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City Growth Deals in Northern Ireland: Key Preliminary Considerations

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This Briefing Paper is prepared for the Committee of the Economy to facilitate its consideration of City Growth Deals in Northern Ireland.

Key Points:

- Any project under the City Growth Deals (City Deals) banner is to be judged on its relevance to the United Kingdom (UK) Industrial Strategy's Grand Challenges and Foundations.
- Any project seeking to secure City Deal funding, it must demonstrate how it will help Central and/or Local Government meet its commitments under the UK Industrial Strategy.
- To ensure alignment with future (official) NI industrial policies, NI City Deal project proposals should highlight how they will aim to enable economic growth and employment.
- NI is beset with inherent, complex, and interwoven economic challenges. NI's low productivity, combined with low wages, will have an impact on competitiveness going forward, and ultimately will impede economic growth.
- Now NI will also have to navigate a new economic reality post Covid 19 and Brexit, and thus will have to address both opportunities and challenges arising from that new reality.
- Any economically related Executive planning in NI (including City Deals projects) should be cognisant of these current and imminent factors.
- In order for the Committee for the Economy (the Committee) to perform its scrutiny role, details of all economic assessment methodologies for each relevant City Deal project should be made available to the Committee.
- Questions arise in relation to how City Deal projects can 'plug the gap' when funding is no longer available post Brexit.
- Front-loading and pre-allocating funds to large infrastructure projects included in some City Deals will enable them to get a 'kick start'. However, the prioritisation of these funds, may have limited stakeholders' ability to react to financial pressures in the future.
- The risk of slippage in large long-term capital projects is high. This slippage may come in the form of missing deadlines or milestones, with potential financial implications or penalties.
- Any borrowing conducted under a City Deal is the responsibility of the local authority and is to be managed within the prudential principles they are already obligated to operate under.
- To mitigate potential financial risks, robust controls should be built into a City Deal to ensure adequate oversight and management is carried out at each stage of a project or programme.
- However, it should be noted that robust controls, management, and oversight are anticipated to involve additional resource implications for local authorities and other stakeholders.

- Quarterly Performance Reports can provide vital monitoring and control functions. They chart outputs against timescales, consider agreed outcomes and outputs, and identify mitigating actions for those projects and programmes that are not operating as intended.
- If delivery of any part of the City Deal fails to meet requirements, Government funding to local authorities may be reduced or entirely withdrawn for one or more elements.
- In such a situation, the financial impact of this must be managed by the individual local authorities. This may involve the use of financial reserves or surpluses as required.

Introduction

This briefing paper is to support the Committee for the Economy (the Committee), in its consideration and scrutiny of City Growth Deals (City Deals) in Northern Ireland (NI) and the individual projects contained in them.

To facilitate the Committee in that regard, section 1 of this paper provides background information explaining the UK Government's underlying rationale for introducing the City Deals project, including its relevance to the UK Industrial Strategy.[1]

Section 2 provides contextual background information and economic information about NI, including challenges arising from certain intrinsic weaknesses in the NI economy.

It is important to note that at the time of writing, it is premature to estimate the scale of the impacts arising from the Covid 19 crisis on NI's economy. There are indications suggesting a severe downturn in employment and economic growth. However, the full extent remains to be seen. The same could be said in relation to Brexit. In due course, the Committee may wish to revisit the economic impacts of these on City Deals in NI.

Section 3 presents an overview of UK City Deals since the project's inception, including those in NI.

Section 4 provides detail on some of those projects, outlining comparative information on City Deals in Great Britain (GB). This includes case studies of key City Deals in Scotland and Wales, as their experience is more relevant to NI given their scale and current devolution arrangements across the UK. Information on English City Deals is provided in Annexes 1 and 2 of the Paper.

Section 5 presents concluding remarks and highlights key considerations for the Committee, drawing on the research undertaken to date for this Paper.

Potential points for consideration are highlighted in blue boxes throughout the paper, aiming to support the Committee in its scrutiny role.

[1] Department for Business, Energy and Industrial Strategy (2017) *Industrial Strategy: Building a Britain fit for the Future*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

1 What are City Deals?

This section outlines key aspects of the UK Government's underlying rationale for the UK City Deals project: the legal and economic bases are set out below.

1.1 City Deals: Legal

City Deals are bespoke packages of funding and decision-making powers negotiated between Central Government and local authorities.[2] The legal basis for City Deals is Central Government devolving power to local government, thus making local politicians more accountable for decision making processes in their communities.

The *Localism Act 2011* (the 2011 Act) paved the way for City Deals. The legislation devolved decision making powers Local Government. Part 1, Chapter 4 of the 2011 Act transfers and delegates 'local public functions' to 'permitted authorities'.[3] The 2011 Act offers local authorities the opportunity to submit plans to Central Government to promote economic growth locally. If successful, local authorities are invited to negotiate deals with Central Government, for greater local autonomy over financial and planning matters.

This notion of local/regional devolution was formally introduced by the UK Government in its consultation document *Unlocking Growth in* Cities.[4] That document specifically outlined the creation of and function of City Deals, by stating:

> *The Coalition Government will be working with different cities over the coming months to agree a series of tailored 'city deals'. These will consist of new powers for cities, enabling civic and private sector leaders to influence the key decisions that affect their economic competitiveness; and/or innovative projects to unlock growth in each area.* [5]

1.2 City Deals: Economic

The economic rationale centres around the UK Government promoting a range of measures and projects designed to increase the skills, productivity, and competitiveness of each city region, and thus ultimately encourage greater economic growth and prosperity. The validity of each project is measured against certain economic challenges and foundations, as specified in the UK Industrial Strategy. It is also important to note that the majority of City Deals involve the wider regions around

[2] House of Commons Library (2017) *Briefing Paper 7158. City Deals*: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07158
[3] Localism Act 2011: http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/4/enacted
[4] Cabinet Office (2011) *Unlocking Growth in Cities*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7523/CO_Unlocking_20GrowthCities_acc.pdf
[5] Cabinet Office (2011) *Unlocking Growth in Cities*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7523/CO_Unlocking_20GrowthCities_acc.pdf

the city areas and are essentially regional in nature. This is particularly relevant in Scotland and Wales.

Relevance to the UK Industrial Strategy

To be successful, all City Deals projects must have regard to and demonstrate relevance to, the current UK Industrial Strategy. Published in 2017, the UK Industrial Strategy aims to coordinate a wide range of policies, which aim to tackle four economic *Grand Challenges* and strengthen five economic *Foundations*.[6]

The 4 Grand Challenges for the UK economy are:

1. **AI and data –** The importance of data to the economy, and the increasing prevalence of AI provide an opportunity for the UK's high skilled economy to become a world leader in these fields;
2. **Mobility –** The opportunities presented by modernising the transport network and infrastructure are great. This includes improving the connections between cities, encouraging the growth of electric vehicles, and ensuring automation can be adopted safely;
3. **Clean growth –** Ensuring that the UK is able to continue the move towards a less carbon reliant economy with the adoption of 'clean' technology across the economy; and,
4. **Ageing society –** A rapidly aging society poses a number of health and labour market challenges across the UK economy.

The 5 Foundations of the UK Government's economic policy are:

1. **Ideas** (R&D, innovation);
2. **People** (skills and education);
3. **Infrastructure** (broadband, energy, transport);
4. **Business environment** (support for specific sectors and SMEs); and,
5. **Places** (tackling regional disparities).

Key Consideration:

Any project under the City Deals banner is to be judged on its relevance to the above Grand Challenges and Foundations.

Table 1 below presents a summary of key themes and commitments emerging from the UK Industrial Strategy (the Strategy), which are relevant to discussion on City Deals in NI. The relevant page number from the Strategy document is included in the table for ease of reference.

[6] Department for Business, Energy and Industrial Strategy (2017) *Industrial Strategy: Building a Britain fit for the Future*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

Table 1: Summary of the Key Elements of the UK Government's Industrial Strategy[7]

Policy/Foundation/ Challenge	Page	Industrial Strategy Commitment
Foundation: Ideas (R&D, Innovation)	11	Raise total research and development (R&D) investment to 2.4% of GDP by 2027. Increase the rate of R&D tax credit to 12 %. Invest £725 million (m) in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.
Foundation: People (Skills and education)	11	Establish a technical education system that rivals the best in the world. Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering, and maths (STEM) skills. Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training.
Foundation: Infrastructure (Broadband, energy, transport)	11	Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing, and digital infrastructure. Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant. Boost UK digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks. Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank. Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms.
Foundation: Business environment (Support for specific sectors and SMEs).	6	Launch and roll out Sector Deals -partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, Artificial Intelligence (AI) and the automotive sector.
Foundation: Places tackling regional disparities	16	Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions. Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind.
Grand Challenge: Growing the Artificial Intelligence	38	Invest £45m to support additional PhDs in AI and related disciplines, increasing numbers by at least 200 extra places a year by 2020-21, aiming to expand the numbers in UK universities year-on-year into the next decade.

[7] Table produced by RaISe using information from: Department for Business, Energy and Industrial Strategy (2017) *Industrial Strategy: Building a Britain fit for the Future*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

(AI) & Data-Driven Economy.		
Grand Challenge: Clean Growth	46	Invest £162m in innovation for low carbon industry and developing a new strategy for the bioeconomy. The UK will work with industry to stimulate further market investment in clean and efficient technologies and process, including through all manufacturing Sector Deals, and through developing a new scheme to support investment in industrial energy efficiency.
Grand Challenge: Clean Growth	50	Establish a new £400m Charging Infrastructure Investment Fund (£200m from the government to be matched by private investors). £100m new funding for the plug-in car grant; £40m R&D funding (matched by industry) for new charging technologies including on-street and wireless projects; and a commitment that the government will lead the way, making 25% of all cars in the Central Government department fleet ultra-low emission by 2022.
Foundation: Ideas: R&D innovation	72	Capture more value from our ideas and innovations, by creating UK Research and Innovation, which will invest around £8bn per annum by 2020 in the highest-quality research and innovation across the UK.
Foundation: People (Skills and Education)	94	Deliver three million apprenticeship starts by 2020. Invest an additional £406m in maths, digital and technical education, helping to address the shortage of STEM skills. Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training.
Foundation: Infrastructure (broadband, energy, transport)	128	Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing, and digital infrastructure. Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant. Boost the UK's digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks.
Foundation: Places tackling regional disparities	216	Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities. Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions.

Key Consideration:

For any project seeking to secure the above City Deal funding, it must demonstrate how it will help Central Government meet its above commitments.

1.2.1 Local Industrial Strategies

In order to avail of the funding and devolved powers available under the City Deals scheme, local authorities must produce their own local Industrial Strategies: [8]

Every region in the UK has a role to play in boosting the national economy. We will build on the strong foundations of our city, growth and devolution deals and continue to work in partnership with local leaders to drive

[8] Department for Business, Energy and Industrial Strategy (2017) *Industrial Strategy: Building a Britain fit for the Future*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

> *productivity. We will introduce Local Industrial Strategies and further strengthen local leadership through Local Enterprise Partnerships and Mayoral Combined Authorities.*

Local industrial strategies are generally intended to connect and integrate growth policies at a local level, identifying economic strengths, weaknesses, and opportunities, as well as how and where each can be addressed or built upon.

Key Consideration:

Local industrial strategies are to tackle many of the issues that a national strategy does not or cannot; they plug the gap.[9]

In January 2017 (just prior to the fall of the NI institutions), the NI Department for the Economy (DfE) produced a Draft Industrial Strategy, which also should be considered during discussion on the City Deals in NI (see section 2 below).

2 NI Context

Any project within a NI City Deal, will need to consider the economic environment that NI is currently operating in. It also will need to ensure it aligns with the current UK Industrial Strategy, produced by Central Government and any local industrial strategy.

This section focuses on the DfE Draft Industrial Strategy, albeit not an official NI policy at this time. However, it currently provides the best indication of what a future NI Industrial Strategy may look like. In this context, any City Deal in NI should be at least cognisant of the Draft's strategic priorities.

To aid consideration, this section also highlights key challenges for the NI economy, using several economic indicators, such as productivity, growth, and wages.

2.1 NI DfE Draft Industrial Strategy

The 2017 DfE Draft Industrial Strategy[10] echoes the NI Executive's 2012 Economic Strategy, with some subtle strategic priority changes, as explained below.

Overall, the DfE Draft Industrial Strategy has retained the 2012 Economic Strategy's focus on: research, development, and innovation; skills and employability; growth; global competitiveness; and, improving infrastructure. But the pillars for growth have been redrafted to introduce some changes. For example, the 2012 Economic Strategy's focus on 'business growth' becomes 'driving inclusive, sustainable growth' in

[9] Localis (2018) *Delivery of a Local Industrial strategy*: https://www.localis.org.uk/wp-content/uploads/2018/03/016_Localis_IndustrialStrategy2018_WEB_AWK_REV.pdf

[10] Department for the Economy (2017) *Economy 2030: A consultation on an Industrial Strategy for Northern Ireland*: https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf

the DfE Draft Industrial Strategy. This change appears to reflect the Draft Strategy's vision of 'a globally competitive economy that works for everyone'.

The Draft Strategy presents the following *5 Pillars* for economic growth in NI:

1. Accelerating Innovation and Research;
2. Enhancing Education, Skills and Employability;
3. Driving Inclusive, Sustainable Growth;
4. Succeeding in Global Markets; and,
5. Building the Best Economic Infrastructure.

Key Consideration:

To ensure alignment with future (official) NI industrial policies, it seems reasonable that City Deal project proposals highlight how they will aim to enable growth under these pillars.

Competitiveness - New Measure

The DfE Draft Industrial Strategy also introduces a new measure of overall success. NI's global competiveness will be measured using the *Competiveness Scorecard*[11], which has been developed by the DfE's Economic Advisory Group and the Ulster University Economic Policy Centre (UUEPC).

The Competitiveness Scorecard benchmarks NI's competitiveness relative to a range of European and OECD countries over the most recent five-year period across more than 150 indicators.[12] Results show that NI's competitiveness performance has improved slightly over the last 5 years, but remains below average for the countries analysed.

NI's relative competitiveness in each element of the Competitiveness Scorecard shows that: NI's business environment, quality of life and business performance pillars score most highly; and, productivity, employment and labour supply and macro and fiscal are the lowest scoring.

2.2 Economic Indicators

Productivity

The results of the Competitiveness Scorecard provide an indication of the scale of the challenge facing NI across a large range of economic indicators, particularly measures of productivity, the UUEPC states:

[11] UUEPC (2016) *Competiveness Scorecard for Northern Ireland*: https://www.ulster.ac.uk/__data/assets/pdf_file/0005/181436/UUEPC-Northern-Ireland-Competitiveness-Report-2016.pdf

[12] Revisions to take account of NI specific factors, including an NI perspective, a sectoral consideration and a more in-depth assessment of quality of life indicators in line with global competitiveness research.

Productivity is a significant driver of the overall level of competitiveness as the weakest of the elements contained within the Scorecard, growing productivity will be a key policy challenge.[13]

Research indicates that low productivity has been a persistent and sector-wide problem for the NI economy.[14] The DfE Draft Industrial Strategy stresses the importance of improving NI productivity, stating:

A key long-term indicator of our competitive position is, and will continue to be, productivity. [15]

In 2011, the Treasury gave the following explanation of NI's poor productivity. It stated:

Low productivity is largely due to under-representation of high productivity sectors in Northern Ireland, including finance and business services. Northern Ireland tends to be overrepresented compared to the UK average in low productivity sectors such as agriculture and food processing.[16]

The Treasury view NI's poor productivity performance as a result of the structure of the NI economy, i.e. the lack of high productivity employment and an over reliance on low productivity jobs in agriculture and the services sector.

NI's productivity is consistently below the UK level. The UK itself is below also below the G7 countries average.[17] This means NI is a low productivity region, within a country that performs poorly against comparator economies.

An overarching aim of the previous NI Executive Economic Strategy and the current DfE Draft Industrial Strategy is to increase productivity. This is to be achieved through a range of innovation, skills, Foreign Direct Investment (FDI), growth and economic infrastructure actions.

Economic Growth

Gross Value Added (GVA) is widely acknowledged as the preferred measure of economy activity.[18] Similar to Gross Domestic Product (GDP), GVA excludes the impact of taxes and subsidies.

[13] UUEPC (2016) *Competiveness Scorecard for Northern Ireland*: https://www.ulster.ac.uk/__data/assets/pdf_file/0005/181436/UUEPC-Northern-Ireland-Competitiveness-Report-2016.pdf

[14] RaISe (NIAR 414-16) *The Executive's Forthcoming Revised Economic Strategy for Northern Ireland*: http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/economy/8116.pdf

[15] Department for the Economy (2017) *Economy 2030: A consultation on an Industrial Strategy for Northern Ireland*: https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf

[16]HM Treasury (2011) *Rebalancing the Northern Ireland Economy*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/81554/rebalancing_the_northern_ireland_economy_consultation.pdf

[17] ONS (2018) *International Comparisons of Productivity*: https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/internationalcomparisonsofproductivityfirstestimates

[18] UUEPC (2018) *Outlook – Winter* 2018 : https://www.ulster.ac.uk/__data/assets/pdf_file/0016/254005/UUEPC_Outlook_Winter2018_FINAL.pdf

GVA data show that the NI economy has returned to growth since the recession of 2008. However, forecast data from 2018 show the NI economy growing at a slower rate than other regions within the UK.[19] Since the lockdown restrictions due to Covid 19 forecasting current and future economic growth is challenging. In this regard the UUEPC state:[20]

> *Estimating the economic impact of COVID-19 is a moveable feast at present, as forecasters assess the potential impact based on very limited economic data.*

Table 2 below highlights the variety of current **negative** economic growth forecasts for countries around the world, due to the Covid 19 related lockdown.

Table 2: COVID-19 Economic impact estimates

Country	Equivalent annual % decline in GDP	Source
UK	6%	Deutsche Bank
	5%	Morgan Stanley
	4%-8%	PwC
US	8.25%	Goldman Sachs
Germany	2%-5%	IfO Institut
RoI	7.1%	ESRI
	7.3%	EY
	8.3%	Central Bank of Ireland
NI	6.7%	EY

Source: UUEPC 2020

Low /Wages

NI's median weekly earnings are consistently lower than those of the rest of the UK, with a gap of £50.30 per week between NI and the average for the UK in 2019.[21] Table 3 shows NI's relatively low wages from 2015 to 2018.

Table 3 : Full-time Employees Annual Pay (£)

Country	2015	2016	2017	2018
UK	27,615	28,195	28,759	29,559
England	27,841	28,496	29,083	29,856
Scotland	27,687	27,925	28,335	29,289

[19] UUEPC: https://www.ulster.ac.uk/__data/assets/pdf_file/0016/254005/UUEPC_Outlook_Winter2018_FINAL.pdf

[20] UUEPC (2020) *Economic Consequences of COVID 19 in Northern Ireland*: https://www.ulster.ac.uk/__data/assets/pdf_file/0005/550166/UUEPC-Economic-Consequences-of-COVID19-090420.pdf

[21] ONS (2020) *Employee earnings in the UK: 2019* :https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019

Wales	24,869	25,440	26,026	26,353
NI	25,978	25,935	25,935	27,101

Source: ONS Annual Survey of Hours and Earnings 2019

2.3 Summary: Economic Challenges

Back in 2011, at the time of the first City Deals in GB, the Treasury presented the following, rather bleak, analysis of the NI economy:

> *[NI] has some long-standing weaknesses such as the low productivity and low employment rates and an underdeveloped private sector which present significant challenges for the future.*[22]

The DfE Draft Industrial Strategy is more optimistic about NI's future economic development. It states:

> *Northern Ireland has emerged from the deepest downturn in living memory and begun the process of rebalancing our economy. Unemployment has fallen, economic inactivity is down, exports are growing, tourism visitor numbers and spending are on the increase and innovation expenditure is rising.*[23]

Key Considerations:

1. NI is beset with inherent, complex, and interwoven economic challenges. It seems NI's low productivity, combined with low wages, will have an impact on competitiveness going forward, and ultimately will impede economic growth.

2. NI will also have to navigate a new economic reality post Brexit and Covid 19, and thus will have to address both opportunities and challenges arising from that new reality.

3. Any economically related Executive of Local Government planning in NI should be cognisant of these current and imminent factors.

3 An Overview of UK City Deals

This section gives a summary of City Deals across the UK. Negotiations for the first set of City Deals (known as the 'first wave') took place between 2012 and 2013 and involved English local authorities only. The 'second wave' also concerned only English

[22] HM Treasury (2011) *Re-Balancing the Northern Ireland Economy*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/81554/rebalancing_the_northern_ireland_economy_consultation.pdf

[23] Department for the Economy (2017) *Economy 2030: A consultation on an Industrial Strategy for Northern Ireland*: https://www.economy-ni.gov.uk/sites/default/files/consultations/economy/industrial-strategy-ni-consultation-document.pdf

authorities. Negotiations for these deals took place between 2013-2014. Thereafter, the local areas in the rest of the UK were invited to negotiate deals.

3.1 English Deals: First Wave (2012-2013)

The first wave of City Deals was launched in 2012, covering eight of the largest cities in England (outside London). Details of the first City Deals wave are available in the Cabinet Office publication *Unlocking Growth in Cities: City Deals – Wave 1.*[24] The UK Government forecasted that first wave would create 175,000 jobs and 37,000 new apprenticeships over the next 20 years.[25]

See Annex 1 for a summary of the key elements of the first wave of English Deals.

3.2 English Deals: Second Wave (2013-2014)

In October 2012, as part of the second wave of City Deals, the UK Government invited 20 cities and their surrounding areas to compete for the opportunity to negotiate a City Deal.

See Annex 2 for a summary of the key elements of the second wave of English Deals.

3.3 Scottish and Welsh Deals 2014 - present

In 2014, Glasgow and the Clyde Valley became the first non-English area to negotiate a City Deal. Details of the Glasgow deal are presented in Part B below. Note that in Scotland, the term 'City Region Deal' is used instead of 'City Deal'.

Table 4 below presents a summary of key elements of agreed Scottish and Welsh deals negotiated from 2014 onwards.

Table 4: Scottish and Welsh City Deals since 2014[26]

Lead Authority and Partners	Summary
Aberdeen	In February 2016 the Aberdeen City Region Deal *Powering Tomorrow's World* was agreed between the UK and Scottish Governments in conjunction with Aberdeen City Council, Aberdeenshire Council and Opportunity North East (ONE), a private sector body which replaced the Ascef, the economic development agency for the north east of Scotland in December 2015.

[24] Cabinet Office (2012) *Unlocking Growth in Cities. City Deals Wave 1:* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/221009/Guide-to-City-Deals-wave-1.pdf

[25] Cabinet Office (2015) *2010 to 2015 government policy: City Deals and Growth Deals*: https://www.gov.uk/government/publications/2010-to-2015-government-policy-city-deals-and-growth-deals/2010-to-2015-government-policy-city-deals-and-growth-deals#appendix-3-city-deals---wave-2

[26] Table produced by RaISe using information taken from: House of Commons Library (2017) *Briefing Paper 7158. City Deals*: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07158

Cardiff	On 15 March 2016, the Cardiff City Region Deal was agreed between the UK and Welsh Governments and 10 local authorities in Wales. See sub-section 4.1 of this Paper for more details.
Inverness and Highland City	On 22 March 2016, the Inverness and Highland City Region Deal was agreed between the UK and Scottish Governments and the Highland Council. The Deal included a commitment of £315m of public funds, composed of £53.1m from the UK Government, £127m from The Highland Council and its regional partners and £135m from the Scottish Government, all over a 10-year period. The Deal aims to secure a further £800 m in private sector funding, create 1,125 direct jobs and support the creation of a Northern Scotland Innovation Hub.
Edinburgh and South East Scotland Midlothian, East Lothian, West Lothian, Scottish Borders, and Fife.	In a written statement on 20 July 2017, the Secretary of State for Scotland, announced that an agreement had been reached between the UK and Scottish Governments on the terms of the Edinburgh and South East Scotland City Deal. The Deal is based on a joint investment from the UK and Scottish Governments of £600m over a period of 15 years, combined with an investment of £501m from regional partners, including local authorities and universities. The Deal aims to create 21,000 jobs in the area.

Other deals are currently under negotiation. These include Tayside, Stirling and Swansea.

3.4 NI City Deals: Current position

Belfast

On 22 November 2017, the UK Government's Autumn Budget statement announced the following:

> *Upon restoration of a Northern Ireland Executive, the government will open negotiations for a city deal for Belfast as part of the government's commitment to work towards a comprehensive and ambitious set of city deals across Northern Ireland to boost investment and productivity.*[27]

The Belfast City Deal aims to deliver job creation in the region by investing in infrastructure, innovation, and skills. The Deal is to be managed by a *Programme Board,* encompassing the Chief Executives of the six Council partners; and supported by a Joint Forum involving Councillors from all the City Deal partners.

Following the November 2017 Budget Statement, Belfast City Council and partners began developing a Belfast City Region Industrial Framework. To inform the development of the Framework, there have been direct discussions with local partners and officials from the UK Ministry of Housing, Communities & Local Government, the NI Department for the Economy, and the NI Department for Infrastructure**.**

Table 3 below presents a summary of key elements of the Belfast City Growth Deal.

[27] HM Treasury (2017) *Autumn Budget 2017*: https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017

Table 3: Belfast City Growth Deal[28]

Lead Authority and Partners	Summary
Belfast City Council Antrim and Newtownabbey Borough Council Lisburn & Castlereagh City Council Mid & East Antrim Borough Council Ards and North Down Borough Council Newry Mourne and Down Borough Council	**Regeneration and place-making powers** A single regeneration body at a city level to enable better place-making decision-making with investors wanting one point of contact. A single approach to public sector land, agreed major regeneration programmes and a potential enterprise / special action zone to encourage further development.
	Targeted support Focussed skills and employment support should be available for: • young people; • vulnerable residents; and, • those furthest from the labour market. Belfast needs to engage more with local businesses to support skills and innovation and help local SMEs in developing and exporting high-value products.
	Improve transport integration An integrated transport hub in Belfast is critical to decrease congestion and will lead to more people using public transport. Better transport connections are needed with Dublin to maximise the economic corridor between Belfast, Newry, and Dublin, and onwards to Derry / Londonderry.
	Alternative financing platforms There is a need to look at alternative financial platforms with potential for a formal finance and performance-based partnership between councils, the Executive and Treasury. This could include the ability to use innovative financing mechanisms available in other cities such as Land Value Capture or earn-back rates growth schemes. Councils may also be able to borrow more and co-invest in regeneration schemes over a longer period.

In March 2019, the Secretary of State for NI signed the Heads of Terms for the Belfast City Deal, alongside the Belfast City Regional Deal partners and the NI Civil Service.

In February 2020, during an evidence session to the Committee, the Minister for the Economy stated:[29]

> *The Department's responsibility for city deals is in the areas of innovation, digital, skills and tourism. Not everything in a city deal comes to the Department, but those are the areas for which we will have responsibility.*

[28] Table produced by RaISe in 2020, using information from : Belfast City Council (2018) *City Growth Deal*: http://www.belfastcity.gov.uk/buildingcontrol-environment/regeneration/city-growth-deal.aspx

[29] Committee for the Economy Meeting 5 February 2020 Oral Evidence : http://aims.niassembly.gov.uk/officialreport/minutesofevidencereport.aspx?AgendaId=21075&eveID=11555

And:

> *It looks like there will be £850 million for the Belfast region city deal, with £350 million from the UK Treasury. That is very significant. We have not received any outline business cases yet, but we expect to receive one for the Belfast region city deal from mid-February/end of February onwards.*

During the same evidence session, the DfE Permanent Secretary stated:

> *We need complete transparency on the accountability of spending on this. There are various models out there for city deal proposals. For example, the idea that the money flows through the Department and just goes out to the councils and they can spend it, without the Department having an oversight or approval role, is a bit of a concern. We need to work with colleagues in the Department of Finance to make sure that we have a very transparent system of approvals and accountability to the Assembly on where the money goes.*

The official went on to state:

> *Duplication is a similar issue, where you have projects in one city deal initiative that are replicated elsewhere. We could end up with centres of excellence and a whole raft of things, all over the place, which do the same thing and just displace each other.*

Key Considerations:

The Committee may wish to ask the DfE the following:

1. Has the DfE developed arrangements for measuring the impact of the projects under which it has responsibility? If so, can it share the methodologies for measuring this impact with the Committee?

2. Has it received any of the outline business cases? If so, can it provide an update on these, for the Committee, including details of any additional financial burdens in this regard?

3. Have any discussions taken place between the DfE and the Department of Finance (DoF) in terms of funding arrangements for projects in the Belfast Deal that are under the DfE's responsibility?

4. Can the DfE outline any medium- and long-term financial plans detailing how it will fund the projects under its areas of responsibility?

5. What arrangements have been put in place to mitigate against duplication of projects across the region?

6. Is the DfE working collaboratively with Belfast City Council and its partners to monitor this situation going forward?

Derry/Londonderry and Strabane

In September 2015, the NI Assembly passed a Private Member's motion proposing a City Deal for the North West of NI. The motion stated:

> *[that the NI Assembly] …calls on the Executive and the north-west ministerial subgroup to join in scoping a city deal for the north-west and encourages their best engagement to this end with the UK Treasury.*[30]

In October 2017, the Derry City and Strabane District Council completed an *Inclusive Strategic Growth Plan.* The plan outlines key projects to increase economic activity in the region. The projects contained in the plan will form part of the deal. These include the following:

- Expansion of the Ulster University Magee Campus and North West Regional College to 9,400 students;
- A2 Buncrana Road Economic Corridor; and,
- Regeneration schemes in both Derry City Centre and Strabane Town Centre.

It is proposed that these projects, if delivered, would provide an additional 12,000 new jobs for the city and region, generate over £500m of additional GVA, deliver £100m additional tax revenue, and provide over £200m additional wages to the local economy on an annual basis.[31]

In relation to the Derry/ Londonderry City Deals in Minister for the Economy stated:

> *City deals are a really important opportunity to leverage in other money for very important projects in the regions. The Derry City and Strabane city deal is a £200 million ambition, with £55 million from the UK and an additional £50 million from the inclusive future fund. We need to look at how that is augmented from local funds here and the council in the region. Some progress has been made on that.*

Key Considerations:

The Committee may wish to ask the DfE the following:

1. **Has it received any details of the economic assessment methodology used to forecast the above job creation, economic growth (GVA), tax revenue and additional wages targets?**
2. **If so, will it share these with the Committee?**

[30] NI Assembly (2015) *City Deal for the North West*: http://aims.niassembly.gov.uk/officialreport/report.aspx?&eveDate=2015/09/29&docID=244306#1552161

[31] Derry City & Strabane (2018) *City Deal*: http://www.derrystrabane.com/Your-Council/News/City-Deal

Other NI City Deals are currently being prepared prior to funding negotiations with the UK Treasury. In relation to these deals, the Minister for the Economy stated the following:

> *For the mid, south and west region, which involves Omagh, Fermanagh, Mid Ulster and ABC councils, there is no figure yet in relation to the overall target, but there is £135 million for that huge area from the UK Treasury. There is no overall figure yet for Causeway Coast, but £35 million has been promised from the UK Government.*

It would appear that these deals are still at an early stage in their development.

4 Cardiff and Glasgow City Deals: A Comparative Perspective

This section presents case studies of 2 City Deals currently in operation in Wales and Scotland, namely, Cardiff, and Glasgow. The information is extracted from the official City Deals Reports and relevant Council Meeting Minutes.

Each case study is presented using the following structure:

- Deal Overview:
- What Does the Deal Include?
- What obligations does the Deal Create? and,
- Governance arrangements.

4.1 Cardiff Capital Region[32]

4.1.1 Deal Overview

The Cardiff City Deal was brokered by Cardiff Capital Region (CCR) and is the largest in Wales. The Deal involves an Investment Fund of £1.2bn to be used on a range of projects over a 20-year span. These projects will be rolled out across the ten local authorities, which comprise the CCR. The CCR is the largest city-region in Wales, accounting for roughly half of the total Welsh economic output and half of total employment in Wales.

The ten local authorities involved in the Deal are:

- Blaenau Gwent;
- Bridgend;
- Caerphilly;

[32] http://www.cardiffcapitalregioncitydeal.wales/

- Cardiff;
- Merthyr Tydfil;
- Monmouthshire;
- Newport;
- Rhonnda Cynon Taff;
- Torfaen; and,
- Vale of Glamorgan.

The intention is that the CCR Deal will encourage at least £4 bn of additional investment from local partners and private sector businesses over the 20-year period, whilst generating up to 25,000 new jobs.

The UK and Welsh Governments are each contributing £500m to the Fund, with the Welsh Government's contribution to be made in the first 7 years. It is expected that the ten local authorities will contribute a combined total of £120m over the 20-year fund lifespan. The other public sector contributor is to be the European Regional Development Fund (ERDF), which has committed to delivering £100m to the City Deal.

The UK Government has pledged to create a UK Shared Prosperity Fund (UKSPF) to replace ERDF funding post Brexit. In relation to this, the 2017 UK Industrial Strategy stated:

> *We will ensure that local areas continue to receive flexible funding for their local needs. Following the UK's departure from the European Union, we will launch the UK Shared Prosperity Fund. We intend to consult next year on the precise design and priorities for the fund.*

And:

> *We have committed to guarantee funding for any project signed while we are in the EU, even if it continues after we have left, so long as the project provides good value for money and aligns with domestic priorities.*[33]

In relation to the UKSPF, the Welsh First Minister stated:[34]

> *A UK Government "shared prosperity fund" approach would be a direct attack on devolution and would risk depriving some of our most disadvantaged communities of the funds they need to develop economically. This would be contrary to the UK commitment that leaving the EU would not leave Wales worse off.*

At the time of writing, the consultation on the UKSPF has not been published, and a report in April 2018 by the UK Work and Pensions Committee describes the future of

[33] Department for Business, Energy and Industrial Strategy (2017) *Industrial Strategy: Building a Britain fit for the Future*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

[34] Welsh Government, Written Statement - Reforming UK fiscal and funding arrangements after Brexit, 17 July 2018.

the UKSPF as 'uncertain'. It states that there is 'still much detailed design work to be done on it'.[35]

Key Considerations:

The UK Government has guaranteed funding for all projects approved before the UK exits the EU, enabling projects to deliver until 2023.[36]

But how will the CCR 'plug the gap' when this funding is no longer available post Brexit?

4.1.2 What Does the Cardiff Deal Include?

Increased Financial Flexibility

The ten local authorities within the CCR have requested greater financial flexibility and independence. Part of the Cardiff Deal will be discussions between the Welsh Government and the CCR on a number of potential adaptations to current fiscal frameworks, such as:

- Devolution of business rate income above a predetermined baseline to provide funding for the CCR;
- The ability for the councils to levy an infrastructure supplement;
- The authority for the use of wider finance sources; and,
- The removal of some conditions which are presently attached to some specific Welsh Government grants, to allow for funding to be pooled at regional level for some funding areas.

The South East Metro Project

Unlike some other City Deals, the CCR encompasses two cities, Cardiff and Newport. It is worth noting that for the 20-year period when the Deal is in place, Cardiff is projected to have the highest population growth rate than any other UK city. This is considered to be both a strength and a challenge. There are three universities in the CCR, and a number of competitive business sectors linked to the UK Industrial Strategy, such as creative and digital services, advanced manufacturing, life sciences and energy.

The scale of projected growth in the region will need to be strategically managed. At the heart of this will be the need to improve key elements of infrastructure in the CCR. One such element will be the South East Wales metro, a key priority intended to dramatically change how people travel around the region.

[35] House of Commons Work and Pensions Committee (2018) European Social Fund Eighth Report of Session 2017–19: https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/848/848.pdf

[36] CCR Cabinet Meeting Minutes (23 February 2018). *Joint Working Agreement Business Plan*: http://cardiffcapitalregioncitydeal.wales/230218/Item-4-23-February-2018-JWA-Business-Plan-2.pdf

The Metro Project and a number of other significant projects will be funded from the £1.2bn CCR Investment Fund. It is of strategic importance for many stakeholders, including both the UK Government, the Welsh Government, and the region. The project will generate many jobs both in construction and on an ongoing capacity. Unlike other intended projects and elements within the Deal, the Metro Project has been granted pre-allocated funding out of the Regional Investment Fund.

The Metro Project includes two specific parts:

- The Valley Lines Electrification Programme; and,
- The wider South East Metro Scheme.

Due to its importance to multiple stakeholders, £325m (over one quarter of the overall Investment Fund) has been committed in broadly similar proportions from the UK Government, Welsh Government, and the ERDF.

The wider South East Wales Metro Scheme has received £40m of pre-allocated funding from the Welsh Government, with a commitment to involve the CCR (the body comprised of the ten local authorities) in the design and procurement process. Presently, specific arrangements for the transfer of funds and management of funding for both the Valley Lines Electrification Project and the wider Metro Project have yet to be agreed.

The remainder of the Investment Fund has not been pre-allocated to specific projects in the same way as the Metro Scheme. The CCR Cabinet will be responsible for taking decisions in respect of how to invest the rest of the Fund. This illustrates that a key project within a sizeable City Deal can reach an advanced stage, without precise funding and administrative details being finalised.

Key Consideration:

Large infrastructure projects typically incur extremely high initial costs (purchase of land, for example). By front-loading and pre-allocating funds to these projects CCR will enable them to get a ‘kick start’.

However, by prioritising these funds, CCR have potentially limited its ability to react to financial pressures in the future.

Connecting the Region

The CCR Deal has identified effective and efficient transport as crucial to delivering economic growth and improving outcomes. In addition to the aforementioned South East Metro Project, the CCR is also to establish a new non-statutory Regional Transport Authority, which is to work in partnership with the Welsh Government co-ordinating transport planning and investment.

The Transport Authority is to assume responsibility for a number of important areas and actions, including:

- Resource management;
- Regional transport network planning;
- Aligning objectives with Transport for Wales;
- Exploring options for launching a single ticketing platform: and,
- Working in partnership with the Welsh Government to consider development of integrated aviation routes across the CCR.

Innovation and Digitalisation

The Digital and IT sector has been identified as a key growth sector in Belfast, currently employing 28,000 people across 1,200 companies.[37] This is also an area of interest for the CCR Deal. There is an area in the CCR along the M4 corridor, which is known locally as the "arc of innovation". Through a number of measures aiming to capitalise upon the research strengths of the CCR's three universities, the Deal aims to create an "Innovation District". This area is intended to encourage and nurture new businesses in high growth areas by readily providing the skills and resources they may need.

The Deal also intends to bolster Cardiff's position as a leading producer of Compound Semiconductor applications, with a £50m of UK Government investment. The development of a compound semiconductor cluster has been identified by the CCR as a possible growth opportunity, with the potential to make the region and the UK internationally competitive, therefore the CCR will prioritise interventions to support growth in the industry.

The CCR has committed to creating a Software Academy in Newport and a cyber-security academy in the University of South Wales, as part of a bid to facilitate growth in innovation and investment in Research and Development. It is stated that Innovate UK, the UK's Innovation Agency is planning to increase its activities in Wales.[38]

The CCR has stated its intention to prioritise mobile data infrastructure across 4G and 5G, along with increasing provision of Wi-Fi on public transport. They have also stated an intention to use digital solutions and creative use of data, to solve problems and improve service delivery.

Skills and Employment

The CCR has also stated its intention to re-launch the existing Learning, Skills and Innovation Partnership as The CCR Skills and Employment Board. This rebranded partnership is to represent all relevant stakeholders and is to have responsibility for:

- The Regional skills and worklessness strategy;
- Local authority skills resources;
- The production of an annual regional plan for skills and employment;

[37] http://www.belfastcity.gov.uk/business/investinginbelfast/belfast-facts-figures.aspx
[38] https://www.gov.uk/government/organisations/innovate-uk

- The influencing and monitoring of the delivery and impact of regional skills and employment programmes;
- The ensuring of the effectiveness of apprenticeship programmes;
- The encouraging of closer alignment between education provision and employer requirements to support Welsh Government policies; and,
- The ensuring of added value from EU funding investment in skills and employment.

Supporting Businesses

The CCR is to create a new body called the 'CCR Business Organisation'. The final composition and structure of the organisation is to be decided upon by the CCR. It is intended that this will give businesses in the region a strong voice in designing future business support programmes.

An Integrated Delivery Unit is proposed to be created, to work alongside the CCR Business Organisation and the Welsh Government, specifically to deliver "regionally specific aspects of economic development". Existing programmes are anticipated to be tailored to regional specific priorities. This is enhanced by the Welsh Government's commitment to promoting the region at a global level.

Housing

The ten local authorities comprising the CCR are to use the Deal as an opportunity to strategically deliver housing, regeneration, and economic growth. The house building industry is a crucial element to a well-connected and economically successful region for a number of reasons. Not only is it a major employer in its own right, but it also stimulates various markets through purchase of materials and other purchases by new occupiers. The CCR have made a number of commitments in relation to housing and regeneration, including:

- Developing a partnership with the Welsh Government to focus housing and regeneration where it is most needed;
- Linking new housing to the delivery of sustainable and balanced communities, ensuring efficiency and quality of housing stock is linked to other regeneration outcomes;
- Developing an integrated public- private housing over;
- Using innovative techniques in public procurement to maximise value;
- Delivering renewable energy- led regeneration and housing to ensure "clean- tech" principles are embedded in physical developments; and,
- Working with affordable housing providers to create a regional "housing plus" strategy.

4.1.3 What obligations does the Deal Create?

In return for the investments and freedoms created by the Deal, the CCR Cabinet are required to write and adopt a formal Assurance Framework for the Investment Fund. The Assurance Framework must be agreed by both the UK and Welsh Governments, giving both governments the opportunity to have input to the Framework's content. Existing good practice at UK level focusses on achieving best value for money and producing sound business cases for public expenditure projects. The Assurance Framework is to build upon the existing best practice within the UK and across the region, in order to promote sound investment decision making.

Investment funding for projects other than the South East Metro is to be subject to gateway assessments every five years. These assessments are to be designed to evaluate the impact of the investments before further funds are released. Further to this:

> *an independent review will be commissioned to evaluate the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget.*[39]

This review requirement imposes significant obligations on the CCR. First the terms of the review must be agreed with the UK Government at the preliminary stages of the Deal. Second, the CCR must fund the assessment in its entirety. Finally, in order for the next five years of funding to be released, both the UK and Welsh Governments must be satisfied that the assessment proves the investments meet key objectives and generating growth at a national level.

Responsibility for financing investments rest with the local authorities, which make up the CCR. Due to cash flow, it may be necessary to borrow funds to cover variances between finance requirement and grant availability (when money needs to be paid, but Central Government funding cover has not yet been received).

Key Consideration:

Such borrowing is to the responsibility of the local authorities and is to be managed within the prudential principles they are already obligated to operate under.

The local authorities in the CCR will ultimately shoulder much of the risk of investments failing. The Deal stipulates that should an Investment Fund fail at one of the gateway assessments, it will be the responsibility of the local authorities to manage the financial impact of this within their local authority budget. This is a real risk with the potential to put local authorities into financial difficulties, highlighting the need to critically select investment projects that are unlikely to fail.

[39] http://www.cardiffcapitalregioncitydeal.wales/ P6

Key Consideration:

To mitigate the potential financial risks, robust controls should be built into a city deal to ensure adequate oversight and management is carried out at each stage of a project or programme.

However, it should be noted that robust controls, management, and oversight are anticipated to involve resource implications for local authorities.

4.1.4 Governance Arrangements

Operating within the prevailing statutory framework, the CCR Governance structures have been designed with a number of aims in mind. The governance model is intended to improve business involvement in local decision making, whilst providing assurance to both the UK and Welsh Governments that decisions are made on a sound basis. The local authorities are also provided with the ability to explore potential governance developments to be implemented in the future.

The ten local authorities making up the CCR are to establish the CCR Cabinet, which is to be the ultimate decision-making body providing the basis for initial decisions regarding the Investment Fund. The Cabinet is to have a range of responsibilities, including:

- Management of the CCR Investment Fund;
- Managing other devolved funding provided to the region;
- Managing the CCR Transport Authority;
- Contracting with Transport for Wales as appropriate;
- Controlling devolved business rate income, subject to permission from Welsh Assembly;
- Strategic planning for housing, transport, and land use;
- Influencing skills and worklessness programmes;
- The inward investment and marketing strategy; and,
- Giving consideration to the scope and nature of future regional governance.

Each local authority in the CCR will be committed to a comprehensive agreement, binding them and any authority which may succeed them during the time period of the Deal. Part of the agreement will be to explore future options for better and more effective governance, including by consulting with the Welsh Government.

The CCR has also committed to joint working with the Welsh Government to create a strategic development plan. This plan will incorporate housing, transport, and employment land use plans, which will underpin the intended development across the region.

A further body will be incepted, named the CCR Economic Growth Partnership, with responsibility for setting overall regional economic development strategy. The partnership will also monitor the implementation of the City Deal and make recommendations to the Regional Cabinet, providing advice on investment decisions.

Feeding into the work of the Partnership, an Independent Growth and Competitiveness Commission will be created to support the economic and investment strategy. The Commission will be required to provide advice on "how best to generate Gross Value-Added growth and support the ambitions of a dynamic capital region".

The CCR Cabinet, along with the UK and Welsh Governments, will receive a quarterly performance report from the joint programme management team. The report will highlight successes and provide a performance narrative for each element of the City Deal.

Key Consideration:

The Performance Report provides a vital monitoring and control function. It charts outputs against timescales, considers agreed outcomes and outputs, and identifies mitigating actions for those projects and programmes that are not operating as intended.

4.2 Glasgow

The Glasgow and Clyde Valley City Regional Deal (the Glasgow Deal) was agreed on 20 August 2014 between the 8 partner local authorities and the UK and Scottish Governments.

4.2.1 Deal Overview

The Glasgow Deal seeks to address longstanding and persistent economic challenges such as unemployment and low levels of entrepreneurship, as well as delivering a number of major physical regeneration projects. Funding is set for 20 years. The total amount of funding available is £1.13bn. A series of Gateway Reviews (held every 5 years) is the process for agreeing the release of funding. If the projects meet agreed pre-determined outputs and outcomes at each review, the funding from the UK and Scottish Governments will be unlocked.

The Glasgow City Region Cabinet is the primary decision maker, and is made up of leaders from the following 8 councils:

- East Dunbartonshire;
- East Renfrewshire;
- Glasgow City;
- Inverclyde Council;

- North Lanarkshire;
- Renfrewshire;
- South Lanarkshire; and,
- West Dunbartonshire.

Decisions are made by the Glasgow City Region Cabinet, which is made up of the 8 partner authorities, with meetings to be held every 8 weeks.

Intended outcomes include a permanent uplift in GVA of £2.2bn per annum (4%), along with generating 15,000 construction jobs, then 29,000 additional permanent jobs. Also, to unlock £3.3bn of private sector investment.

4.2.2 What Does the Deal Include?

Increased Financial Flexibility

Scottish Government has agreed to explore proposals to change the current legislative provisions relating to local authority borrowing. This gives Glasgow the potential to frontload its infrastructure investment programme in the first 10 years.[40]

Key Consideration:

1. **Whilst additional borrowing may be attractive in terms of allowing additional finance that can frontload the investment for the infrastructure projects, the risk of slippage in these large long-term capital projects is high.**
2. **This slippage may come in the form of missing deadlines or milestones, with potential financial implications or penalties.**
3. **Failure to meet time bound objectives may lead to further borrowing costs that will need to be borne by the partner authorities involved in the Deal.**

Glasgow and Clyde Valley Infrastructure Fund

The purpose of the Infrastructure Fund is to deliver 20 major infrastructure projects including: roads; bridges and improved transport infrastructure; quay walls; remediation; construction; and, public realm works. The project will improve the regional transport network, including public transport and unlock key development sites in the area.

The total value of the fund is £1.3bn. Over a 20-year period (from 2015/16) the UK and Scottish Governments will each provide £500m of capital funding. A further £130m will be provided by the partner authorities over the same 20-year period.

The funding arrangements are described in the Glasgow City Deal Document as follows:

[40] Glasgow and Clyde Valley City Deal (2015) download available: https://news.gov.scot/resources/glasgow-clyde-valley-city-deal

> *UK Government and Scottish Government* ***funding will be paid as annual grants****, in line with an agreed funding profile over a 20-year period. An annual grant offer letter will set out the conditions of the grant for that year, which will include conditions of its use. These conditions will include requirements for the grant to be used for: capital expenditure by local authorities directly or through the provision of grants to third parties; and/or for the early redemption of the principal element of debt (but not interest) associated with prior years' capital expenditure.*[41]

Supporting Growth of the Life Sciences Sector and Growing Small and Medium Enterprises

In addition to the Infrastructure Fund, the Glasgow Deal will consist of the following 3 schemes. Each are designed to support growth in the life science sector and enable Small and Medium Enterprises (SMEs) to grow:

- Stratified Medicine Imaging Centre of Excellence;
- MediCity; and,
- The Tontine.

The following paragraphs summarise each project.

Stratified Medicine: Imaging Centre of Excellence

The UK Government provided £16m of funding from 2014-17 for the development of the Glasgow University led Imaging Centre of Excellence at the Queen Elizabeth II Hospital Campus. This facility provides science research facilities that include business incubator space for SMEs specialising in stratified medicine.[42] Others benefiting from this funding are clinical researchers specialising in applied imaging research and companies from the pharmaceutical sector. Glasgow and Clyde Valley believe this scheme will generate £88m for the local economy and create 396 high value new jobs.

Key Consideration:

An increase in the level of high value jobs may lead to higher productivity levels within a region.

MediCity: Healthcare Services and Medical Technology

This is a new facility, Medicity Scotland which aims to bring together academics, entrepreneurs, clinicians, and business support services, to boost the development of new healthcare services and medical technology.

[41] Glasgow and Clyde Valley City Deal (2015): https://news.gov.scot/resources/glasgow-clyde-valley-city-deal

[42] Stratified medicine is based on identifying subgroups of patients with distinct mechanisms of disease, or particular responses to treatments.

Medicity Scotland is located in the campus of BioCity Scotland on the outskirts of Glasgow. Glasgow and Clyde Valley believe this scheme will create 50 new healthcare businesses and create 350 new jobs over seven years.

The UK Government provided £1.2 m of capital funding in 2014/15 which is to be matched with up to £2.29 m of local funding, including contributions from BioCity Scotland and North Lanarkshire Council.

The Tontine

This is the first of the Glasgow City Deals projects to be completed.[43] It involved the conversion of the Tontline Building in the heart of Glasgow's Merchant City quarter. The building was developed into a new **Centre for Business Incubation and Development** to provide quality, flexible workspaces for growing SMEs and a highly focused account managed service from dedicated business advisers. The space is open to SMEs from all sectors.

As part of this Scheme, Glasgow City Council and the University of Strathclyde are to provide additional business support services, including business mentoring; access to finance services; and back-office services such as ICT, Human Resources, and legal/accounting services. Glasgow and Clyde Valley believe this Scheme, over a five-year period, will support 125 firms and create 600 new jobs.

Capital funding of £1.67m for this new facility was given by the UK Cabinet Office's Department for Business, Energy and Industrial Strategy (BEIS). This is to be matched by up to £2.42m by local funding.

Supporting Growth – Tackling Long Term Unemployment and Increasing Earnings

The Glasgow Deal will also consist of the following 3 schemes with each designed to support the local labour market:

- Reducing Unemployment for those on Employment Support Allowance;
- Reducing Youth Unemployment; and,
- Boosting Earnings of those on Low Incomes.

The following paragraphs summarise each project.

[43] Tontline webpage: http://www.tontineglasgow.co.uk/

Reducing Unemployment for those on Employment Support Allowance

This is a new Scheme designed to help those: Employment Support Allowance (ESA) claimants who have left the Work Programme[44] without finding work; and, ESA claimants prior to entry into the Work Programme.

This Scheme's key component is a personalised employment support programme that is integrated with wider local support services, such as health and social care and skills training. By drawing on the different strengths of specialist organisations and services, the belief is that a more responsive employment support programme can be designed to suit individuals needs however complex.

These needs may include challenges faced by the individuals on health-related benefits, such as: mental health conditions; physical disabilities; homelessness; lack of relevant or appropriate skills; low confidence; and drug and, alcohol dependency amongst others.

This personalised support will be co-ordinated by a central caseworker that understands the services that are available to individuals and can provide challenge and support to help individuals overcome their complex barriers to finding sustained work.

Glasgow and Clyde Valley estimate that over the next three years (2015/16– 2017/18), this programme will work with 4,000 individuals and help at least 600 ESA claimants into sustained work. The UK Government will provide £4.5m of revenue funding. This will be matched with £4.5m of revenue funding from local partners.

Reducing Youth Unemployment: Youth Gateway

An integrated employment programme for young people (Aged 16 - 24) will work with 15,000 people over the next three years, helping 5,000 into sustained work.

Boosting Earnings of those on Low Incomes: In Work Progression

This is a pilot labour market progression programme in the Care sector to support the training and development of staff in low income jobs, boosting wages and reducing reliance on in-work benefits

4.2.3 What obligations does the Deal Create?

Assurance Framework

The partner authorities are obliged to publish an Assurance Framework.[45] This was set up to ensure that the projects in the deal provided good value for money and were

[44] The Work Programme is a 2-year commitment of activities, designed to make individuals more 'employable', administered by private companies subcontracted to the Department of Work and Pensions.

[45] http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=16879&p=0

underpinned by robust business cases. Put simply, the Assurance Framework establishes a basic structure for decision making throughout the (20 years) lifespan of the Deal.

The document has three parts:

- Part 1: The Glasgow City Region Cabinet;
- Part 2: The business cases; and,
- Part 3: Programme and Project governance.

Part 1 sets out governance structures, including membership of the Glasgow City Region Cabinet (the Region Cabinet), roles and responsibilities. Also included in the Framework is the key processes for ensuring accountability, probity, transparency, legal compliance, and value for money.

Part 2 presents how individual business cases are to be progressed. This includes direction on how the business cases will be evaluated and how funding mechanisms will work. Finally, part 3 explains how agreed projects will be managed and reported.

Gateway Review

A Gateway Review mechanism is the formal process for agreeing the release of future grants. It is the mechanism that will release the 5 yearly tranches of funding. Failure to meet the criteria for the Gateway Review would put the next tranche of City Deal Infrastructure Funding (£250m for 2020-25) is at risk. [46]

The reviews are conducted by the Commission for Urban Economic Growth. The Commission was established in 2014 as part of the formal arrangements for the implementation of the Glasgow Deal. Members of the Commission were nominated by the UK Government, the Sottish Government, and the Region Cabinet. The Commission acts as an economic advisor to the Region Cabinet and as a link to following Scottish Government policy. In 2020, following a successful Gateway Review process, the £250m funding was released.

4.2.4 Governance

The Glasgow City Region Cabinet

The Glasgow City Region Cabinet (GCRC) is responsible for all key decisions made in the Deal. The GCRC was set up under Section 57 of the Local Government (Scotland) Act 1973.[47] It is made up of representatives from each of the partner authorities. Its key functions and responsibilities include:

- Determining strategic economic development priorities for the region;

[46] Glasgow City Region Cabinet (2018) *Committee minutes for 10 April 2018*: http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDN2U0GDXDX0G

[47] Local government (Scotland) Act 1973 *Section 57:* http://www.legislation.gov.uk/ukpga/1973/65/section/57

- Developing, reviewing, and implementing its own governance arrangements;
- Developing, reviewing, and implementing governance arrangement for the Chief Executives' Group;
- Delivering the City Deal;
- Approving the remits of the Commission for Urban Growth;
- Approving the annual budget;
- Approving the Assurance Framework and ensuring it is being adhered to; and,
- Dealing with other areas of activity as are delegated to it by regional partners.

Programme Management Office (PMO)

The PMO delivers an administrative role to support the Region Cabinet. Its key duties include:

- Providing administrative and technical support services (including scrutinizing business cases);
- Preparing and circulating meeting minutes and agenda;
- Publishing the region cabinet's processes and outcomes (annual reports etc.); and,
- Managing region cabinet communications including the City Deals website.

The PMO meet on a 4-weekly basis, with representatives of the Scottish and UK Governments and provide an update on the City Deal Programme.

Chief Executives' Group

The 8 Chief Executives of the local authority partners form a Chief Executives' Group. This Group has overall responsibility for supervision, management and monitoring of the performance of the PMO.

Programme Liaison Group (PLG)

The PLG is the core mechanism for communication between the UK and Scottish Governments and the partner authorities.

4.3 Summary Case Studies Analysis.

Figure 1: Summary of the Case Studies Analysis

		Glasgow	Cardiff
Funding	UK Government	£500m	£500m
	Devolved Adminstration	£500m	£500m
	Local Authorities	£130m	£120m
	European Regional Development Fund	-	£100m
	Additional Government	£23.6m	-
	Intended Additional Private Sector Investment	£3.3bn	£4bn
		Glasgow	**Cardiff**
Governance Arrangements	Lifespan of Project	20 years	20 years
	Joint Committee/Cabinet	✓	✓
	Economic Growth Body	✓	✓
	Independent/Community Advisory Body	✓	✓
	Mandatory Regular Peformance Reports	✓	✓
	Funding Contingent Upon Results (Gateway Reviews)	✓	✓
		Glasgow	**Cardiff**
Significant Deal Themes	Increased Financial Flexibilty for Local Authorities	✓	✓
	Transport Infrastructure	✓	✓
	Digitalisation and IT Innovation		✓
	Mobile Data and Wifi		✓
	Skills and Employment Programmes	✓	✓
	Business Support Programmes	✓	✓
	Housing Provision		✓
	Specific Skills “Hubs” or “Districts”	✓	✓
	Renewable/Sustainable Energy		
	Strategic Planning for Use of Land	✓	
	Health, Wellbeing and Medical Science	✓	
	Manufacturing Sector Interventions	✓	

Source: Finance and Economics Team, RaISe (2020)

5 Concluding remarks

The Welsh Assembly's Economy, Infrastructure and Skills Committee has noted that "the different characteristics of, and approaches taken in the Cardiff and Swansea Bay City Deals make direct comparison difficult. This is equally true when seeking comparisons with other UK cities.[48] In spite of this, there are a number of similarities and common themes across the UK's City Deals, which may be of interest to those involved in negotiating future deals for NI cities. There are also merits and demerits of the City Deal model, as discussed in the following paragraphs.

Traditionally local authorities have separate budgets for housing, parks, and transport etc. UK City Deals promote a move away from these 'budget silos'. The City Deal's approach provides a co-ordinated "economic growth budget" for a region. This helps focus competing priorities into a coherent set of goals that can be more easily communicated to businesses and the community.

Each project is assessed in relation to its **overall** economic benefit to people in the region. This approach is a move away from isolated project evaluations and provides a focus on measures that may lead to wider benefits across the region including welfare; housing; and, re-generation dividends. [49]

Evidence emerging from research undertaken for this paper indicates that investment in infrastructure pays a significant role in City Deals. The UK City Deal model explicitly targets a package of infrastructure projects that are intended to raise economic growth and boost productivity over a long-term timeframe.

An associated benefit of increasing economic growth is the potential to increase the availability of high-value job opportunities. An increase in the level of high-value jobs in turn may lead to higher productivity levels within a region. This is particularly relevant to the NI economy where wages and productivity are traditionally below the UK average, regardless of the current economic downturn due to COVID 19. Other linkages between investing in infrastructure and higher productivity include improvements in transport infrastructure that may lead to better connectivity and therefor increase business attraction.

Another common theme emerging is the consideration of increased financial flexibility for the Local Authorities. This additional flexibility may come in different forms as negotiated by the various authorities. In some cases, this may mean additional powers to generate revenue through imposing levies or by setting business rates. In other cases, it might mean additional borrowing flexibility, for instance by allowing councils to avail of different finance sources. It is also possible that some conditions which are attached to grant monies may be relaxed to allow greater flexibility in spending.

[48] http://www.assembly.wales/laid%20documents/cr-ld11264/cr-ld11264-e.pdf Pg31

[49] KPMG (2014) *Introducing UK City Deals A smart approach to supercharging economic growth and productivity*: https://assets.kpmg.com/content/dam/kpmg/pdf/2014/10/uk-city-deal-economic-growth-productivity.pdf

It is important to remember that NI councils will still be required to stay within their affordable borrowing limit and will be statutorily bound by the Local Government Finance Act (Northern Ireland) 2011.[50]

Nonetheless, the additional borrowing flexibility may be beneficial in helping councils ensure they have the adequate cash flow to make payments for goods and services as they are invoiced. It is, however, still important that a City Deal is negotiated with an accurate cash requirement timeline, in order to ensure that funding is made available at the right time to meet payments. If the cash flow requirements are not accurately forecasted, borrowing costs may be incurred that could otherwise have been avoided. Incurring excessive or unnecessary borrowing costs could impact upon the value for money generated by a City Deal. Simply put, accurate financial forecasting and cash flow analysis will minimise avoidable financing costs and improve the efficient use of available resources.

Another way to avoid unnecessary finance costs is to robustly manage projects and minimise the risk of time slippage in project delivery. This slippage may come in the form of missing deadlines or milestones, with potential financial implications or penalties. Failure to meet time bound objectives may lead to further borrowing costs that should be borne by the local authorities involved in a City Deal. To mitigate these risks, robust controls should be built into the Deal to ensure adequate oversight and management is carried out for each stage of a project or programme.

However, it should be noted that robust controls, management, and oversight potentially incurs additional cost. Those involved in negotiating a City Deal will need to consider their level of risk aversion and determine how much they are able or willing to spend on project management, building this cost into any estimates from an early stage.

Within the case studies, it has been noted that some projects and programmes must pass gateway reviews in order to receive government funding on an ongoing basis. It has been noted previously that if a project or programme fails to pass a Gateway Review, UK Government funding may be cut, postponed, or withdrawn altogether, in line with the terms of the Deal. It is reasonable to expect that government funding in future City Deals will also be contingent upon passing similar reviews. This in itself poses a significant financial risk, as the local authorities will be responsible for any losses associated with such an occurrence.

[50] http://www.legislation.gov.uk/nia/2011/10/part/1/crossheading/borrowing/enacted?view=plain.

Annex 1: Summary of English City Deals: First Wave

Table 1: English City Deals[51]

Lead Authority and Partners	Summary
Bristol and West of England Bath and North East Somerset, City of Bristol, North Somerset, South Gloucestershire.	The Bristol City Region City Deal was negotiated by the West of England Local Economic Partnership (LEP) and its Local Authority partners. It was approved in July 2012. The Deal includes: • Plans to create an Economic Development Fund for the West of England by allowing Local Authorities to keep 100% of the growth in business rates raised in the city Enterprise Areas over a 25-year period; • A transport devolution agreement: • The creation of a Growth Hub at the Temple Quarter Enterprise Zone; and, • The involvement of the business community in skills provision through a new People & Skills Programme.
Greater Birmingham Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Tamworth, Wyre Forest.	The Greater Birmingham City Deal: *A City Region Powered by Technological Innovation*, was negotiated by the Greater Birmingham and Solihull LEP and approved in July 2012. The Deal includes: • Plans to establish a Skills for Growth Compact; • Job creation through the expansion of an existing 'green deal' programme; • The redevelopment of public land for housing and business; and, • The creation of an Institute for Translational Medicine to act as hub for the life science sector.
Leeds City Region Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, and York.	The Leeds City Region City Deal was negotiated by the Leeds City Region LEP and Leeds City Council and approved in July 2012. The Deal is based around three targets: • The acceleration of output growth to an average of 2.6% per year to 2030; • The creation of 60,000 new jobs by 2016; and, • A "substantial reduction" in the city region's carbon emissions.
Greater Manchester Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, and Wigan.	The Greater Manchester City Deal was negotiated by the Greater Manchester Combined Authority and approved in July 2012. The deal includes: • Details of the creation of a revolving Infrastructure Fund by following Greater Manchester to 'earn back' a portion of additional tax revenue from Gross Value Added; • Increases resulting from local investment in infrastructure; and, • The establishment of a Greater Manchester Investment Framework, City Apprenticeship and Skills Hub, Low Carbon Hub and Housing Investment fund.

[51] Table produced by RaISe (2020), using information from: House of Commons Library (2017) *Briefing Paper 7158. City Deals*: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07158

Newcastle City North Eastern LEP.	The Newcastle City Region City Deal was negotiated by Newcastle City Council and the North East LEP and approved in July 2012. The Deal includes proposals to: • Create an Accelerated Development Zone (ADZ); • Secure private sector investment in the marine and offshore sector; • Develop a Joint Investment Plan with the Homes and Communities Agency (HCA); • Invest in super-connected broadband infrastructure; and, • Establish Newcastle as a low carbon Pioneer City.
Nottingham City	The Nottingham City deal: *Connected, Creative, Competitive was negotiated* by Nottingham City Council and approved in July 2012. The Deal includes three aims: • Fostering enterprise through the establishment of a Venture Capital fund, a Generation Y Fund, and a Technology Grant Fund; • Supporting a high-quality workforce; and, • Developing a "21st-century infrastructure" through transport, digital connectivity, and a Green Deal.
Liverpool City Halton, Knowsley, Sefton, St. Helens, and Wirral.	The Liverpool City Deal was negotiated by Liverpool City Council, approved in July 2012, and covers the Liverpool City Region LEP area. The Deal includes: • Details of the creation of a single investment pot of public and private funding; • The establishment of a Mayoral Development Corporation; • Plans to host an international Business Festival; and, • Investment in offshore wind infrastructure.
Sheffield City Barnsley, Bassetlaw, Bolsover, Chesterfield, Doncaster, North East Derbyshire, Rotherham, and Sheffield.	The Sheffield City Region deal*: Made in Sheffield – a Deal for Growth* was negotiated by Sheffield City Council and Sheffield City Region LEP and approved in July 2012. The Deal includes proposals to: • Enable the city to borrow against projected business rates in order to invest in infrastructure; and, • Invest and develop in a National Centre for Procurement based at the Advanced Manufacturing and Nuclear Research Centres.

Annex 2: English Deals: The Second Wave (2013-2014)

Table 2 Second Wave of City Deals[52]

Lead Authority and Partners	Summary
Black Country Dudley, Sandwell, Walsall, and the City of Wolverhampton.	The Black Country City Deal was approved in February 2014 and covers the four local authorities in the Black Country LEP area. The Deal includes: • Proposals to secure 5,800 new manufacturing jobs; • £120m of private sector investment in high value manufacturing sites; and, • 1,500 additional high value manufacturing apprenticeships.
Bournemouth and Poole Borough of Poole, Bournemouth Borough council, Christchurch Borough Council Dorset County Council, East Dorset District Council, Bournemouth University.	Bournemouth was invited to negotiate a City Deal in October 2012 and submitted a joint proposal with Poole focusing on the development of Bournemouth Airport and the Port of Poole. These proposals were incorporated into the Dorset Strategic Economic Plan and approved as part of the Dorset Growth Deal in July 2014.
Greater Brighton Brighton and Hove, Shoreham, Worthing, Newhaven, Lewes.	The Greater Brighton City Deal was approved in March 2014 and covers, as well as part of the South Downs National Park and Mid Sussex. The Deal includes proposals to: • Generate £170m of investment in Greater Brighton and create 8,500 jobs; and, • The creation of Tech City South, to act as a hub for the creative technology sector.
Coventry and Warwickshire	The Coventry and Warwickshire City Deal was approved in December 2013 and covers the Coventry and Warwickshire LEP area. The deal includes proposals to: • Support growth in 450 advanced manufacturing and engineering firms; • Create 15,000 jobs; and, • Secure £25m of public sector and £66m of private sector investment.
Greater Cambridge Cambridge city and South Cambridgeshire.	The Greater Cambridge City Deal was approved in June 2014. The Deal includes proposals to: • Create an infrastructure investment fund; • Create 45,000 new jobs and 400 new apprenticeships; and, • Help generate £1 bn of public sector and £4 bn of private sector investment.
Hull and the Humber The East Riding of Yorkshire Council, Hull City Council, North Lincolnshire Council and North East Lincolnshire Council.	The Hull and Humber City Deal was approved in December 2013. The Deal includes proposals to: • Generate £460 m of investment in development along the Humber and support the creation of 4,000 jobs.

[52] Table produced by RaISe using information from: House of Commons Library (2017) *Briefing Paper 7158. City Deals*: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07158

Ipswich Ipswich, Suffolk, and the New Anglia LEP.	The Greater Ipswich City Deal was approved in October 2013. The Deal includes proposals to: • Support 400 new businesses; and, • Create 5,000 new apprenticeships and 3,000 additional high value jobs by 2019.
Leicester and Leicestershire	The Leicester and Leicestershire City Deal was approved in March 2014 and covers the Leicester and Leicestershire LEP area. The Deal aims to cut youth unemployment in the area by 50% and secure £130 million of public and private sector investment.
Milton Keynes	While Milton Keynes was invited to negotiate a City Deal in October 2012, the proposed funding and powers were incorporated into the South East Midlands LEP Growth Deal, approved in July 2014.
Oxford and Oxfordshire	The Oxford and Oxfordshire City Deal was approved in January 2014 and covers the Oxfordshire LEP area. The Deal includes proposals to: • Develop 7,500 homes; • Establish a Growth Hub to support smes; • Improve local roads; and, • Create more than 500 new apprenticeships.
Plymouth Heart of the South West and the Cornwall and Isles of Scilly LEP areas.	The Plymouth and South West Peninsula City Deal was approved in January 2014. The Deal aims to reinvigorate the area's marine and advanced manufacturing sectors, create 9,000 jobs and secure £34m of public and £262m of private sector investment.
Portsmouth and Southampton	The Portsmouth and Southampton City Deal was approved in November 2013 and covers the Solent LEP area. The Deal includes proposals to secure £953m of investment and create 17,000 jobs.
Preston South Ribble and Lancashire City.	The Preston, deal was approved in September 2013 and covers Lancashire, Preston, and South Ribble Local Authorities. It is estimated that the Deal will help to: • Create 20,000 jobs, including 5,000 in the Lancashire Enterprise Zone; • Support 4 new road schemes; and, • Enable the construction of 17,000 new houses.
Southend	The Southend-on-Sea City Deal was approved in March 2014 and covers Southend-on-Sea Borough Council. The Deal includes: • Creation of a business support network, Gateway to Growth; and, • £6 m of funding through national and local government and private sources.
Stoke and Staffordshire	The Stoke and Staffordshire City Deal was approved in March 2014 and covers the Stoke-on-Trent and Staffordshire LEP area. The Deal includes: • The flagship proposal to establish the UK's first at-scale, low carbon, heat network system, generating £113 m of investment and supporting the creation of up to 23,000 jobs.
Sunderland and the North East Sunderland City Council and South Tyneside Council.	The Sunderland and South Tyneside City Deal was approved in June 2014 and covers Sunderland City Council and South Tyneside Council. It is estimated the Deal will help support the creation of 5,200 new jobs,

	mainly in the manufacturing sector and secure £295m private sector investment in advanced manufacturing.
Swindon and Wiltshire	The Swindon and Wiltshire City Deal was approved in July 2014 and covers the Swindon and Wiltshire LEP area. The Deal proposes: • Development of a new University Campus of Swindon and Wiltshire, allowing for 18,000 individuals trained locally to Level 4 or higher; and, • The provision of direct business support to 1,250 local smes.
Tees Valley	The Tees City Deal as approved in June 2014 and covers the Tees Valley Unlimited LEP area. The Deal aims to: • Create 3,500 jobs and secure £10m of private sector investment in industrial infrastructure.
Thames Valley Berkshire	The Thames Valley Berkshire City Deal was approved in October 2013 and covers the Thames Valley Berkshire LEP area. The Deal aims to: • Support 4,500 young people by creating 1,500 new work experience placements, 300 Apprenticeships and 800 new Youth Contract Wage Incentives for eligible businesses.