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David Collyer

Invitation to propose a city deal

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

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

City deals are a transaction between Government and cities, negotiated on the basis of ambitious asks and offers from both parties. The primary



objective of the deal is to drive local economic growth. Deals will aim to give cities the powers and levers they need to drive their local economies and the space to innovate and do things in a different way. In return, Government will be looking to cities to deliver improved outcomes; to do more with less funding; to strengthen their governance; to take on greater risks; to leverage private sector input; and drive forward key Government reforms.

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

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

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

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

- i. make proposals for stronger and more collaborative governance in their area, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively;
- ii. include proposals for harnessing significantly greater private sector input, expertise and resources;
- iii. demonstrate strong political commitment and readiness to put resources into delivering the deal.



- iv. present proposals that are consistent with the need to drive efficiency in the use of public money in the area, doing more with less, in pursuit of our medium term goal to eliminate the deficit; and
- v. propose reforms for their area which represent the leading edge of the Government's general economic strategy – to reduce regulation, create well functioning markets and an enabling environment for business and boost private sector growth and investment.

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

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

Next steps

It is our intention that by early November our officials will have held initial meetings with you to explain the process in more detail. Louise Morgan from the Cities Policy Unit (louise.morgan@cabinet-office.gsi.gov.uk) and Ian Gregory and Pete Northover from BIS Local (ian.gregory@bis.gsi.gov.uk and peter.northover@bis.gsi.gov.uk) will be working with you in the coming months.

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

I am copying this letter to Antoinette Jackson, Chief Executive of Cambridge City Council and Alex Plant, Executive Director of Economy, Transport and Environment, Cambridgeshire County Council.

A handwritten signature in blue ink, appearing to read 'Greg Clark'.

RT HON GREG CLARK MP

