

**HM TREASURY**

Press Notice

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Government formalises Newcastle city deal

The Government's plans to transform the powers and levers available to local leaders to deliver growth and jobs in their communities were confirmed today with the signature of agreements between the Deputy Prime Minister, Rt Hon Nick Clegg MP, the Financial Secretary to the Treasury, Rt Hon Greg Clark MP, and the leaders of Newcastle.

At the heart of the Newcastle Deal is the commitment for business rate income in four key growth sites in Newcastle and Gateshead to be retained locally, to spearhead ambitious plans for private sector-led investment.

The Deputy Prime Minister, Nick Clegg, said:

"Today Newcastle signs a deal to hand chunks of power over from Whitehall control - a dramatic power shift that will mean everyone in Newcastle will feel the benefits.

"With more control and freedom, Newcastle will thrive – new initiatives on transport, broadband, employment, skills and housing will boost prosperity.

"It's in your own interests to make it work, spend the money wisely, get the best bang for your buck, and reinvent yourself."

Greg Clark said:

"This is a great deal for Newcastle. The Government is committed to unlocking the full growth potential of our cities. We want powerful, innovative cities that are able to shape their economic destinies, boost entire regions and get the national economy growing.

"This deal provides a suite of new freedoms, powers and tools to help Newcastle embark on new and innovate ways to drive local economic growth. "

Notes for Editors

1. On July 5 2012, the Government announced a series of historic city deals with our largest cities (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield).
2. Today's event saw the Core Cities invited to Downing Street. They were congratulated on their efforts and signed wave 1 deals with the Government agreeing its joint commitment to the full implementation of the city deals.
3. Each deal is bespoke and reflects the different needs of individual places but every deal aims to:
 - Give cities the powers and tools they need to drive local economic growth;
 - Unlock projects or initiatives that will boost their economies; and
 - Deliver a step change in the governance arrangements.
4. There are five parts to the Newcastle City Deal:
 1. **Accelerated Development Zone:** The Deal will create a Newcastle Gateshead Accelerated Development Zone, unlocking city centre growth, which will provide a £1 billion boost to the North East economy. As part of this deal Newcastle and Gateshead will benefit from a New Development Deal: with all growth in business rate income generated within the four key development sites, covering 80 hectares, ring fenced by the Government and retained by the two Councils for 25 years. This will allow Newcastle and Gateshead Councils to immediately initiate a £92 million investment programme, creating 600 construction jobs and leading to 1,500 permanent jobs within five years, and 13,000 within 25 years.
 2. **Energy, Marine and Low Carbon:** Secure £500m in private sector investment in the next five years into the marine and offshore manufacturing sector, creating 8,000 jobs over the Local Enterprise Partnership area. Building on Newcastle's reputation for sustainability and existing expertise, establish Newcastle as a low carbon pioneer city; delivering a carbon reduction target of 34% by 2020. Newcastle will demonstrate good practice, and will receive support in accessing national and European funding, including Green Deal and heat network initiatives.

3. **Employment and Skills:** Newcastle and Government will improve employment opportunities through co-location and better integration of national and local services, and data sharing. Newcastle will also set up a Skills Hub which will promote apprenticeships and support small businesses to take on apprentices to increase the number of apprenticeships by 15% (500 in Newcastle), deliver a skills system which better meets the needs of employers, and provide a model for local delivery of the Youth Contract.
4. **Housing:** Deliver a Joint Investment Plan with the Homes and Communities Agency, using the Agency's resources and Newcastle's £25 million Future Homes Fund, to deliver 15,000 homes within Newcastle's urban area and to improve the functioning of the housing market in Newcastle.
5. **Transport and Connectivity:** Produce an investment programme with Government to reduce congestion on the A1 Western Bypass, to reduce journey times on one of the most congested links in the national network, as well as investing in the broadband infrastructure of the city.

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