

City Deals

Member Briefing

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Links

All the agreed City Deals are available to download from the Cabinet Office website. We have linked to the five Northern Deals below (pdf files):

- [Leeds City Region City Deal](#)
- [Liverpool City Region City Deal](#)
- [Greater Manchester City Deal](#)
- [Newcastle City Region City Deal](#)
- [Sheffield City Region City Deal](#)

Links to the relevant section of each deal are provided within the city-by-city analysis within the briefing.

Introduction

City Deals between central government and all eight of England's 'Core Cities'¹ were published on Thursday 5th July, 2012, following the earlier agreement of the Liverpool and Manchester City Deals. This briefing for Northern Housing Consortium members sets out the background to the deals and looks at the implications of each of the five Northern Deals for housing organisations in the North of England.

What are City Deals?

City Deals were first announced with the publication of the '[Unlocking Growth in Cities](#)' paper² in December 2011. While the majority of the paper restates the Government's existing initiatives which benefit cities, the paper also outlines the Government's new model for their relationship with England's eight core cities, asserting that:

"...every city is different. So we are moving away from a one-size-fits-all model towards individual city deals. We want cities to come to us with ambitious proposals on what they will do to support private sector growth and what powers and freedoms they need to make this happen. But these deals are two way – cities will need to show strong leadership and deliver real growth and jobs for their communities."

Deputy Prime Minister's introduction to 'Unlocking Growth in Cities'

The paper makes clear that this is a government-wide agenda, but with a focus very much on the delivery of jobs and growth. In the 'Unlocking Growth' paper Government outlined a menu of options (which it stressed were not exhaustive), grouped around the following headings:

- Freedom to invest in growth
- Driving infrastructure development
- Boosting skills and jobs

The finalised City Deals largely reflect the menu of options, and as we will see this has perhaps had consequences for the profile of housing within the deals.

Who has led on the City Deals?

On behalf of Government, the Cities Minister Greg Clark MP has led on the development of City Deals, though the finalised Deals contain commitments from most domestic government departments.

The respondent on behalf of Cities has varied depending on the institutional architecture which already exists. In Greater Manchester, the existing Combined Authority has responded, in other cities the LEP has led, though the City Deal is not always co-terminous with the LEP's spatial boundaries (e.g. in Newcastle). One thing which Government has expected from the City Deals is a confirmation of each area's intentions regarding governance and accountability. As we

¹ The eight English 'Core Cities' are Birmingham, Bristol, Leeds, Liverpool, Newcastle, Nottingham, Sheffield and Manchester

² http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/CO_Unlocking%20GrowthCities_acc.pdf

shall see, in most cases this has accelerated moves towards Combined Authority arrangements.

What is in the finalised City Deals?

Whilst much has been made of the bespoke nature of the City Deals, in reality there are similarities between each deal, perhaps reflecting Government's 'bottom lines'. The notable exception is the Newcastle deal, which perhaps differs from others due to its smaller spatial scale and less well-developed governance arrangements. The table below reflects the major features of each deal in each of the three 'menu' themes identified by Government in the Unlocking Growth in Cities paper:

	Freedom to invest in growth	Driving infrastructure development	Boosting skills and jobs
Leeds	£400m LCR investment fund, leading to single capital pot	Bespoke tax increment financing deal, 10 year transport funding allocation	Local control of skills budget, apprenticeship hub
Liverpool	£800m joint investment fund	Single strategic transport authority, significant devolution of transport funding	Local control of skills budget, 'Skills for Growth Bank'
Manchester	£1.2bn investment fund with 'Earn Back' arrangement	Government backing for GM Investment Framework. Devolved 2014-20 EU Structural funds	Local control of skills budget through GM Skills and Employment Partnership
Newcastle	80 Hectare Accelerated Development Zone with 25 year TIF arrangement	Newcastle-HCA Joint Investment Plan A1 Western Bypass investment programme	City Skills Fund Action Plan Youth contract pathfinder
Sheffield	£700m Investment Fund as precursor to Single Capital Pot	10 year SCR Transport funding allocation	Local control of skills budget overseen by Skills and Employment Partnership

Only two of the City Deals – Newcastle and Manchester - address housing as a specific priority, though all the deals contain elements of relevance to housing providers. It seems that in the main, housing has not been considered as a key component of the growth agenda in the same way as transport infrastructure or skills. In part, this is a result of housing's omission from the

'menu' government set out last year, but the fact that only two of the City Regions have rectified this omission suggests there may be more to this.

A crude measure of housing's significance within each of the City Deals is to simply count the number of times the word 'housing' occurs within each document:

City Deal	Mentions of 'housing'
Greater Manchester	18
Newcastle	15
Leeds	7
Liverpool	3
Sheffield	2

The Consortium and our members need to carefully consider how we address housing's omission as a cornerstone of these deals. The findings from our on-going '[Housing and the Northern Economy' study with Sheffield Hallam University](#)³ will provide a solid evidence base for our economic contribution and potential, but as ever we welcome member views on how best to raise the profile of housing in conversations like City Deals.

What next?

Government has made clear that publication of the City Deals does not mark the end of the process, and that Minister's doors are open to further approaches from the Core Cities for additional freedoms and flexibilities which help deliver growth.

In addition, it is understood that we can expect a second wave of City Deals. Centre for Cities have suggested that this round could include 'fast growing small cities' (e.g. Cambridge and Milton Keynes) as well as medium-sized cities such as Sunderland or Coventry⁴. The Consortium believes that it is not only important that medium sized cities such as Sunderland and Hull benefit from a second round, but also that groupings such as Tees Valley and East Lancashire are considered, as well as smaller 'stand alone' cities like Preston, Durham or Carlisle.

³ See <http://www.northern-consortium.org.uk/Page/NewsArticle.aspx?ArticleId=1075> for details.

⁴ See http://centreforcities.typepad.com/centre_for_cities/2012/07/now-the-city-deals-are-done-four-key-questions-on-what-happens-next.html

- A joint approach by local authorities, DWP and Jobcentre Plus in preparation for the introduction of Universal Credit by aligning front-facing services for housing, debt and digital literacy support.
- Support for 'Apprenticeship Hubs' in Leeds and Bradford, extending to the wider City Region; with BIS agreeing to a business plan build on the principle of incentivising SME employers to directly employ apprentices from the Apprentice Training Agency established.
- A 14-24 Apprenticeships Academy in Leeds which will offer 300 young people a year vocational routes to employment in key growth sectors from September 2013.
- Confirming the LEP's leadership role in skills, agreeing data-sharing protocols, a Skills Concordat and LEP management of Employer Ownership of Skills pilot fund.

Housing impacts: The commitment to an alignment of services in advance of the introduction of Universal Credit and direct payment of housing benefit will be welcomed by housing providers, particularly the necessary focus on digital literacy support. 71% of housing providers are already offering apprenticeships, and the initiatives secured as part of the City Deal will simplify this activity.

More information on the Leeds City Region City Deal impacts on skills and worklessness can be found on pages [6 – 11 of the LCR City Deal](#).

Transport

The City Region's aim is to shrink distances within the LCR and between the LCR and other City Regions. In effect, this will create a single 'cross-Pennine' economic zone encompassing Leeds and Greater Manchester City Regions. The City Deal delivers the following:

- A bespoke Tax Increment Financing deal which will give local leaders confidence that they can 'earn back' their contributions to a new £1bn-plus transport fund, intended to deliver 20,000 jobs and a 2% uplift in LCR GVA.
- A ten-year City Region transport funding allocation from the Government's post-2014 Major Transport Scheme Budget
- Longer term, granting of London-style Precepting (tax-raising) powers to the Combined Authority to support transport investment programme, and devolution of the Northern Rail franchise (joint with Sheffield and Manchester).
- Completion of the Newcastle-Leeds-Manchester Northern Hub rail project

Housing impacts: Improvements to the local transport network are welcome, and in the longer term may change commuting patterns and housing market boundaries.

More information on the Leeds City Region City Deal impacts on transport can be found on pages [12 – 14 of the LCR City Deal](#).

Investment

It is proposed to establish a Leeds City Region Investment Fund, drawing together a range of national and local funding sources to produce a c.£400 million pot for investment over the next ten years. This £400m will also enable the leveraging-in of private finance.

The LCR local authorities have offered to match-fund the £36m already awarded to the LEP from the Growing Places Fund. In addition, receipts from the LCR Enterprise Zone will be diverted to the fund. Additional yield from the LCR's Business Rates Retention Pooling will also be added to the fund. Consideration will also be given to a percentage top slice of Community Infrastructure Levy receipts being earmarked for the fund, and to use of local pension funds. LCR intend to adopt a Greater Manchester-style model for determining investment priorities.

In return, the LCR are seeking the following from Government:

- A single capital pot with additional funds from Departmental funding streams diverted for local allocation
- An appropriate sum from future rounds of the Regional Growth Fund (in line with the LCR's share of the economy – estimated at 5%)
- A shared local investment programme with the HCA, which would sit alongside the Investment Fund, where HCA assets and land - and other investments where appropriate - are combined with resources from LCR partners.
- Agreement from Government to the shared Business Rates Pool
- A discount on Public Works Loan Board loans of 20bps.

Housing impacts: This is a comprehensive programme which should lead to progress on an agreed set of infrastructure improvements. The shared local investment programme with the HCA will in all probability include at least some of the Agency's housing sites and investment, which presents an exciting opportunity for local housing providers.

More information on the Leeds City Region City Deal impacts on investment can be found on pages [15 – 18 of the LCR City Deal](#).

Trade and inward investment

This section of the City Deal focuses on the ambition to close the 'trade deficit' which currently stands at over £1bn per year in the Leeds City Region. The LCR believe this can be turned into a comfortable and growing surplus over the next three years and exceed the trade performance of the current best performing region by 2018.

The LCR has committed to a £1.5million city region staffing budget to deliver an International Trade and Investment Programme, backed up by an operational budget which will grow from £300k to £500k within two years.

In return, the City Deal commits Government to UK Trade & Investment activity commensurate with the economic scale of the region (5% of England's economic output) and the contribution made by local partners.

A three-year LCR Trade and Investment Plan will be agreed, with UKTI, HMRC, UK Export Finance and BIS as signatories. UKTI will also be represented on a City Region Trade and Investment Board.

Housing impacts: Whilst the trade and inward investment section of the City Deal is unlikely to impact directly on housing providers, if the targets were to be met, our residents would undoubtedly benefit from the ensuing economic growth. The LCR estimate that by 2018, this activity could raise the Region's GVA by 1.1% annually from 2015, and create 7,400 jobs.

More information on the Leeds City Region City Deal impacts on trade and investment can be found on pages [19 – 21 of the LCR City Deal](#).

Planning

This section of the City Deal sets out the LCR's emerging response to the Government's reforms of the planning system. It recognises that:

“A major structural change has occurred in housing markets over recent years, which has resulted in development stagnation and a major imbalance in housing supply and demand. It will require a broad range of complementary actions to address the many complex and intertwining issues that have brought about this situation.”

Key commitments of relevance to NHC members include:

- The preparation of a city-region wide spatial framework, setting out the priorities for delivering the LCR's ambitions.
- Developing a new localised approach to attracting new investment into supporting housing development
- Working to unlock stalled development sites in collaboration with developers through the Get Britain Building initiative and the Growing Places Fund.

The LCR states that it is keen to explore how to use existing and potential new tools and measures to help kickstart and accelerate housing delivery.

This section of the City Deal is lighter on specific commitments than the four main proposals. However, it sets out the LCR's intention to pursue the planning and development issues with DCLG and HCA. A separate letter will be sent from the City Region to Minister for Planning and Cities, Greg Clark, to outline the issues the LCR believes need addressing to deliver growth.

Housing impacts: This section of the City Deal has the most immediate relevance to housing providers, though the collaborative action necessary has yet to be finalised. The Consortium and its members look forward to working with the LCR to develop local solutions to these important – and complex – issues.

More information on the Leeds City Region City Deal impacts on planning can be found on pages [22 – 23 of the LCR City Deal](#).

The low carbon economy

The LCR estimate that the city region's carbon emissions could be reduced by 40% by 2022 through cost-effective and cost-neutral initiatives alone.

Over the next 12 months, the LCR has committed to:

- Developing a portfolio of renewable energy and retrofit investment opportunities. As part of this programme, they intend to investigate potential delivery mechanisms (such as ESCOs) and develop a £50m package of commercial retrofit investment opportunities for the Green Investment Bank.
- Provide a city region delivery framework through the Domestic Energy Efficiency Programme (DEEP), which is already proving an effective way of delivering CESP and CERT funding
- Deliver the Re-Fit scheme for public sector buildings in Leeds.

The City Deal commits DECC to provide strategic advice and support to the LCR, including on funding streams. Opportunities for further collaboration will be discussed once the delivery plan is finalised.

Housing impacts: These actions will be welcomed by housing providers, who have been at the forefront of delivering CESP and CERT schemes. However, the greatest single impediment to delivery of renewable energy programmes has been the Government's abrupt decision to revise feed-in tariff pricing.

More information on the Leeds City Region City Deal impacts on the low carbon economy can be found on page [24 of the LCR City Deal](#).

Leadership in Leeds City Region

The LCR have committed to developing a West Yorkshire Combined Authority, covering Leeds, Bradford, Wakefield, Calderdale and Kirklees. It should be noted that at present this only covers the former West Yorkshire Metropolitan County area, but there is scope for other local authorities to join the combined authority so that it covers the whole LEP area (this would include districts such as Craven and Harrogate, unitary York or even Barnsley).

The combined authority will allow joint governance arrangements for transport, economic development and regeneration.

Housing impacts: This joined-up governance will be significant not just on an operational level – for example, providing clarity over planning and development – but LCR believes it will provide more gravitas for the LCR when lobbying central government and other agencies on behalf of the city region.

More information on the Leeds City Region City Deal impacts on leadership can be found on pages [25 of the LCR City Deal](#).

Liverpool City Region City Deal



The Liverpool City Region City Deal was the first deal to be agreed, as a result of Liverpool City Council's decision to adopt the elected mayor model without a referendum. It builds on what the City Region sees as its natural economic strengths – the SuperPort, advanced manufacturing, the low carbon, knowledge and visitor economies. Challenges to be addressed include low business density, significant skills gaps, relatively high levels of unemployment, and relatively low productivity.

The City Deal has six main proposals. These are:

- An International Business Festival
- A low carbon red tape pilot
- Making the River Mersey the cleanest river in an urban setting by 2045
- Increasing employment by combining public and private sector skills investment
- Putting transport at the heart of economic development through revised governance and a £800m joint investment fund
- Generating 2,000 high value jobs through big science investment

In addition, the Liverpool City Region Investment Framework will underpin these proposals, bring together public and private sector investment funding, and is seeking the devolution of management of European Funding such as ERDF and ESF to the City Region from 2014.

International Festival of Business

In 2014, the City Region will organize a month-long International Festival of Business. This is intended to produce a step-change in business performance, and will target global growth markets and exporting. The estimated £15m cost of the Festival will be 2/3 funded locally, and Government has been asked to contribute £5m to underpin abnormal infrastructure costs.

The City Region believes the Festival will produce a £100m return on investment over 5 years, with economic benefits derived from the development of the City Region's image, the uplift to exports, securing of inward investment and increased tourism and direct visitor spend.

Housing impacts: Whilst the International Festival of Business may not impact directly on housing, it is important that the organisers take into account the importance of marketing Liverpool and the North West to inward investors as a great place to live, with a housing offer which will meet the needs of their potential employees.

More information on the International Festival of Business can be found on pages [6-7 of the Liverpool City Region City Deal](#)

Accelerating investment in the low carbon economy

The City Region believes that its proximity to the Irish Sea and existing infrastructure provides a unique opportunity to deliver offshore wind and energy projects. However, the City Region asserts that regulatory and planning delays are currently acting as a barrier to investment.

Government has also been asked to provide a single Environmental Accounts Manager to provide a coordinated approach to regulatory issues impacting on these developments, and to set a 13-week deadline for the resolution of these applications.

Enhanced capital allowances already existing for the offshore wind sector within the City Region, but as part of the City Deal, HM Treasury has agreed to consider an extension to the current status once current allocations are exhausted.

The estimated impact of these and associated measures is to deliver £100m private investment in the next five years, and the creation of 3,000 jobs over 10 years.

Housing impacts: Whilst this section of the City Deal is unlikely to impact directly on housing providers, our residents would undoubtedly benefit from the ensuing economic growth.

More information on the Low Carbon Economy outputs can be found on pages [8-10 of the Liverpool City Region City Deal](#)

Making the River Mersey the cleanest river in an urban setting by 2045

The Mersey does not currently meet the 'Good Ecological Status' standard which the EU expects all inland and coastal waters to reach by 2015. The City Region aims to take a leap forward which will make the Mersey the cleanest and most ecologically diverse river in an urban setting by 2045. This will create a global centre of expertise just as water security becomes a major international issue. Government has been asked to commit to working through the relevant agencies and departments to help local interests make this happen.

Housing impacts: Whilst this section of the City Deal is unlikely to impact directly on housing providers, efforts to clean the river will make the area a more attractive place to live, and our residents may benefit from the employment opportunities created by a centre of excellence.

More information on the River Mersey proposals can be found on page [10 of the Liverpool City Region City Deal](#)

Jobs and skills

The City Region warn that the latent potential to create 100,000 jobs over the next decade will be held back unless challenges within the employment and skills system are addressed.

The City Deal proposes to address this through:

- Bringing together up to £80m of investments and incentives to help businesses create more jobs, address skills gaps and increase productivity, including through:
 - The creation of a 'Skills for Growth' bank. This will be an employer-owned mutual which will simplify skills funding through grants and loans to business. £30m of Employer Ownership of Skills funds will assist in the creation of the Bank. Government will also commit to allocation any available European Social Fund under-spend within the city region.
 - The creation of a unified job creation investment fund which will incentivise business to recruit. Currently the City Region believe there is significant deadweight caused by a number of local and national employer incentives which overlap and distort the market. The City Region has asked government to encourage Work Programme primes to co-invest their incentives into this unified pot and allow flexibility in how they are granted in return for proportionate outcomes.
- Creating a skills system that keeps pace with structural economic rebalancing, including through a 'payment by results' system within elements of Adult Skills Funding.
- Liverpool City Region will publicly commit to a target of reducing long-term youth unemployment by half in three years and commission a youth unemployment task force. In return, Government will support the task force and:
 - Formally recognise the LCR Employment and Skills Board as the single voice and strategic lead for employment and skills in the City Region. This will mean DWP working with the City Region to align commissioning geography with the LEP area.
 - Work with LCR to establish the feasibility of customer choice in the work programme and if deliverable move to a full pilot

Housing impacts: The LCR estimate these measures will create 6,000 additional apprenticeships and get 17,400 unemployed people into work as well as halving long term youth unemployment in 3 years. This will unquestionably benefit many of our residents. Housing providers have sought to engage with the Work Programme and also deliver many of their own employment and skills interventions. Engaging in the emerging LCR skills architecture will be essential to ensure these interventions deliver best results.

More information on the jobs and skills proposals can be found on pages [11-14 of the Liverpool City Region City Deal](#)

Improving transport connectivity

The City Region's transport vision is to ensure that transport assets are developed sustainably and to their full potential, so as to ensure that communities have access to jobs and education; and to enable businesses to thrive because of their ability to move people, goods and services quickly and efficiently both within the UK and overseas.

In particular, the City Deal covers:

- Taking forward recommendations from an existing study in to access to the Port of Liverpool
- A single strategic transport authority for the City Region by the end of 2012, and a dialogue with Government aimed at achieving significant devolution of transport funding to the City Region. This will form part of a £800m City Region Transport Investment Programme over the next ten years.
- Working towards rail devolution for the North of England (see also Leeds and Manchester City Deals)
- Completing rail priorities such as the Northern Rail Hub and Trans-Pennine electrification, and helping achieve other rail priorities such as the Halton Curve and improvements to the Bootle Branch Line.
- Ensuring that Liverpool either directly benefits from HS2 in the form of a direct rail link or 'classic compatible' connection from the high speed line

Housing impacts: The SuperPort proposals alone could create 24,000 new jobs by 2020. Transport initiatives will benefit more peripheral areas of the City Region – for example Halton have identified potential to create 6,600 jobs by 2015 in areas which would benefit from sustainable transport measures. Connecting our residents to these jobs will be a key priority for social housing providers.

More information on the transport proposals can be found on pages [15-18 of the Liverpool City Region City Deal](#)

Science and knowledge

Liverpool City Region is home to a number of significant science and knowledge based assets such as the Daresbury Science and Innovation Campus and the Liverpool Knowledge Quarter. Daresbury alone has seen 37% growth over 4 years.

The City Region believes that 12,000 jobs can be created at Daresbury through successful delivery of an existing master plan. The City Deal commits Government to working with the City Region to invest at Daresbury to maintain its leading edge capabilities.

In addition, the Liverpool Knowledge Quarter has been designated as a 'Mayoral Development Zone' and Government has committed to working with the City Region to raise the profile of the site and position it to attract flagship inward investment projects.

Housing impacts: This is another initiative which has potential to create jobs, thereby benefitting the communities we serve.

More information on the science and knowledge proposals can be found on pages [19-20 of the Liverpool City Region City Deal](#)

Housing impacts: The up-front investment is expected to produce £2bn+ of demand in the local economy by 2016. In the longer term, GM expect £1bn per annum of benefit by 2025. There is potential for additional infrastructure investment to benefit housing development – for example sites along the South East Manchester Multi Modal Study route or Metrolink extensions.

More information on the Earn Back proposals can be found on [Pages 8-9 of the Greater Manchester City Deal](#)

Investment Framework

The GM Investment Framework aligns core economic funds from central government, ERDF, the North West Evergreen Fund and the private sector, including Institutional Investment from the GM Pension Fund. Funds are allocated according to GVA impact.

The City Deal effectively gives Government endorsement to this way of operating, and confirms that if GM is successful in a Round 3 Regional Growth Fund bid, this money can be allocated as an additional programme fund within the Framework. Government have also committed to examining how 2014-2020 EU Structural Funds can be designed to maximize impact within GM, including through devolved design and delivery.

Housing impacts: The City Deal confirms that there are housing projects within the GM pipeline of 70-80 projects suitable for Investment Framework assessment. The Consortium welcomes and endorses the strong strategic approach Greater Manchester have adopted and is pleased to see housing considered within it.

Skills

Greater Manchester estimate that skills already account for three-quarters of the gap in productivity between GM and the South East of England. £500million is spent by Government on non-university skills provision in GM each year. The City Deal seeks to ensure greater coordination between supply and demand from employers.

The existing GM Skills and Employment Partnership will be used to take greater ownership of skills by employers, and particularly SMEs. Through a City Apprenticeships and Skills Hub, funding will be channeled directly to employers. The Hub will also seek to implement a 'tax incentive' pilot model for employers who invest in skills development, using £4m of GM investment.

Housing impacts: These and associated measures are intended to deliver a 10% per annum increase in 16-24 apprenticeship starts over 2 years. In addition, SMEs will be directly funded to create 6,000 apprenticeships over 2 years. 100 employers are expected to potentially benefit from the tax incentive pilot over 2 years. These measures will certainly benefit client groups served by NHC members, and NHC members may also benefit as employers and apprenticeship providers from some of the skills initiatives.

More information on the Earn Back proposals can be found on [Pages 10-11 of the Greater Manchester City Deal](#)

Business support

Manchester has committed to a business-led Growth Hub, which is intended to include access to trade, investment and growth services. The City Deal confirms that this will be funded over the next three years from Manchester's existing Regional Growth Fund allocations. From 2015, this is expected to be funded by Enterprise Zone revenues. In the next three years, programmes will include:

- Access to finance
- Mentoring
- Ultra-fast broadband demand-stimulation
- Support for mid-growth start ups

Housing impacts: Whilst housing organisations are unlikely to benefit directly from these initiatives, our residents may benefit from the jobs created, or indeed from the services of the Growth Hub.

More information on the Business Support proposals can be found on [Pages 15-16 of the Greater Manchester City Deal](#)

Inward investment

The City Deal proposed to develop Manchester as a 'Beacon for Inward Investment', with a focus on investment from India, China and Brazil. This would be intended to benefit not just Manchester, but the whole of the North of England (the Deal's argument being that Manchester, with its large economy and strong connectivity, can act as a gateway for the rest of the North).

The City Deal commits UK Trade and Investment to working in partnership with Manchester's inward investment agency to examine Greater Manchester's existing links to emerging economies and ways to leverage this and other existing strengths. This will lead to an investment plan which will deliver new jobs and inward investment projects to the UK.

Housing impacts: Whilst housing organisations are unlikely to benefit directly from these initiatives, our residents may benefit from the jobs created through inward investment.

More information on the Inward Investment proposals can be found on [Pages 17-18 of the Greater Manchester City Deal](#)

Low Carbon

Greater Manchester has an existing carbon reduction target of 48% by 2020. The City Deal sets out the City Region's distinctive offer on low carbon, including the 1.1million homes in GM,

including 0.25m social homes – which represent a unique economic opportunity for large-scale low carbon domestic retrofit.

Within the City Deal, GM commits to a Local Carbon Hub which will develop an implementation plan to reach the 2020 target. This will include existing DECC policies such as district heating and energy efficiency grants. DECC will support Greater Manchester through consideration in national programmes, and ad-hoc support for bids for EU funds.

UK Green Investments and Greater Manchester plan to establish and fund a 50/50 joint venture company which will develop a portfolio of investment propositions, including housing retrofit.

Housing impacts: The specific reference to Manchester’s social housing stock in relation to retrofit is very welcome, and the Consortium shares Greater Manchester’s optimism that this represents a significant and attractive investment opportunity.

More information on the Low Carbon proposals can be found on [Pages 19-20 of the Greater Manchester City Deal](#)

Housing

Like other areas, Greater Manchester already has a Local Investment Plan agreed between local partners and the HCA. The City Region estimates that the LIP has generated an additional £41.3m of NAHP funding, resulting in 981 additional affordable homes.

The City Deal seeks to take this a stage further, establishing a Housing Investment Board to manage an investment fund, which would use national and local resources to develop new housing of all tenures, initially on publicly owned land.

Land would be invested for the first ten years of the fund on a ‘build now, pay later’ basis. Because receipts would be delayed by ten years, this enables the recycling of receipts to support further development in the meantime. HCA would act on behalf of government departments and agencies.

The intention is that in future programmes, Government would make an allocation of resource to the GM Housing Investment Board, and this would be managed locally.

Government has agreed to this devolution, including a HCA representative on the Housing Investment Board, exercising HCA powers to approve schemes. The HCA will invest its own land on the basis of receipts being returned after ten years.

Housing impacts: This devolution effectively gives Greater Manchester London-style devolved powers over housing investment. GM estimate that 5,000-7,000 new homes can be delivered using the ‘build now, pay later’ principle by 2017. GM will produce an annual return on investment of between 4% and 7%. This is an exciting model, which we expect other cities will seek to replicate in due course.

More information on the Housing proposals can be found on [Pages 21-22 of the Greater Manchester City Deal](#)

Transport

Greater Manchester has recognised the need for the area to become more economically dense to sustain economic growth. The City Deal aims to deliver these improvements.

One key aspect is the proposed 'compacts' with other LEP areas, notably Leeds, to identify shared priorities. In practical terms, this initially includes work to complete the Northern Rail Hub and Trans-Pennine electrification, plus developing proposals to devolve responsibility for the Northern Rail franchise, and potentially Trans-Pennine too.

In addition to rail proposals, the City Deal commits government and local partners to progressing more locally-focussed bus and ticketing proposals. It also commits government to investigating the potential for further relaxation of constraints on the use of capital funding, with potential for further devolution to the GM Combined Authority.

Housing impacts: Greater Manchester estimate that improved economic links between their own city region and Leeds could deliver £2.7bn of economic benefits to those city regions and £6.7bn to the North of England as a whole. This increased connectivity between Leeds and Manchester may change commuting patterns and housing market boundaries in the longer term.

More information on the Transport proposals can be found on [Pages 23-25 of the Greater Manchester City Deal](#)

Government has agreed to the retention of all business rate growth for 25 years in the 80 hectares designated as an ADZ. It has also agreed to instruct UK Trade and Investment to work with local partners to promote economic opportunities within the ADZ.

Housing impacts: In addition to the job creation opportunities this scheme will create for our residents, two of the ADZ plots are earmarked for mixed-use development, meaning some housing development may be possible within the Zone.

More information on the ADZ proposals can be found on [Pages 5-6 of the Newcastle City Region City Deal](#)

Energy, marine and low carbon

This section of the City Deal builds on Tyneside's existing designation as a Centre for Offshore Renewable Engineering (CORE), and the North East LEP's prioritization of the low carbon economy.

The City Deal commits Government and the local authorities to continued support for investment and growth of the CORE. UK Trade and Investment will work with local partners to accelerate development in offshore manufacturing, with the aim of securing £500m in private sector investment, creating 8,000 jobs over five years.

In addition, Government has committed to supporting Newcastle's target to reduce carbon emissions by over 34% by 2020, including through a regional housing warmth programme.

Housing impacts: It's pleasing to see reference in this section to the regional housing warmth programme Newcastle City Council is leading, and the commitment on behalf of the Department of Energy and Climate Change to explore behavioural insight work on reducing fuel poverty through improved domestic energy efficiency.

More information on the Energy, marine and low carbon proposals can be found on [Pages 7-8 of the Newcastle City Region City Deal](#)

Strengthening Employment and Skills

Newcastle's proposals for strengthening employment and skills build on the existing NewcastleFutures employment support venture with Jobcentre Plus. The City Deal proposals envisage more co-located services and data-sharing, leading to more integrated working between Jobcentre Plus and local agencies.

In particular, the City will produce a City Skills Fund Action Plan (with the LEP) which will create a shared understanding of future skill needs of the local economy, to build capacity to develop solutions and to meet the start-up costs of setting up a Newcastle Skills and Apprenticeships Hub.

Government will provide around £1.7m over three years for a local Youth Contract Pathfinder which will allow the creation of a locally-shaped integrated solution.

Housing impacts: The partners believe the devolved funding and greater partnership working will enable a more localised service to be delivered at reduced costs. This will help more people back into work, boost the economy and result in a 15% increase in apprentices. Local housing organisations will welcome this development, which will assist many people within our client groups.

More information on the Strengthening Employment and Skills proposals can be found on [Pages 9-10 of the Newcastle City Region City Deal](#)

A devolved approach to housing policy and delivery better able to respond to local housing need

A Joint Investment Plan will be developed and delivered by NewcastleGateshead and the Homes and Communities Agency. This will use HCA resources and Newcastle's £25million Future Homes Fund to deliver 15,000 homes within the urban area (an increase of 2,000 on present proposals). It will also seek to reduce the 8,900 vacant homes by a quarter.

The Joint Investment Plan will be overseen by a Board which will include senior representatives of Newcastle City Council and the HCA.

Newcastle's £25million Future Homes Fund consists of contributions from the New Homes Bonus, Section 106 payments, Community Infrastructure Levy and prudential borrowing. This will be aligned with HCA land assets and funding through the JIP. Government has agreed to the JIP having strategic influence over HCA assets in the Newcastle City Council area. A simplified and aligned approval process will be adopted.

Progress on empty homes will be enabled by an extension of the council's existing Helping Hands loan programme, enabling individuals and communities to refurbish homes either individually or as a cooperative.

Housing impacts: These proposals should enable the construction of 15,000 new homes (2,000 over and above current proposals) creating 30,000 direct full-time construction jobs. This will go some way to addressing the shortage of suitable homes in Newcastle which contributes to significant commuting flows. The programme will have a direct economic benefit of some £4bn and generate an additional £15m per annum in additional council tax. The Joint Investment Plan and supervisory Board are a welcome development and should result in a strategic approach which local housing providers can engage with.

More information on the Housing proposals can be found on [Pages 11-12 of the Newcastle City Region City Deal](#)

Connectivity and transport

This section of the City Deal builds on the North East LEP's prioritization of strengthening transport, connectivity and infrastructure. In particular, the City Deal commits the Department

of Transport and Highways Agency to work with local partners to develop an investment programme to reduce congestion on the A1 Western Bypass – a key link, and the third most congested part of the national strategic road network.

In addition, the City Deal commits Government to a £4-6million investment from the Urban Broadband Fund to develop super-connected broadband infrastructure in the City Region – matched by a commitment from Newcastle City Council.

Housing impacts: Increased transport connectivity may change commuting patterns and housing market boundaries. Investment in super-connected broadband is welcome, but must be supported by digital inclusion initiatives to ensure that the poorest in society also benefit from this investment.

More information on the Connectivity and Transport proposals can be found on [Pages 13-14 of the Newcastle City Region City Deal](#)

Leadership and Governance

Newcastle and Gateshead’s City Deal governance has two parts:

Firstly, the Accelerated Development Zone will result in a strengthening of the existing NewcastleGateshead Partnership arrangements. The Councils have committed to giving the Partnership formal decision making powers and making it subject to greater public scrutiny and accountability.

Secondly, the City Deal commits Newcastle City Council to work with the other six local authorities represented on the North East LEP to strengthen governance, including the option of a North East Combined Authority with a statutory basis. The City Deal makes clear that Newcastle City Council supports the establishment of a Combined Authority, and that Government has indicated that such a Combined Authority would be regarded as a strong platform for further devolution of funding, power and responsibilities. However, it remains to be seen whether the other six local authorities in the North East would be supportive of such a move, and of those six, only Gateshead Council is party to this City Deal.

More information on the Governance proposals can be found on [Page 15 of the Newcastle City Region City Deal](#)

- Engaging Government to establish a legally recognised Combined Authority for the whole City Region, with integrated transport powers for the whole SCR area.

More information on the Governance proposals can be found on [pages 6-7 of the Sheffield City Region City Deal](#)

Skills

Like other City Regions, Sheffield has identified skills gaps within its existing workforce, and wishes to take control of central government skills funding in order to establish a more responsive and business-led framework.

In practice this means Government augmenting the City Region's existing £23.8m in training and apprenticeship resources with a further £4m of investment. This will be matched with £6-12m of local authority investment and a minimum of £37.5m employer investment, creating a tripartite investment fund which is 61% locally funded. This substantial investment will be overseen by a Skills and Employment Partnership, which will deliver a three-year skills plan endorsed by BIS.

Sheffield will create a 'City Region Hub' brokerage model to stimulate business to invest in skills. This will include an Apprenticeship Training Agency, and is expected to deliver an additional 4,000 apprenticeships and 2,000 newly-upskilled employees.

Housing impacts: These new skills arrangement will benefit the client groups we serve, but may also benefit housing organisations who wish to recruit apprentices or upskill their own staff. Housing organisations working within the Sheffield City Region may wish to consider aligning their own skills investments with the strategic city region approach.

More information on the Skills proposals can be found on [pages 9-12 of the Sheffield City Region City Deal](#)

Financial tools for growth

The City Deal establishes a Sheffield City Region Investment Fund (SCRIF) which will deliver over £700m of investment, governed by the SCR Leaders' Board and LEP. This £700m consists of finance from a range of sources, including Growing Places Fund, ERDF funds, local authority and Integrated Transport Authority monies. In addition, the City Region anticipates a minimum £300m investment from the private sector and the devolution of the Department of Transport's major schemes funding to the City Region.

This £700m SCRIF is the precursor of a single unringfenced capital pot the City Region wishes to see the Government establish for the SCR – giving it a certain annual allocation rather than relying on ad-hoc or conditional funding schemes such as RGF and GPF.

Significantly, the City Deal commits the HCA to aligning its available portfolio of assets with the SCRIF assets and investment as part of a joint investment plan. Receipts from these assets and investments are expected to be reinvested within the region.

Housing impacts: The financial tools outlined above are expected to deliver greater value from the money the SCR has available – particularly through the addition of European funding. There is no specific mention of housing within this section of the City Deal, but the inclusion of HCA assets and the ambitions for Sheffield City Centre and other sites mean it is unlikely that the new financial tools will not result in benefits for the SCR’s housing market.

More information on the Finance proposals can be found on [pages 13-16 of the Sheffield City Region City Deal](#)

Transport

This section of the City Deal confirms Government’s intention to deliver a 10 year SCR transport funding allocation (including the major scheme funding which will form part for the SCRIF – see above). In the next Spending Review period, SCR expects government to agree to an appropriate capital/revenue split for funding. This devolution is regarded as essential to implementing strategically important proposals such as ensuring access to HS2.

As per other City Deals, SCR expects Government to negotiate the devolution of Northern Rail services, and complete schemes such as Northern Hub and Trans-Pennine Electrification.

There is also agreement to SCR-specific asks such as the delivery of the tram-train project and opportunities for the SCR to become a Better Bus Area and implement smart ticketing.

Housing impacts: SCR estimate that for every £1 spent on transport in the city region, targeted investments can deliver a 10 fold long term GVA uplift. It is claimed that decentralisation of strategic transport powers will enable the realisation of 12,000 new jobs in the SCR Enterprise Zone and 18,700 new jobs by 2025 through the Lower Don Valley masterplan. Although housing outputs are not referred to in the City Deal itself, we know from previous announcements that the Lower Don Valley scheme alone is expected to deliver 4,280 units of housing – so these transport infrastructure investments will assist housing delivery, too.

More information on the Transport proposals can be found on [pages 17-22 of the Sheffield City Region City Deal](#)

Advanced manufacturing and procurement

The SCR City Deal seeks to build on the area’s existing strengths in advanced manufacturing by developing a national centre for procurement, and co-produce a roadmap for growing the nuclear advanced manufacturing supply chain.

Housing impacts: Whilst the advanced manufacturing impacts do not appear to have immediate relevancy to social housing, this section of the City Deal also contains the SCR’s offer on green jobs. SCR have committed to a ‘go early’ Green Deal roll-out, with a particular focus on the involvement of social housing providers, the private rental sector and other key players.

More information on the Advanced Manufacturing and Procurement proposals can be found on [pages 23-25 of the Sheffield City Region City Deal](#)

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