

Report of Assistant Chief Executive, (Customer Access and Performance)

Report to Executive Board

Date: 11th April 2012

Subject: Unlocking Growth In Cities – “City Deals”

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The report outlines activity recently conducted to conclude a ‘City Deal’ for the Leeds City Region, following the publication of the ‘Unlocking Growth in Cities’ document, which was launched by the Deputy Prime Minister in Leeds in December 2011. The publication identifies Cities as the engines of growth and critical to economic recovery and proposes a ‘fundamental shift in the relationship between national government and cities – starting with a genuine transfer of power’.
2. The Coalition Government states that it wished to start these conversations with the 8 English Core Cities and that the ‘Deals’ must be a two way transaction - and where Cities want to take on significant powers and funding, they must demonstrate strong, visible and accountable leadership and effective decision making structures. It was suggested that the Cities would need to work effectively across their wider economic footprint and it was, therefore, agreed that these conversations would be taken forward at the City Region (Local Enterprise Partnership) level, albeit with more local pilot schemes where appropriate.
3. Negotiations about a ‘City Deal’ covering skills and worklessness; transport; an infrastructure investment fund; and trade and inward investment are progressing with Government and we expect an announcement to be made after the May Elections.
4. In advance, on 21st February it was announced that £5.666m had been awarded to Leeds, Bradford and Wakefield to locally and flexibly commission the Government’s Youth Contract aimed at supporting 16 and 17 NEETs at highest risk of

disadvantage; and during the Budget Speech (21st March 2012) it was also announced that a £15m Joint Bid from Leeds and Bradford for Superfast Broad band had also been approved.

5. In order to secure devolved transport budgets there will be a need to establish new governance arrangements to replace the current integrated transport authority. This revised governance arrangement will be in the form of a Combined Authority Model to provide clearer leadership on this agenda. The process of establishing a Combined Authority will require formal consideration by each local authority affected. The two tier nature of Local Government within some parts of the City Region geography will also bring a degree of complexity to this process.
6. The process of moving forward a Combined Authority Model for transport is likely to take between 12 and 15 months, which includes undertaking a Statutory Review to establish that, as a result of creating a Combined Authority, there would be an improvement in local economic and transport outcomes.

Recommendations

7. Executive Board are asked to note and comment on the likely content of the 'City Deal'; and particularly note the pre-announced elements of the 'Deal' surrounding Youth Contracts and Super Connected Cities.

1 Purpose of this report

- 1.1 The purpose of the report is to outline the activity recently conducted to conclude a 'City Deal', following the publication of the 'Unlocking Growth in Cities' document, which was launched by the Deputy Prime Minister in Leeds in December 2011. The publication identifies Cities as the engines of growth and critical to economic recovery and proposes a 'fundamental shift in the relationship between national government and cities – starting with a genuine transfer of power'.
- 1.2 It provides information on the policy areas that are being covered by the 'Deal' and proposed timetable for publically announcing the content of the 'Deal'.

2 Background information

- 2.1 The Leeds City Region Partnership previously engaged in conversations with the last Government on this broad agenda, which culminated in the signing of a Multi Area Agreement (MAA) in 2008 and being awarded Forerunner City Region Status in late 2009.
- 2.2 The Minister for Cities (Greg Clark) is working with the English Core Cities and their associated LEPs in order to strike a number of local 'Deals', which will enable greater freedoms and flexibilities for cities to promote economic growth. This process started in September 2011 and gained momentum in December 2011 following the launch of the 'Unlocking Growth in Cities' policy document.
- 2.3 The Leeds City Region Leaders Board and LEP Board agreed to work together on the development of a long list of 'asks' covering skills and worklessness; transport; an infrastructure investment fund; and trade and inward investment, which were submitted to the Cities Minister at the end of October 2011 and these have formed the basis of ongoing discussion and negotiation.
- 2.4 Leeds City Council has been working closely with a Cities Unit in the Cabinet Office and a number of meetings have been held during February and March, which aimed to conclude the negotiations, including a Ministerial level meeting on the 6th March 2012. We anticipate an announcement about the 'City Deal', to be made after the May Elections.

3 Main issues

- 3.1 The following section is a short summary the main proposals put to Government by Leeds City Region:

3.2 Skills and worklessness

Skills pathways for a vibrant economy

Our vision: a NEET-free Leeds City Region; thousands of new opportunities for the young unemployed; a skills system that works for businesses in growing industries.

Our offer: new 14-24 Apprenticeship Academy; new Apprenticeship Hubs; campaigns to encourage apprenticeships; a greater focus of mainstream skills provision on economic priorities.

Our asks: approval to set up Academy and Hubs (latter costs £8m); confirmation of LEP leadership role to articulate employers' skills needs; £15m from Employer Ownership of Skills fund.

3.3 **Transport:**

A transformed transport system across the north

Our vision: a transformed transport system for the city region and the North of England to accelerate the growth of jobs, output and productivity.

Our offer: to establish a Transport Fund of at least £1bn, and to commit to establishing a Combined Authority to manage the Fund.

Our asks: Government to grant freedoms to manage the Fund, and to match our commitment to a 10 year programme of investment.

3.4 **Investment:**

Transforming our infrastructure – a Leeds City Region Investment Fund

Our vision: transformation of LCR infrastructure to deliver the right environment for business growth.

Our offer: to pool funds of £200m over 10 years into a Leeds City Region Investment Fund; to establish a robust appraisal system for our investment priorities.

Our asks: Government to match our resources pound for pound and to give us the freedoms to move towards a single capital pot.

3.5 **Trade and inward investment:**

Closing the Leeds City Region balance of payments gap

Our vision: to eliminate the LCR trade deficit and create a much more internationally-focused business sector.

Our offer: to commit existing (and additional) LCR resources of up to £2m to deliver an agreed set of projects to increase exports and attract inward investment – projects to be delivered jointly with UK Trade and Industry (UKTI).

Our asks: commitment from UKTI to match our resources (of up to £2m) and to work with us to deliver the proposed LCR Trade and Investment Plan.

3.6 In order to secure devolved transport budgets there will be a need to establish new governance arrangements to replace the current integrated transport authority. This revised governance arrangement will be in the form of a Combined Authority Model to provide clearer leadership on this agenda. The

process of establishing a Combined Authority will require formal consideration by each local authority affected. The two tier nature of Local Government within some parts of the City Region geography will also bring a degree of complexity to this process.

3.7 The process of moving forward a Combined Authority Model for transport is likely to take between 12 and 15 months, which includes undertaking a Statutory Review to establish that, as a result of creating a Combined Authority, there would be an improvement in local economic and transport outcomes.

3.8 Pre announced elements of the 'Deal'

3.9 Youth Contract Funding for 16 and 17 year olds identified as Not in Education, Employment or Training (NEET).

3.10 In November, the Government announced £1billion of funding to deliver a new Youth Contract over 3 years from 2012-13 to support the participation of 16-24 year olds in education, training and work. The Youth Contract contains 3 main elements:-

- additional support for unemployed 18-24 year olds, including Work Experience places, wage incentives and additional support from Jobcentre Plus advisers led by the Department for Work and Pensions (DWP).
- subsidies for small businesses taking on an apprentice aged 16-24 led by the Department for Business, Innovation and Skills (BIS) and the National Apprenticeship Service (NAS).
- a new programme of additional support aimed at 16-17 year olds who are NEET to re-engage sustainably in education, training or employment with training. This is the element that is devolved to the local level through the City Deal.

3.11 In total, £150 million of funding was announced to support this latter element. DWP and the Department for Education (DfE) are currently seeking to commission activity to support 16 and 17 year olds identified as NEET through a national procurement framework managed by the Young People's Learning Agency (YPLA). Through the 'City Deal', a small number of cities have been presented with the opportunity to contract support outside of the national procurement process following guidance set by DWP and DfE. These are Leeds, Bradford and Wakefield within the Leeds City Region, Liverpool, Newcastle and Gateshead.

3.12 The key objectives of the programme are:-

- to support 16-17 year olds who are not in education, employment or training and at risk of long-term disengagement to move into education, training or employment with training and to sustain this outcome.

- to increase these young people’s experience and qualifications so that they have the opportunity to continue in education and successfully find work, reducing the proportion who become unemployed in adult life.
- to test methods of local delivery and payment by results, increasing the effectiveness of these models and developing best practice.

3.13 Provision is based on a payment-by-results model. Cities are required to target the same broad outcomes as national provision, as well as link with the ongoing DfE work on engagement, such as raising the participation age.

3.14 Positive outcomes are defined as:

- Participation in full-time education or training funded by the YPLA/EFA.
- Participation in an Apprenticeship or a job with accredited training equivalent to 280 guided learning hours per year (around one day per week).
- Participation in part-time education, including re-engagement provision, funded by the YPLA/EFA. Young people will be participating in at least 7 hours of directed learning per week.

3.15 Sustainable outcomes are defined as:

- Sustained participation for at least 5 months out of 6 months in full-time education or training leading to an accredited qualification.
- Sustained participation for at least 5 months out of 6 months in an Apprenticeship.
- Participation for at least 5 months out of 6 months in full-time employment with part-time training equivalent (around one day per week).

3.16 The total funding available over 3 years is £5.666m. The funding allocated is broadly based on the share of the target NEET group within the local authority district and breaks down as detailed in the table below.

Local Authority	No of 16-17 yrs NEET*	% of total	Resource £
Wakefield	563	25.35	1,436,446
Bradford	700	31.52	1,786,066
Leeds	958	43.13	2,443,940
Total of 3 districts	2,221	100.00	5,666,452

* Based on 2010 figures – 3 month average

3.17 The unit level funding is capped at £2,200, the same as the cost of nationally procured provision but there is freedom to lever in additional resource from other sources and align activity with other programmes to augment support. No additional resources are provided for set-up and administration costs.

- 3.18 The opportunity to commission at the local level enables districts to work with local partners to more effectively tailor provision to local needs and opportunities. The Council will be free to draw up plans to prioritise and target specific groups within the NEET cohort, identify referral mechanisms, identify appropriate support activity relevant to the target groups and the duration of the support.
- 3.19 Work has started in each of the districts to identify priority NEET groups and their support needs, along with existing and planned provision and gaps within provision to develop an integrated programme of provision within each district with a view to commissioning activity by July to commence in September 2012.
- 3.20 Based on previous experience of collaborative work on skills provision, there is broad support to commissioning activity within individual districts overseen by a strategic group to ensure successful delivery of the programme across the 3 districts. This would enable a tailored approach appropriate to specific priority NEET groups within individual districts, the different organisational structures and wrap around support and the provider markets but would enable the sharing of information and learning and management of performance across the 3 districts.

3.21 **Super Connected Cities – Broadband**

Leeds and Bradford have been successful with a bid to government for Super Connected Cities, which was recently announced in the budget. The joint bid for £15m of a £50m total project will provide:

- **100mb+ broadband speeds (ie. *ultra-fast* broadband)** – This will set the standard across the whole of the above Priority Zone (including both city centres),
- **Wireless Network(s)** – Initial priorities being to achieve full coverage in both City Centres, but also with priorities for coverage in the Leeds-Bradford Corridor; to the Enterprise Zone and in the Bradford to Shipley Corridor. Local authority / public sector assets such as street furniture will be made available to enable low cost roll-out of the wireless networks.
- **City Centre Information Portals** – to take advantage of full wireless connectivity, allowing *open access* to the wider internet and provide specific city centre centric information (e.g. tourism information).
- **Public service delivery pilots** – to test delivery for wider city region roll-out, and to investigate the potential financial and operational efficiencies for local authorities and the NHS.
- **Telehealth pilots** – delivered in partnership with local authorities, the new Airedale, Leeds and Bradford PCT, the NHS Trust, and the leading innovator in the ‘Telehealth Hub’ based in Leeds. It will develop the pioneering work already carried out in the area and help move the operation of these systems from pilots to the norm. The programme would support *ultra-fast* broadband through direct fibre connectivity to 10-20 nursing homes, hospices, and new

'extra care schemes' across Leeds and Bradford; linking in with the programme of Older Peoples' Homes provision in Leeds.

- **Schools as Community Hubs** – All schools within the Priority Zone to have 100mb access and wireless, to act as Digital Community Hubs and support e-education.
- **Libraries** – Within 9 months start rolling out wireless connectivity to the cities libraries to help with social inclusion.
- **Business Demand Stimulation** – A targeted business grant scheme for digital infrastructure, complemented by a package of business support measures including - awareness raising; assistance to understand potential business benefits; support to plan and manage the change process; technical assistance; and staff training.
- **Fast-track planning procedures** – a joint Planning Performance Agreement will be prepared.

3.22 **Geographic scope of proposals**

The proposals are focused around a contiguous core economic area incorporating Leeds and Bradford City Centres (including Bradford CC Growth Zone) and the corridor between; and both the Bradford-Shipley Canal Road Corridor and the Aire Valley Urban Eco Settlements; the latter which includes the LCR Enterprise Zone.

3.23 Within this contiguous Priority Zone there are:

- 88,600 households.
- 16,000 businesses (over 12% of all LCR businesses) including over:
 - 300 financial services businesses.
 - 800 creative and cultural businesses.
 - 1,100 manufacturing businesses.
- 214,000 employed people (18% of total LCR employees).

4 **Corporate Considerations**

4.1 **Consultation and Engagement**

4.1.1 The initial long list of 'asks' was taken to the Local Enterprise Partnership Board on the 20th October for comment and approved by the Leeds City Region Leaders Board on 27th October 2011, prior to being submitted to Government on 31st October 2011. Leaders Board Papers are in the public domain.

4.1.2 The subsequent negotiations with Whitehall have been confidential but City Region Leaders and LEP Board members have been regularly periodically updated.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Once the 'Deal' has been formally concluded Equality Impact Assessments will be undertaken on specific projects and areas of expenditure.

4.3 Council Policies and City Priorities

- 4.3.1 The 'City Deal' will bring powers and resources that will support the Vision for Leeds; Children and Young Peoples City Priority Plan; Sustainable Economy and Culture City Priority Plan; the Housing and Regeneration City Priority Plan; and the Leeds Growth Strategy.

4.4 Resources and value for money

- 4.4.1 The financial implications of these proposals are contained within the body of the report.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 There are no legal implications which are directly as a result of this report.

4.6 Risk Management

- 4.6.1 The risk at the current time is largely reputational should the negotiations fail to deliver significant powers and resources. In addition failure to obtain significant concessions from government may constitute a risk to the economic recovery of the City and City Region.

5 Conclusions

- 5.1 The 'City Deal' negotiations are progressing with Government, although the final scope of the 'Deal' cannot be announced due to the politically restricted period and therefore will go into the public domain in May 2012.
- 5.2 The 'Deal' will bring significant powers to the City and the Leeds City Region and provide resources that will assist the delivery of activity aimed at boosting the local economy, improving transport and boosting the employment prospects for young people.

6 Recommendations

- 6.1 Executive Board are asked to note and comment on the likely content of the 'City Deal'; and particularly note the pre-announced elements of the 'Deal' surrounding Youth Contracts and Super Connected Cities.

7.0 Background documents¹

7.1 Leeds City Region Leaders Board, 27th October 2011, Agenda item 8.

7.2 Unlocking Growth in Cities, HM Government, December 2011.

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.