



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: 5 February 2013

Report of: Stuart Roberts, Interim PUSH Executive Director

Subject: Towards a 'City Deal'

SUMMARY

Last July, the Government announced the completion of 'City Deals' with the eight largest English cities outside London which gave those cities the powers and tools they need to drive local economic growth, and to unlock projects or initiatives that will boost their economies. Portsmouth and Southampton are amongst twenty places which have been invited to submit an expression of interest in a second wave of city deals.

The negotiations on each deal will involve offers and demands from each side, but it is already clear that effective decision-making across functional economic areas is a priority for Government. Proposals from Wave Two cities will need to be a clear vision with published aims, a formal governance structure for overall decision-making and scheme delivery, a binding decision-making process, and decisions based on economic criteria with pooled resources.

In response to Government's invitation to take part in the competitive process of potentially securing a City Deal, an expression of interest (EOI) was submitted by Portsmouth and Southampton Cities plus the wider Solent area to Government on 15 February 2013. A presentation on that EOI will be made to this meeting. It is expected that areas whose submissions satisfy the Government's assessment criteria will then go forward to the next stage of negotiations and will be required to provide further details of the envisaged deal.

RECOMMENDATION

The Committee is recommended to **NOTE** the information set out in this report.

INTRODUCTION

1. In July 2012, the Government concluded 'City Deals' with the eight largest English cities outside London and their wider economic areas - Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. Three months later, the Government announced that there would be a second round of potential deals with cities – Wave Two – and invited twenty localities to register their interest in negotiating a deal.
2. This report explains the City Deal concept, the Government's assessment criteria for the wave two city deal proposals and the progress in seeking one for this area.

THE CITY DEAL CONCEPT

3. The first wave of city deals were bespoke to reflect the differing needs of individual places, but every deal aimed 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.
4. Each deal represented a genuine transaction – cities and Government offering and demanding things in return. Key components of the wave one deals included localised infrastructure funding, the development of a consolidated capital funding pot, and the development of shared approaches to underpin economic growth ambitions.
5. Twenty further places have now been invited to put forward proposals for a second wave of city deals. '*Southampton and Portsmouth*' (sic) is one of the twenty. There is an element of competition between areas in order to ensure a high level of quality, ambition and innovation in the proposals: the Government has stated that there is no guarantee of a deal for all twenty. The proposals need therefore to be ambitious, harness public and private sector resources, and demonstrate strong leadership.
6. The wave two deals will comprise a core package common to all and a bespoke element which reflects each area's identified single economic challenge/opportunity. There are no details yet of the core package as it is still being developed by Government, but this development will be done in conjunction with cities over the next few months.

EXPRESSION OF INTEREST INVITED

7. For the wave two areas that wish to have a city deal, the first stage was to submit an Expression Of Interest (EOI) by 15 January 2013. A briefing pack sent to potential wave two cities last November advises that the EOI should describe the local growth opportunity and how a deal can unlock growth and jobs.
8. The pack also set out the assessment criteria which the Government will use to evaluate the Expressions Of Interest it receives:-
 - 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.

- 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;
 - Ability to harness significantly greater private sector input, expertise and resources;
 - Political commitment and readiness to put resources into delivering the deal;
 - Driving efficiency in the use of public money in the area and doing more with less.
9. It is clear from the EOI specification and the assessment criteria, that effective decision-making across functional economic areas is a priority for Government. Creating a Combined Authority is not the only model, but the briefing pack advises that proposals will need to have a clear vision with published aims, a formal governance structure for overall decision-making and scheme delivery, a binding decision-making process, and decisions based on economic criteria with pooled resources (including business rates). It warns that “a *failure to put significant reforms on the table is likely to significantly reduce the chances of progression*”. A ‘deal’ means ‘offers’ and ‘asks’ from each side. The deals will not mean any new money, but local areas could propose how to utilise existing funding streams differently.

PORTSMOUTH AND SOUTHAMPTON

10. Following two workshops involving Members, Chief Executives and/or senior officer representatives from all PUSH authorities, the Solent LEP, New Forest and the Isle of Wight Councils, the two cities submitted an Expression of Interest (EOI) in to Government on 15 February 2013 with full endorsement from the partners listed above. If successful the two cities stand to benefit from a £1.5bn investment package that will help to unlock specific development and infrastructure sites in the two cities. This would in turn bring thousands of additional homes and jobs to the whole of the Solent area.

NEXT STEPS

11. The outcome of the Government’s assessment of the EOI submissions will be made available in mid-February. Those submissions which meet the Government’s assessment criteria (see paragraph 8 above) will go forward to the next stage of negotiations and will be required to provide a more detailed proposition. The expectation is that the final deals will be agreed by November 2013.

RECOMMENDATION

The Committee is recommended to **NOTE** the information set out in this report.

Background Papers: None

Reference Papers: City Deals – Wave Two briefing pack.

Enquiries: For further information on this report please contact:-

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