonwealth LGAs and German cities, councils' role in forging relationships with foreign investors and marketing their place abroad was under-valued in national growth strategies. Whilst councils are "just doing it" in their localities, there is a need to translate into an offer to UK Trade and Investment (UKTI). Early research from a think-tank seems to show that councils could play a pivotal role in work in developing links with emerging economies. This research and evidence of successful work by councils will be developed into a clear offer from councils to support national economic recovery.
- 8.2 At our Cambridge Town Hall debate, we were challenged that the link between Higher Education and local economic development is under-developed in the UK. A report by the Institute for Public Policy Research (IPPR) to Universities UK (UUK) has also challenged university Vice-Chancellors to embrace civic leadership in the UK. Whilst much good work is already being developed in this area, we have approached UUK to develop a more detailed programme to see how the local role can be developed in comparison to other developed economies. We are proposing a launch summit in early 2013 to start this work.
- 8.3 In 2012-13, the LGA was approached by a number of large companies - through Business in the Community (BIC) to examine how localism could be developed jointly and to look at how corporate responsibility programmes could be localised. Officers are scoping this work with BIC at the moment and members' advice/views would be welcome.

**How we deliver**

9. Whilst the 2012-13 campaign is based on trying to deliver solutions to barriers to local growth rather than developing a debate on key issues with councils, our series of out-of-London Town Hall debates were popular and ensured that a range of views informed the Board's debate.
10. In order to keep the momentum generated from these debates, it is proposed that in 2012-13 we hold a series of "Town Hall Summits" to support the delivery of our programme.
11. Based on the issues set out in this report, we are committed to developing new work in the following areas: transport, young people's skills, adult skills, higher education and trade. We also need to ensure that good practice on new ways of delivering economic development is profiled.

**Item 5**

12. It is recommended that a series of “Town Hall Summits” is developed from October - March, based on the above issues to support the Board’s work.
13. As in 2012-13, these would be delivered in partnership with business, think tanks, regional associations and individual councils and we will ensure that there is a good geographical spread of venues.

## **Performance Report 2011/12**

### **Purpose**

For noting.

### **Summary**

The LGA Audit and Scrutiny Panel asked for an end of year report to go to its 30 May meeting on the priorities set out in the LGA's 2011/12 business plan, detailing delivery and impact. The section of the table relating to the Economy and Transport Board's business is attached at **Appendix A** for information.

### **Recommendation**

Members are asked to note the report.

### **Action**

No further action is required.

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Economy and Transport

2011-12 Business Plan	What we delivered	Impact	RAG
<p><b>Local Authorities are better able to influence local transport provision, thus enhancing local economic wellbeing.</b></p>	<ul style="list-style-type: none"> <li>The devolution of the £970m major work budget from DfT.</li> <li>An agreement from DfT to work with councils to resolve barriers to local economic growth originating in national transport policy.</li> </ul>	<ul style="list-style-type: none"> <li>More devolved budgets</li> <li>An agreement to a programme of future localism by DfT</li> </ul>	<p><b>G</b></p>
<p><b>Councils have a clear role in promoting economic growth, are able to articulate that role and deliver better outcomes for their local areas</b></p>	<ul style="list-style-type: none"> <li>A six-month Local Growth Campaign to highlight and help the clear ambition for councils for economic growth.</li> <li>A Hidden Talents campaign (jointly with Children's and Youth Peoples Board) identified barriers to local solutions for young unemployed.</li> </ul>	<ul style="list-style-type: none"> <li>The sector's own Green Paper on growth (to be published at LGA conference) with buy-in from business and other key partners.</li> <li>Clear local solution provided to Government to help resolve youth unemployment.</li> </ul>	<p><b>G</b></p>
<p><b>Support to councils and LEPs to take full advantage of the opportunities available</b></p>	<ul style="list-style-type: none"> <li>A programme of learning events focusing on leadership, finance and working with LEPs.</li> <li>A new on-line local economic growth community through which good practice and information on new opportunities is shared.</li> </ul>	<ul style="list-style-type: none"> <li>A demand-driven programme of support to councils on economic development in a difficult financial climate.</li> </ul>	<p><b>G</b></p>





## **Appointments to Outside Bodies – 2012/13**

### **Purpose of report**

For approval.

### **Summary**

This report details the LGA's appointment process for outside bodies and sets out a refreshed list of bodies and LGA structures to which the Economy and Transport Board is asked to appoint to for the 2012/13 meeting cycle.

### **Recommendations**

1. The Board is asked to agree the list of bodies/LGA structures to which the Board will appoint for the 2012/13 meeting cycle.
2. Members interested in representing the Board on any of the bodies/LGA structures are asked to put their names forward for consideration.

### **Action**

Appointments will be submitted to the September Economy and Transport Board for approval and to the October Executive for endorsement.

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## **Appointments to Outside Bodies – 2012/13**

### **Background**

1. The LGA currently benefits from a wide network of member representatives on outside bodies across a wide range of the LGA member structures. **Appendix A** sets out the agreed procedure for appointments to outside bodies to govern and monitor this network.

### **Review and Appointment Process**

2. All Boards are required to review their appointments on an annual basis to ensure that the aims and activities of those outside bodies remain pertinent to the LGA.
3. The review should consider feedback from members, officers and the outside bodies; reflect the abolition or creation of any bodies; and the LGA's priorities as set out in the 2012/13 Business Plan.
4. For the July meeting cycle, all Boards are required to agree a refreshed list of outside bodies/LGA structures that they will appoint to for the 2012/13 meeting cycle. Appointments will then be formally approved by each Board in September and submitted to the October meeting of Executive for endorsement.

### **Economy and Transport Board Arrangements**

5. The Economy and Transport Board's outside bodies have been reviewed through discussions with the Lead Members and the members appointed to the bodies.
6. Appointment to all existing bodies is **recommended**, with the exception of Transport Futures. On the latter, the Board has already raised concerns about the focus and value of this group. Officers have asked the group for a forward plan of its work. The group originates from the development of the Channel Tunnel and the need to ensure benefits across all of the UK. The other three UK local government associations (COSLA, NILGA and WLGA) also have seats on the group. It is **recommended** that the LGA do not take up membership in 2013-14 and that we inform the other three associations of our intent.
7. The current list of 2011/12 outside bodies is attached at **Appendix B**.
8. Members interested in being the Board's representative on any of the named bodies/LGA structures set out in Appendix B are asked to put their name forward at the meeting or subsequently in writing to the Board's Member Services Officer.

**Item 7**

9. Appointments will be made in line with the LGA Political Conventions which state that:

*“Every effort will be made to ensure that all groups recognised by the Association are fairly represented on outside bodies both numerically and in terms of the range/type of appointments made. Each Board or Panel responsible for making appointments should agree the means by which this is achieved ... Appointments to individual outside bodies should reflect political balance where possible, subject to the constraints set by the number of appointments to individual bodies.”*

10. Lead Members are asked to agree the nominations for appointment to the outside bodies for 2012/13.

**Next Steps**

11. Following the receipt of nominations and selection process via the Lead Members, the September Economy and Transport Board will be asked to formally appoint the nominated members to the refreshed list of outside bodies.
12. Once approved by the Board, this list of appointments will be submitted to the October Executive as the body responsible for overseeing all LGA appointments to outside bodies.

## Procedure for LGA appointments to outside bodies

### 1. List of Outside Bodies

- 1.1 It is the responsibility of the Boards to review the need for representation on outside bodies as part of their annual appointments process. Boards should:
- Ensure that the list of outside bodies reflects LGA priorities, both by ending appointments where these are not felt to be of value and by actively seeking representation on new organisations;
  - Evaluate both the value of the LGA's relationship with the organisation and the level of LGA influence on that body; and
  - Have consideration of when it is necessary to appoint a member representative and when an officer appointment would be more appropriate.
- 1.2 The Boards will submit a report to LGA Executive setting out their current list of outside bodies every year in October.

### 2. Political Proportionality

- 2.1 As stated in the LGA Political Conventions:

*Every effort will be made to ensure that all groups recognised by the Association are fairly represented on outside bodies both numerically and in terms of the range/type of appointments made. Each Board or Panel responsible for making appointments should agree the means by which this is achieved ... Appointments to individual outside bodies should reflect political balance where possible, subject to the constraints set by the number of appointments to individual bodies.*

- 2.2. While the Boards are responsible for ensuring appointments are made in accordance with the LGA's political proportionality, the political group offices have oversight of this process through:
- a) Considering individual appointments in the context of all appointments to outside bodies across the organisation.
  - b) Maintaining lists of members of Boards and other councillors willing to serve on outside bodies, together with details of their particular skills and experience.
  - c) Discussing nominations to outside bodies with their members at the political group meetings preceding September Board meetings.
  - d) Being kept informed of any additional appointments that arise during the course of the board cycle.
  - e) Finding a representative if a Board is unable to secure an appointment.

### **3. Appointments**

- 3.1 It is the responsibility of each Board to review their current list of Outside Body appointments. In July, each Board must approve an updated list of Outside Bodies for appointment for the forthcoming meeting cycle.
- 3.2 Appointments will be agreed by each Board at their September meeting and will be time limited – set according to the outside body's governance arrangements.
- 3.3 The Member Services PSO will then write to each organisation notifying them of the appointment.
- 3.4 Certain appointments are made centrally and appointments are also made by LGE to negotiating bodies and by the European and International Unit. While the process for making these appointments will be different, this information will be recorded on the central database and the same requirements for review and for support to members apply.

### **4. Recording information about appointments**

- 4.1 A database of existing outside body appointments will be maintained centrally by the member support team, to include:
  - Councillor details, including political party;
  - Term of Office;
  - A key contact at the organisation;
  - Any allowances or expenses paid by the outside body; and
  - Named LGA link officer.
- 4.2 The Member Services team will add details of the appointment to the notes on the appointed councillor's CRM entry and on the organisation's CRM entry.
- 4.3 The list of Outside Bodies, broken down by Board, will be published on the LGA website and details will also be added to each member's web profile. The Member Services team has responsibility for ensuring this is kept up to date.
- 4.4 This list will also include any 'member champions' – board members appointed to hold a particular portfolio area of responsibility within the LGA, for example the European and International Champions on each Board.

### **5. LGA support for members appointed to Outside Bodies**

- 5.1 Members appointed to outside bodies must receive support from LGA officers in order to maximise their contributions to outside bodies, including being kept informed of key LGA lobbying messages. Support will therefore be provided in line with the following Scrutiny Panel recommendations, agreed by the LGA in 2003:

- For each Board making appointments to outside bodies, there should be a designated LGA member of staff to oversee the appointment process for that executive, including the provision of introductory briefing for new appointees.
- A named member of staff should be appointed as the liaison person for each outside body.
- Each Board should consider the need for induction support for appointees in relation to particular outside bodies.
- Where deputies or substitute representatives are appointed, they should also be made aware of arrangements for support and report back.
- Details of any financial support from either the LGA or the outside body should be provided for all appointees.

5.2 Member Services PSO will oversee the appointment process and in most cases will be the liaison officer for outside bodies linked to their Boards; however, in certain cases it may be more appropriate for a Policy Adviser to act as the liaison.

5.3 Member Services PSOs will ensure that appointees receive a letter setting out the details of the appointment, term of office, future meeting dates, arrangements for expenses and the contact details of both the organisation's named contact and the LGA's link officer.

5.4 New appointees will receive an initial briefing on the work of the outside body and relevant LGA lobbying messages from the link officer and will also be kept informed of any arising policy issues and of other LGA contact with the organisation.

## **6. Mechanisms for feedback**

6.1 All appointees should be encouraged to provide updates to the link officer following meetings and when important issues arise.

6.2 All appointees, including non-board members, should be encouraged to feed into board 'other business' reports every 2 months. Appointees who are not board members may also wish to attend a board meeting to report back.

6.3 Towards the end of each year, all appointees will be contacted by the Member Services PSO and invited to feed back their views of the appointment, in preparation for the Boards' annual review of appointments. This should cover how many meetings they have attended, how useful they feel their role has been, whether they wish to continue and whether they have any additional support needs.

6.4 The named contact at the outside body should also be contacted annually to confirm details of attendance, provide an update on any changes and details of forthcoming meeting dates.

Appointments to Outside Bodies

Outside Body	Background	Representatives	Allowances / Expenses	LGA Contact Officer
<p><b>Motorists Forum</b></p> <p>Michael Dnes Department for Transport Great Minster House London SW1P 4DR</p> <p>0207 944 6310 <a href="mailto:michael.dnes@dft.gsi.gov.uk">michael.dnes@dft.gsi.gov.uk</a></p>	<p>The Motorists Forum is intended to be the primary regular channel through which road users and other key stakeholders from the roads and motoring sector contribute to government thinking on priorities for and performance of roads. The Forum will both have a role in helping to shape topics of current interest, and setting a longer term strategic direction for roads and motoring policies.</p> <p>LGA representative to be invited by the Chair of the Motorists Forum when an LGA perspective is sought.</p>	<p><b>1 place</b></p> <p>Cllr Neil Clarke, Rushcliffe BC (Conservative)</p>	<p>LGA will cover reasonable travel and subsistence</p>	<p>Charles Loft <a href="mailto:charles.loft@local.gov.uk">charles.loft@local.gov.uk</a> 020 7665 3874</p> <p>Eamon Lally <a href="mailto:eamon.lally@local.gov.uk">eamon.lally@local.gov.uk</a> 020 7664 3132</p>
<p><b>Bus Partnership Forum</b></p> <p>Mark Hrabí Department for Transport 55 Victoria Street London SW1H 0EU <a href="mailto:Mark.Hrabí@dft.gsi.gov.uk">Mark.Hrabí@dft.gsi.gov.uk</a></p>	<p>Brings together senior representatives from the bus industry, central and local government.</p>	<p><b>4 places</b></p> <p>Cllr Shona Johnstone, Cambridgeshire CC (Conservative)</p> <p>Cllr Tony Page, Reading BC (Labour)</p> <p>Vacancy (Liberal Democrat)</p> <p>Cllr Mike Haines, Teignbridge DC (Independent)</p>	<p>LGA will cover reasonable travel and subsistence.</p>	<p>Charles Loft <a href="mailto:charles.loft@local.gov.uk">charles.loft@local.gov.uk</a> 020 7665 3874</p> <p>Eamon Lally <a href="mailto:eamon.lally@local.gov.uk">eamon.lally@local.gov.uk</a> 020 7664 3132</p>



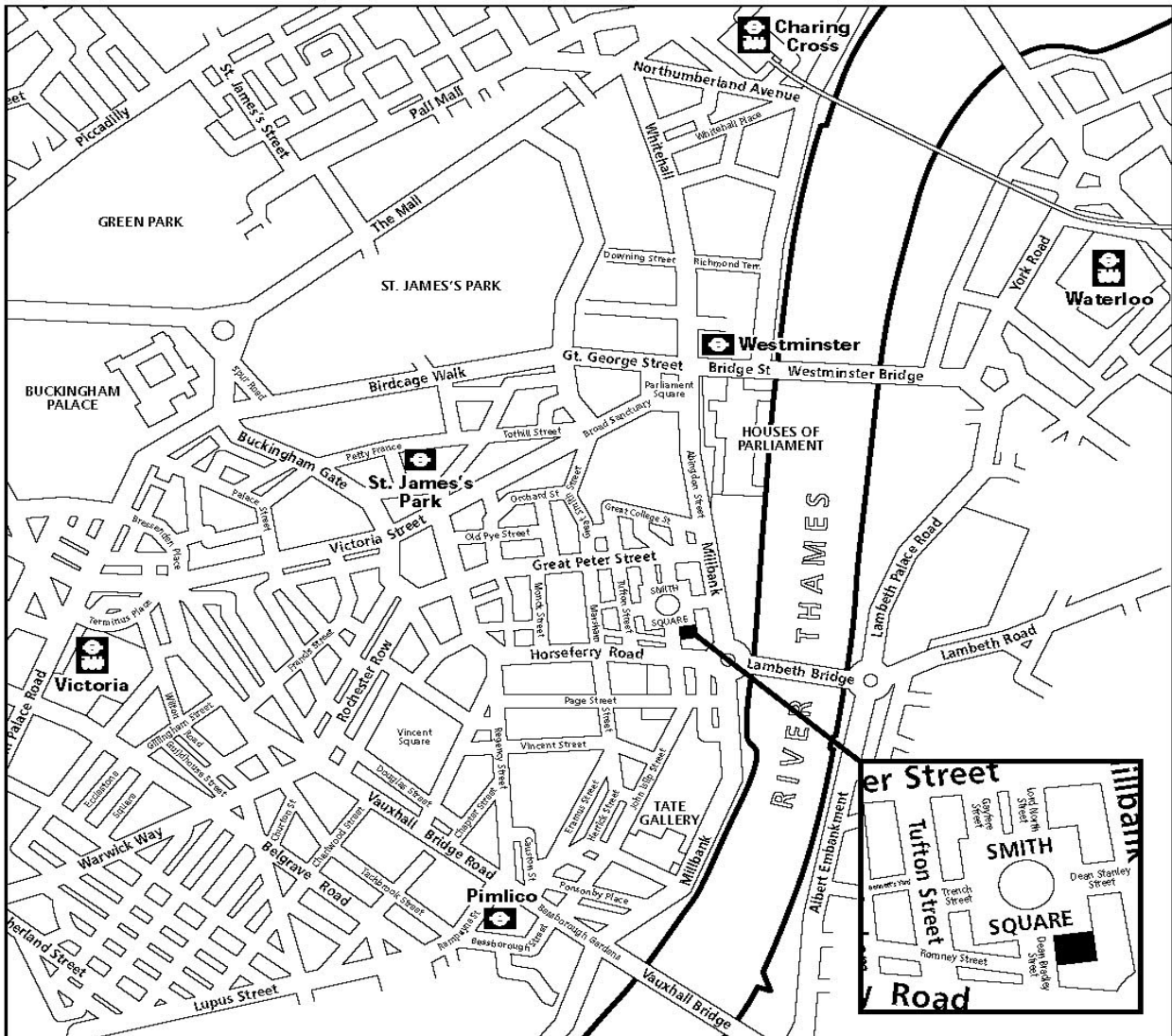
**Appointments to LGA bodies**

<b>LGA body</b>	<b>Background:</b>	<b>Representatives:</b>	<b>Allowances/ Expenses</b>	<b>LGA Contact Officer:</b>
<b>Rural Commission</b> LGA	Provides a forum in which rural authorities can discuss common issues and share good practice. It ensures the LGA considers rural needs, priorities and aspirations. It helps the LGA promote the role and interests of rural areas and their communities.	<b>1 place</b> Cllr Anne Western, Derbyshire CC (Labour)	No expenses or allowance paid	Eleanor Gasse <a href="mailto:eleanor.gasse@local.gov.uk">eleanor.gasse@local.gov.uk</a> 020 7664 3124  Virginia Ponton <a href="mailto:virginia.ponton@local.gov.uk">virginia.ponton@local.gov.uk</a> 0207 664 3068
<b>Urban Commission Steering Committee</b> LGA	Provides a forum in which urban authorities can discuss common issues and share good practice. It assists the LGA in considering urban needs, priorities and aspirations. It helps the LGA promote the role and interests of urban areas and their communities.	<b>1 place</b> Cllr Andrew Carter, Leeds CC (Conservative)	No expenses or allowance paid	Nick Porter <a href="mailto:nick.porter@local.gov.uk">nick.porter@local.gov.uk</a> 020 7664 3113  Virginia Ponton <a href="mailto:virginia.ponton@local.gov.uk">virginia.ponton@local.gov.uk</a> 0207 664 3068

**Appointments to SIGs**

<b>Transport Futures</b> Stuart Wrigley, Secretary <a href="mailto:stuart.wrigley@btconnect.com">stuart.wrigley@btconnect.com</a> 01253 727950	The Public Transport Consortium (PTC) is a Special Interest Group within the Local Government Association. The group promotes public transport issues on behalf of local authorities outside of metropolitan areas, supporting effective local decisions on public transport for the benefit of local citizens.	<b>4 places</b>  Cllr Shona Johnstone, Cambridgeshire CC (Conservative)  Cllr Heather Kidd, Shropshire CC (Liberal Democrat)  Cllr Tony Page, Reading BC (Labour)  Cllr Mike Haines, Teignbridge DC (Independent)	LGA will cover reasonable travel and subsistence	Charles Loft <a href="mailto:charles.loft@local.gov.uk">charles.loft@local.gov.uk</a> 020 7665 3874  Eamon Lally <a href="mailto:eamon.lally@local.gov.uk">eamon.lally@local.gov.uk</a> 020 7664 3132
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## LGA Location Map



### Local Government Association

Local Government House  
 Smith Square, London SW1P 3HZ  
 Tel: 020 7664 3131  
 Fax: 020 7664 3030  
 Email: [info@lga.gov.uk](mailto:info@lga.gov.uk)  
 Website: [www.lga.gov.uk](http://www.lga.gov.uk)

### Public transport

**Local Government House** is well served by public transport. The nearest mainline stations are;

#### Victoria

and **Waterloo**; the local underground stations are **St James's Park** (District and Circle Lines); **Westminster** (District, Circle and Jubilee Lines); and **Pimlico** (Victoria Line), all about 10 minutes walk away. Buses **3** and **87** travel along **Millbank**, and the **507** between Victoria and Waterloo goes close by at the end of **Dean Bradley Street**.

#### Bus routes - Millbank

**87** Wandsworth - Aldwych **N87**  
**3** Crystal Palace - Brixton - Oxford Circus

### Bus routes - Horseferry Road

**507** Waterloo - Victoria  
**C10** Elephant and Castle - Pimlico - Victoria  
**88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

### Cycling Facilities

Cycle racks are available at Local Government House. Please telephone the LGA on 020 7664 3131.

### Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone. For further details, please call 0845 900 1234 or visit the website at [www.cclondon.com](http://www.cclondon.com)

### Car Parks

**Abingdon Street Car Park**  
 Great College Street  
**Horseferry Road Car Park**  
 Horseferry Road/Arneway Street