

**Report to** Cabinet  
14 November 2012  
**Report of** Deputy chief executive (Operations)  
**Subject** City Deals

**Item**

**5**

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## **Purpose**

To advise Cabinet that the Council has been invited to submit a proposal as part of the second wave of City Deals. This report seeks authority to submit an expression of interest to the Cabinet Office.

## **Recommendation**

1. That in partnership with Broadland and South Norfolk District Councils Norfolk County Council and the Local Economic Partnership, the Council submit an expression of interest for a City Deal covering the Greater Norwich area, and
2. The Deputy Chief Executive (operations) in consultation with the Leader of the Council be authorised to agree the detail of this submission.

## **Corporate and service priorities**

The report helps to meet the corporate priority "A prosperous city"

## **Financial implications**

There are no financial implications for the City Council associated with the submission of an expression of interest.

Ward/s: All wards

Cabinet member: Councillor Arthur - Leader

## **Contact officers**

**Jerry Massey**

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## **Background documents**

None

# Report

## Background

1. The Government has recognised that cities play an essential role in the economic life of the country. In seeking to enhance and develop this role, the government has established a number of “Deals” with major urban authorities that seek to devolve from central government various powers and funding arrangements to a local level.
2. In July 2012 Government agreed the first wave of ‘City Deals’ with the eight largest cities outside London and their wider economic areas. These arrangements were bespoke to reflect the different needs of individual places, but every deal aimed to:
  - a) Give cities the powers and tools they need to drive local economic growth;
  - b) Unlock projects or initiatives that will boost their economies; and
  - c) Strengthen the governance arrangements for each city;
3. Each deal represented a genuine transaction with both cities and Government offering and demanding things in return.
4. The Wave 1 cities have been agreed on a city by city basis. The content of each deal reflects the different ambitions and needs of the city, the government wants cities to deliver innovative projects to unlock growth in the local economy. The deals or benefits with the Wave 1 cities include:-

## Access to new funding streams

- Earn Back: a new payment by result model that incentivises a city invest in growth in return for share of the national tax take
- New Development Deals: the freedom to deliver critical infrastructure through tax increment financing, borrowing against business rate income
- Economic Investment Funds: the power to pool multiple funding streams and business rate income into a single investment pot

## 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 with national funding providing a skills budget that cities control
- Outcome incentives: new models to give cities greater influence over the skills system by using incentive payments

## Greater powers and resources to drive critical infrastructure

- 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
- Localised asset management: joint investment programmes that bring

together local and national assets to unlock resources for housing development and regeneration

5. The core cities in wave 1 have pledged to create 175,000 jobs over the next twenty years and deliver 237,000 new apprenticeships

### **City Deal for the Greater Norwich Area**

6. On Monday 29 October 2012, the Government announced a second wave of 'City Deals' by inviting 20 towns and cities in England to submit proposals which will include an element of competition. There is a 3 month window to January 2013 to bring forward initial propositions that focus on a single economic issue requiring an innovative and transformative response. Those propositions that meet the Government's tests will go forward to the negotiation stage. The expectation is that final deals will be agreed by November 2013.
7. As detailed in the attached letter from the Rt Hon Greg Clark MP the City Council and New Anglia Local Enterprise Partnership have been invited to submit a City Deal for the Greater Norwich area. In doing this the council will engage with all the local authority partners in the Greater Norwich area and the submission will be made on a partnership basis.
8. Greater Norwich has been invited to participate along with the following towns and cities: the Black Country, Bournemouth, Brighton and Hove, Greater Cambridge, Coventry and Warwickshire, Hull and Humber, Ipswich, Leicester and Leicestershire, Milton Keynes, Oxford and Central Oxfordshire, Reading, Plymouth, Preston and Lancashire, Southampton and Portsmouth, Southend, Stoke and Staffordshire, Sunderland and the North East, Swindon and Wiltshire, and Tees Valley.
9. It is intended that this second wave of City Deals will build on the success of the first wave, accelerating the pace of decentralisation and unlocking new and innovative ways to drive local economic growth. In participating in the process there is no guarantee that a 'deal' will be agreed.

### **The process**

10. Each place and their Local Enterprise Partnership will be invited to put forward a landmark proposal to address a single economic challenge or opportunity which requires a transformative response. These bespoke arrangements will be complemented by a core package, consisting of measures that will devolve significant powers and functions to all cities and their wider areas that go on to negotiate a deal with Government.
11. Places are asked to submit an Expression of Interest (EOI) that describes their local growth opportunity and how they propose to address it. The emphasis of the EOI should be on clearly defining the issue and explaining how a 'deal' can unlock growth and jobs. The EOI has to be submitted by 15 January 2013, although there is provision for a draft EOI to be submitted by 30 November 2012 on which initial feedback from government will be given.

12. Support in developing propositions is available from the Cities Policy Unit in the Cabinet Office as well as the relevant BIS Local office and contact has already been established with the relevant personnel.
13. Following submission in January, the proposals will be assessed by the First Secretary to the Treasury and his team with an announcement on the successful bids made in February 2013.
14. The assessment of the initial proposals will focus on five tests:
  1. demonstrating the leading edge of the Government's general economic strategy – to reduce regulation, create well functioning markets and promote an enabling environment for business and boost private sector growth and investment;
  2. strong governance across the functional economic area so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively;
  3. ability to harness significantly greater private sector input, expertise and resources;
  4. political commitment and readiness to put resources into delivering the deal;
  5. driving efficiency in the use of public money in the area and doing more with less.
15. Over the following 3 months the Cities Policy Unit will work with the successful cities to develop detailed options on transformative proposals for consideration by an Ad-Hoc Ministerial group meeting in the period May through to July.
16. The 'City Deals' will be announced in November 2013.
17. Officers from all of the Greater Norwich authorities, together with colleagues from the LEP and the Cabinet office are preparing an expression of interest. Cabinet office guidance stipulates that a good expression of interest:-
  - Will set out clearly and evidence, with high quality data ,the significant economic problem that you intend your city deal to address
  - Will evidence why existing delivery models would not work
  - Will put forward a revised governance model that would represent a step change in cooperation across the functional economic area
  - Will put forward an idea that is genuinely innovative,
  - Will deliver more with less, commit local and private sector resources
  - Will Share risk between local and central government.
  - Will be Co- designed with the LEP and wider private sector
18. In view of the limited time available it will not be possible for the cabinet to approve the expression of interest, and therefore it is necessary for this to be undertaken

under delegated arrangements. It is proposed that the Deputy Chief Executive (operations) in consultation with the Leader of the council be authorised to submit on behalf of the Greater Norwich Area an expression of interest and to undertake negotiations on the form and nature of both the bespoke deal and the core offer for a city deal for Norwich. Officers will present the details of the process for applying for a new deal to an all Member briefing to be held on the 13<sup>th</sup> November 2012 and will engage with the cross party transformation working party on the development of the expression of interest submission.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	14 November 2012
<b>Head of service:</b>	Deputy chief executive (operations)
<b>Report subject:</b>	City Deal
<b>Date assessed:</b>	6 November 2012
<b>Description:</b>	Submission of city deal proposal

	Impact			
<b>Economic (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Finance (value for money)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	City Deals are intended to help drive efficiency in the use of public money
<b>Other departments and services e.g. office facilities, customer contact</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>ICT services</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Economic development</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This is the main purpose of a City Deal driving economic development at both the local and national level
<b>Financial inclusion</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Job creation, apprenticeships and training are core ingredients of existing City Deals
<b>Social (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Safeguarding children and adults</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Well directed economic development arising from a City Deal has the potential to produce social benefits
<b><u>S17 crime and disorder act 1998</u></b>				
<b>Human Rights Act 1998</b>				
<b>Health and well being</b>				

	Impact			
<b>Equality and diversity (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Relations between groups (cohesion)</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Eliminating discrimination &amp; harassment</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Advancing equality of opportunity</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Transportation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sustainable economic development arising from a City Deal has the potential to produce environmental benefits
<b>Natural and built environment</b>				
<b>Waste minimisation &amp; resource use</b>				
<b>Pollution</b>				
<b>Sustainable procurement</b>				
<b>Energy and climate change</b>				
<b>(Please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
<b>Risk management</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Risk assessment to form part of bid process



## Recommendations from impact assessment

### Positive

Explore opportunities for social and environmental benefits as part of any City Deal

### Negative

### Neutral

### Issues

Develop risk management as part of the bid process



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5 November 2012

### **Invitation to propose a city deal**

The announcement on 5 July that the Government had agreed City Deals with all eight of the Core Cities was received with overwhelming support from all quarters. There is a great deal of enthusiasm amongst my colleagues in Government and across the local government sector for what is seen as an empowering and transformative agenda. To build momentum, the Deputy Prime Minister and I are delighted to announce a second wave of City Deals and to invite you to participate in this process.

We would like to propose some steps to help us take this agenda forward.

City deals are a transaction between Government and cities, negotiated on the basis of ambitious asks and offers from both parties. The primary objective of the deal is to drive local economic growth. Deals will aim to give cities the powers and levers they need to drive their local economies and the space to innovate and do things in a different way. In return, Government will be looking to cities to deliver improved outcomes; to do more with less funding; to strengthen their governance; to take on greater risks; to leverage private sector input; and drive forward key Government reforms.



The second wave of city deals will differ from the first in two important ways. First, each deal will focus on one big local economic issue that requires a transformative response. This will be complemented by an ambitious core package that any city that agrees a deal with Government will have access to. The core package will include a suite of powers and tools that will be given to city regions in return for a set of asks from Government. My colleagues and I in Government will work closely with you as we develop this package.

Second, we have introduced an element of competition so that only the places that set a high bar will negotiate a final deal with Government. To kick start this process, we would like to invite you to put forward an **initial proposal by 15<sup>th</sup> January 2012**.

In your initial proposal you will need to identify a single key economic growth issue, outline how you propose to tackle it and set out the role you see for central Government in enabling you to succeed. Your approach should be informed by the principles set out in *Unlocking Growth in Cities* (December 2011). Your proposal will need to have a **clear economic rationale; be backed by a strong evidence base; and it must deliver jobs and growth through a transformative response to a real economic problem**. The proposal must include both asks of Government and offers in return so that the deal is a genuine transaction.

In developing your proposal, we would encourage you to be ambitious and to put forward transformative ideas that will have a genuine impact on local economic growth. **A deal with Government is not guaranteed**. We will only negotiate a deal with places that can demonstrate at the initial proposal stage that they are able to:

- i. make proposals for stronger and more collaborative governance in their area, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively;
- ii. include proposals for harnessing significantly greater private sector input, expertise and resources;
- iii. demonstrate strong political commitment and readiness to put resources into delivering the deal.
- iv. present proposals that are consistent with the need to drive efficiency in the use of public money in the area, doing more with less, in pursuit of our medium term goal to eliminate the deficit; and
- v. propose reforms for their area which represent the leading edge of the Government's general economic strategy – to reduce regulation, create well functioning markets and an enabling environment for business and boost private sector growth and investment.



In January 2013, the Government will select the most transformative and robust propositions to take forward. We will then work closely with those successful places to develop and negotiate a final deal over the months to November 2013.


Based on past experience, it is critical to get the right team and level of engagement in place when developing a deal. We suggest that you nominate a senior owner with strategic oversight of the issues, complemented by an individual who is able to balance this with day to day engagement. We are looking for cities to develop propositions from a thorough understanding of the challenge rather than reaching for off-the-shelf answers.

### **Next steps**

It is our intention that by early November our officials will have held initial meetings with you to explain the process in more detail. Paul Quinn from the Cities Policy Unit ([paul.quinn@communities.gsi.gov.uk](mailto:paul.quinn@communities.gsi.gov.uk)) and Ian Gregory and Lisa Roberts from BIS local ([ian.gregory@bis.gsi.gov.uk](mailto:ian.gregory@bis.gsi.gov.uk) and [lisa.roberts@bis.gsi.gov.uk](mailto:lisa.roberts@bis.gsi.gov.uk)) will be working with you in the coming months.

We hope that you will agree that this is a sensible way to take forward this work with pace and momentum.

I am copying this letter to Laura McGillvray, the Chief Executive of Norwich City Council.

*Yours sincerely*  


**RT HON GREG CLARK MP**

