

SCRUTINY COMMISSION – 27 MARCH 2013**ITEM FOR INFORMATION: A CITY DEAL FOR LEICESTER AND
LEICESTERSHIRE****BRIEFING NOTE OF THE CHIEF EXECUTIVE****Overview and Process**

1. All 20 Wave 2 cities were approved by the Government to progress to detailed negotiations. The Government is looking to negotiate and agree City Deals in batches between now and the end of 2013. Leicester and Leicestershire (L&L) is in the third batch with an aim to agree the L&L Deal by the end of the year. Having longer is probably advantageous as it provides an opportunity to learn from earlier cities in the process and take full account of any Heseltine announcements made at budget time.
2. The expected process is:
 - **March – July:** Local development of the City Deal proposals
 - **August – October:** Intensive City Deal negotiations with Government
 - **October or November (date tbc):** Challenge session with Greg Clark
 - **November (date tbc):** Presentation of the area's proposals to an Ad Hoc Ministerial Group chaired by the Deputy Prime Minister
 - **Post AMG:** Detailed implementation planning
3. The Government has produced a City Deal negotiation document to guide development and negotiation of proposals.

Constructing the City Deal

4. The final Deal itself will comprise:
 - **Flagship policy:** This will be policy/policies that seek to tackle the identified “central economic challenge” of the area – that is around unlocking/bringing forward the development of employment sites in L&L.
 - **Policies linked to the Leicester Leicestershire Enterprise Partnership's (LLEP) Economic Strategy:** The City Deal also allows areas to develop a small number of complementary policies that are linked to other priorities in the Economic Strategy. These will be drawn from a core package of measures prepared by Government.

5. The Government envisages that the finalised Deal would comprise the flagship policy proposal and policies for a further 5 to 7 LLEP priorities (drawn from the LLEP Economic Strategy).
6. There will be no automatic entitlement to the policy levers within the core package, as previously understood. L&L will need to 'make the case' for all aspects of its City Deal proposal.

Core Package

7. This is a suite of 'tools, levers and flexibilities' available from Government as part of constructing a City Deal. They can be used to support the 'flagship' policy and other policies developed in the Deal. The core package is organised around 3 issues – infrastructure, private sector growth, labour market.

Governance

8. The Government is advising that strong governance will be critical to the City Deal and is encouraging areas to develop their thinking around a robust governance model. The model needs to enable binding decision making and reassure Ministers that the City Deal will be delivered. Governance should also be considered in the context of the Heseltine Review.
9. The Government has indicated that the strongest governance proposals came from City Deal areas that were considering either a Combined Authority or Economic Prosperity Board. Across the midlands both Coventry and Warwickshire and the Black Country are considering Economic Prosperity Boards as a potential governance mechanism. Other areas such as Southampton-Portsmouth and Sunderland are considering the creation of Combined Authorities.
10. The L&L expression of interest was less specific about the form of any governance although did make a commitment to governance which would enable binding decisions to be taken.
11. No decisions have been taken about the scope of any new governance in L&L. It could cover some or all of the following: economic development, infrastructure provision, skills, transport and planning.

Hinckley and Bosworth

12. Hinckley and Bosworth is part of the City Deal developed by L&L and that produced for Coventry and Warwickshire (which focuses on driving "globally competitive growth in high value advanced manufacturing and engineering through investment in skills; access to innovation and space for growth".)

Next steps

13. Partners have established a Project Group to take the City Deal negotiations forward. It includes representatives from the County Council (Tom Purnell), District Councils, City Councils, and the LLEP (Chair and 2 vice-chairs).

Recommendation

- (a) That this briefing be noted that any issues the Commission wishes to raise will be responded to in writing;
- (b) That further updates be brought to the Commission as the City Deal proposals develop.

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