

**The Rt Hon Ruth Kelly MP**  
*Secretary of State for Communities and  
Local Government*

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31 July 2006

Cllr Andrew Carter  
Joint Leader of Leeds City Council  
Cllr Mark Harris  
Joint Leader of Leeds City Council  
2nd Floor East Civic Hall  
LEEDS LS1 1UR

Dear Cllrs Carter and Harris

I am writing to you both on behalf of the wider Leeds City Region group as part of thanking everyone for the preparations which aided the presentation of your business case for the Leeds City Region in London on Monday 17 July. Thank you also for the letter from all 11 Local Authority Leaders expressing their commitment to work with DCLG and engage positively with the city-region agenda.

My Ministerial colleague, Gillian Merron and I found it extremely helpful to hear directly from all of you about how you envisage building upon the tremendous assets that Leeds city-region has by continuing with the partnerships formed over developing the business case. You certainly conveyed well the success of Leeds, the scale of its assets and the important role Leeds city-region plays as a regional and national economic driver.

As I said at the Core Cities Summit in Bristol the other week, we are all facing an economic imperative more now than ever, and this means that we all must think creatively about how best to enable our cities to compete effectively in the face of increasing globalisation. I know you are alive to this issue, and have been giving considerable thought to those measures and issues which need to be addressed if we are to succeed. I, too, have been having discussions with Ministerial colleagues in DCLG and in other Departments, and we will be further working up policies and propositions ahead of the White Paper.

As I have also indicated, there are a number of issues which are key to successful cities: creating and maintaining economic opportunities, often through making tough decisions; harnessing and working closely in partnerships with the private sector; and strong city and city-region leadership. In particular I am keen to see appropriate governance arrangements in place - ones that are at the right spatial level and that have a better fit between administrative boundaries and underlying economic geography. This means allying strong city-region leadership with shared strategic regional priorities, and in this regard it is important that you work closely with the RDAs, who of course have a central role.

With this in mind and following your presentation, my department now needs to work closely with you to consider a phased approach to delivery along the principles I have set out above. Therefore could you please clarify for me some issues that arose from your presentation:-

- a) On economic growth, it was clear from the presentation that Leeds city-region covers a huge area and competes well economically alongside Manchester and Birmingham. It was very good to hear about the success of the Leeds economy, despite a shrinkage in its traditional manufacturing base, by capitalising on the knowledge economy with its growing Financial and Business Services. You estimated that the economic growth for Leeds city-region would show GVA at £59bn by 2016 and additional 65,000 jobs over the next 10 years - and that you had turned around the city in 15 years by working closely with the private sector. What will working at city-region level add in addition to the overall process of economic growth?
- b) On transport and governance, there is a strong emphasis in your proposals for transport on the need for increased financial flexibility and greater local discretion on spending. This raises important questions around governance and accountability which you said you need to give further consideration to: how in practice and by whom decisions on priorities would be reached for so large and diverse a city region; who will be accountable for decisions and for their delivery through the range of responsible authorities; how would the proposal for WYPTE to take a greater responsibility work? DfT colleagues and I have been discussing the issues arising from the business cases and will continue to do so. I would encourage you to continue to develop proposals which could improve on the existing practices, ensuring improved links between deprived and economic areas and we would like to know how your thinking on this develops. Also, what would be different about a city region local transport plan overview and city region level investment programme compared with working through existing programmes and stronger partnership working across local authority boundaries and at the regional level? Over the coming months DfT Ministers will be looking at what works and what does not in delivering bus services to identify the right framework and will make decisions in the autumn. Your perspective, including through the Business Case work, are useful inputs.
- c) On housing and planning, unfortunately there was no time to discuss this area in depth. However, please feel free to raise these with GO officials as you made me aware there were issues we could indeed pursue further.
- d) I would also like to understand how you see the proposals and governance arrangements in your business case having an impact on socio-economic deprivation.
- e) As you may be aware, I am keen to ensure that economic development and sustainable development go hand-in-hand. I would be interested in your view as to how your business case helps to achieve this.

- f) On skills, unfortunately you were not successful in being selected as a pathfinder area for DWP's consortia. However, you have already done a lot of work on the employment and skills proposals in your business case and I urge you to continue working with my officials in developing these further. This may also help in preparing for any subsequent invitations from DWP to develop a consortium.

You and I both recognise the importance of getting this right so I have asked my officials to work closely with you in developing your proposals further, and they stand ready to meet again over the summer if that would be helpful (and not just on those matters mentioned above). It would be helpful to me if you were able to respond on the particular points raised above, by 18 September if at all possible. Please feel free to reply directly to my officials if that would be easier – either Jessica Matthew (020 7944 6705) or Chris Stendall (020 7944 3928) at floor 4/G10, here in Eland House.

I look forward to hearing from you and considering your further thoughts as we continue to work on preparation of the Local Government White Paper. I am copying this to all Leaders and Chief Executives in those local authorities that are partners in your city-region business case, and to the RDA Chief Executive; and you will no doubt want to copy it to other partners.

I am writing similarly to all of the Core Cities, and copying letters to the Government Office, DCMS, DEFRA, DfES, DfT, DTI, DWP and HMT.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Ruth Kelly', written in a cursive style.

**RUTH KELLY**

Copies sent to:

Mr Phil Coppard, Chief Executive, Barnsley Metropolitan Borough Council

Cllr Stephen Houghton CBE, Leader of the Council, Barnsley Metropolitan Borough Council

Mr David Kennedy, Chief Executive, Bradford Metropolitan District Council

Cllr Kristan Hopkins, Leader of the Council, Bradford Metropolitan District Council

Mr Paul Sheehan, Chief Executive, Calderdale Metropolitan Borough Council

Cllr Ann McAllister, Leader of the Council, Calderdale Metropolitan Borough Council

Ms Gill Dixon, Chief Executive, Craven District Council

Cllr Carl H Lis, Leader of the Council, Craven District Council

Mr Mick Walsh, Chief Executive, Harrogate Borough Council

Cllr Michael Gardner, Leader of the Council, Harrogate Borough Council

Mr Rob Vincent, Chief Executive, Kirklees Metropolitan Borough Council

Cllr Robert Light, Leader of the Council, Kirklees Metropolitan Borough Council

Mr Paul Rogerson, Chief Executive, Leeds City Council

Mr Martin Connor, Chief Executive, Selby District Council

Cllr Mark Crane, Leader of the Council, Selby District Council

Mr John E Foster, Chief Executive, Wakefield City Council

Cllr Peter Box, Leader of the Council, Wakefield City Council

Mr David Atkinson, Chief Executive, York City Council

Cllr Stephen Galloway, Leader of the Council, York City Council

Rt Hon Tessa Jowell MP, Secretary of State for Culture, Media and Sport, Department for Culture Media & Sport

Rt Hon Alan Johnson MP, Secretary of State for Education and Skills, Department for Education and Skills

Rt Hon David Miliband MP, Secretary of State for Environment, Food and Rural Affairs, Department for Environment, Food & Rural Affairs

Rt Hon Douglas Alexander MP, Secretary of State for Transport, Department for Transport

Rt Hon John Hutton MP, Secretary of State for Work and Pensions, Department for Work and Pensions

Rt Hon Alistair Darling MP, Secretary of State for Trade and Industry, Department of Trade and Industry

Rt Hon Gordon Brown MP, Chancellor of the Exchequer, HM Treasury

Mr Tom Riordan, Chief Executive, Yorkshire Forward

Ms Felicity Everiss, Regional Director, Government Office for Yorkshire and the Humber