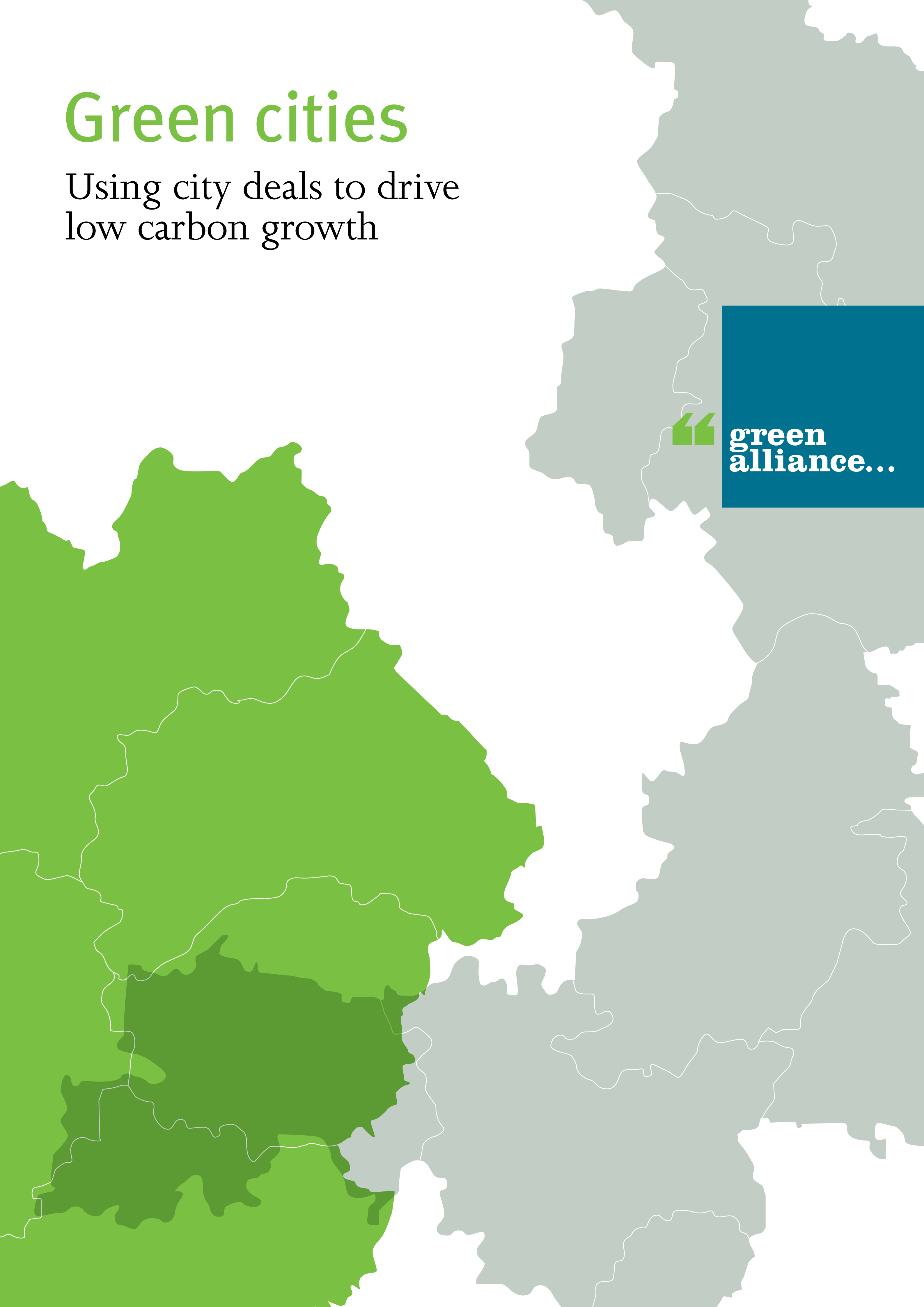
Green cities

Using city deals to drive low carbon growth



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Green cities:
Using city deals to drive low carbon growth

by Faye Scott

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Executive summary

The government has described cities as "engines of growth" that can lift the UK out of recession.[1] Agreements known as city deals have been introduced to unlock that potential, transferring powers, tools and support from central government to cities. Eight deals were agreed with the core cities in July 2012. A further 20 cities, known as wave two, are in the second round announced in October 2012. The deals reflect the cities' economic ambitions and are the main channel for 'doing business' with government.

While cities recognise and espouse the benefits of building low carbon, resilient economies, they need to use every opportunity to progress those aims. This report examines how the first eight deals have enshrined the core cities' aspirations for a low carbon future.

The further roll-out of city deals should be informed by the need to secure low carbon progress. Not because it is a 'nice to have', but because it offers towns, cities and regions a clear route to prosperous and resilient communities. We show where the initial deals already achieve this and recommend how future deals can capitalise and build on their approach.

How the existing deals compare

The eight city deals are varied, reflecting the cities' diverse strengths and characteristics. Our analysis concentrates on the overall approaches taken, their relationship to the cities' existing low carbon ambitions and the specific initiatives proposed for their local economies. We found that the deals are clearly being used as a valuable means of developing low carbon economic opportunity. But they could have gone further. They would have benefited from aligning their overarching growth priorities with their existing low carbon visions and weaving in efforts to build resilience across all areas of the deal.

Our findings

All the cities have used the deal process to accelerate low carbon growth in specific areas.

- **Growing low carbon manufacturing:** Liverpool and Newcastle prominently use their deals to unlock growth in low carbon offshore energy, and Sheffield's deal better positions it to benefit from low carbon nuclear new build.
- **Accelerating building retrofit:** Birmingham's deal kick starts its ambitious Green Deal programme with £3 million to fund five additional projects.
- **Creating a low carbon investment portfolio:** Manchester's deal creates a 50/50 joint venture that will develop investment opportunities for the Green Investment Bank (GIB), positioning the city to attract the investment needed to support low carbon growth.
- **Expanding district heating:** Birmingham and Nottingham use their deals to expand their networks and increase their energy resilience, while other cities use their deals to initiate feasibility studies.
- **Enabling growth via sustainable transport:** Nottingham's deal progresses sustainable transport, with £1 million to act as a behaviour change test bed. Liverpool, Newcastle, Manchester and Sheffield also make reference to encouraging more sustainable transport and the associated economic benefits.

Framing a city deal with low carbon growth ambitions is a valuable way of embedding it, but there was wide variation across the deals.
Leeds and Nottingham both align their deals with progressing their city visions, in which low carbon growth is central. Other cities, such as Manchester and Bristol, have credible low carbon ambitions but they missed the opportunity to use them to shape how their city deals approach growth and prioritise activities.

Responding to climate change is central to securing resilient growth but there was little evidence that this was informing the city deals.
Leeds, Manchester, Newcastle and Nottingham all cite climate change targets in their deals. But a number of cities considered it inappropriate to include the issue in any depth in the absence of any explicit ask.

Few deals consistently embed action on low carbon growth in an integrated way.
Transport and skills in particular are key areas in which cities could make stronger links between the objectives in their city deal and enabling low carbon growth. Nottingham's deal stands out as a good example of integration, with low carbon energy and sustainable transport included in an overall focus on developing a Creative Quarter for the city. Integrated approaches of this nature will be more important in the second wave, as cities are encouraged to identify a "significant local issue requiring a transformative response" across their deal and its core package.[2]

As a result of city deals, cities and central government have the potential to work collaboratively to meet national and local climate change and low carbon goals.
In particular, the new relationships that cities have with the Department of Energy and Climate Change (DECC) is a hugely valued outcome of the process. Cities see the formalising of this relationship as a key outcome of the city deals in relation to low carbon.

Recommendations for wave two city deals

The deputy prime minister has indicated his ambition to have "a deal for every area that can make it work," not just the big cities.[3] This makes the deals process a significant vehicle for progressing low carbon growth across the UK. Acting on the following five summary recommendations will maximise the opportunities for wave two cities to use their deals to achieve it. They are described in more detail in chapter four.

For government

- Provide cities with a clear expectation of the importance of using their deal to strengthen progress on low carbon growth.
- Prioritise strategic engagement with the city deal process, using it to facilitate access to specific initiatives.
- Invest in building effective, long term partnerships between cities and individual government departments following the deals.

For cities

- Use existing city visions, policies and targets for low carbon growth to help frame deals and demonstrate its centrality to local economic imperatives.
- Investigate and embed low carbon opportunities across all aspects of the deal, making these links explicit and consistent, not just in the obvious areas.

1

Introduction: Counting on cities for growth

Though not particularly green metaphors, the government's view of cities as the "motors of our economic recovery" and "engines of growth" are powerful nonetheless.[4] The hope is that their growth will provide the economic performance necessary to see the UK through recession. City deals have been pitched as central to that, with the government asking what powers, tools and support would better position cities to boost their growth, and then agreeing the transfer of them in a deal.

Cities account for 58 per cent of England's population and 61 per cent of its employment, with those numbers rising to 74 per cent and 78 per cent when wider commuting areas are taken into account.[5] They are obvious centres for securing tangible progress on economic growth, and for rebalancing the economy beyond London. There is a minister for cities in Westminster, but the government is keen to ensure that cities do not depend on the centre for their success. It envisages dynamic, innovative cities that can attract private sector investment on their own merits, proactively overcoming barriers and working effectively with local businesses to deliver economic growth and employment.

Eight city deals were agreed in July 2012 with Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. Liverpool had also agreed an earlier deal in February 2012. Wave two was announced in October 2012, giving a further 20 cities the chance to agree a deal. Their initial proposals are due in January 2013 and the cities selected to go forward will agree deals by November 2013. Ambition is high and the eight deals already agreed are expected to create 175,000 jobs over the next 20 years and 37,000 new apprenticeships.[6]

If deals are central to unlocking a city's potential and, by extension, its future, it's important to ask what those futures will look like. The deals may not be the only window into a city's plans. But, as high profile enablers of their ambitions and the key channel for cities to 'do business' with government, they provide valuable insight into whether cities are using them to accelerate low carbon progress and to secure greater prosperity and resilience as a result.

Cities and low carbon

As national policy struggles to stimulate low carbon growth or tackle climate change at the rate or ambition needed, cities may be a more promising source of transformational change. Increasingly, they are players on a global stage, where people, intellectual capital and financial resources combine to solve tangible problems, transcending the slow progress of national policy.

Growth potential

But what is in it for cities? Those taking a lead on this agenda can see a clear link between their action now and future benefits. They recognise the growth potential of the low carbon sector and its ability to deliver jobs and investment, as their reviews of the economics of acting on climate change demonstrate (see right). Cities are eager to seize first mover economic advantage on the low carbon economy and to demonstrate enlightened political leadership. Nationally, evidence supports the cities' assessment of the potential of the low carbon economy. Recent Green Alliance research demonstrated that the low carbon environmental goods and services sector has remained resilient and growing, even as broader economic activity has slowed.[7]

Resilience

Cities pursuing a low carbon path will also be more resilient in the face of social, economic and environmental challenges. The risks associated with extreme weather and the impacts of climate change are amplified in cities and their climate change strategies reflect the need to respond and adapt to ensure future prosperity. Security of energy supply is also a preoccupation. Liverpool, Sheffield and Nottingham are all planning for greater energy self-sufficiency. Leeds has calculated that investing in emissions reduction will cut its future energy bill by £1.7 billion, or 92 per cent of the projected increase.[8] Birmingham cites its annual energy bill of £1.5 billion as a major driver in the pursuit of energy efficiency.[9]

Responsibility

Many cities also recognise their responsibility to act on climate change. Local authorities can reduce emissions from their own estate and from local commercial and domestic buildings, transport and waste. They can also contribute to decarbonising the power sector by granting planning permission to renewable energy projects and investing in decentralised energy.[10] Cities have frequently taken a lead, some setting ambitious emissions reduction targets that outstrip national ones. They are seen as pivotal in tackling climate change because of the wider impact their efforts can have, with an ability to mobilise action among stakeholders in the private sector and civil society and to act as centres for innovation, R&D and access to capital.[11]

Taken together, cities have a powerful set of motivations to act. But, if they are to realise the benefits of building low carbon economies across the UK, they need to use every opportunity to do so. When game changing opportunities like city deals arise, have cities recognised them as opportunities to embed and accelerate progress?

The economic case for climate change action

Leeds Making the investment required to reduce energy bills and the city's carbon footprint would lead to the creation of 9,669 jobs over the next ten years and gross value added (GVA) growth of £442 million per year, making the business case for large investments in the low carbon economy "very strong indeed."[12]

Manchester The city faces the potential loss of £20 billion in revenues up to 2020 if it does not prepare for climate change.[13] "Failure to cut emissions and adapt to climate change will fundamentally undermine our economic viability and success" but "the steps we take to cut emissions will increase the city region's productivity and lead to new business opportunities that enhance our prosperity."[14] Its climate change strategy should help to support 68,000 jobs, generate £1.4 billion in economic activity and reduce 6.1 million tonnes of CO_2 emissions.[15]

Nottingham Local growth in the green economy could see between 9,000 to 12,000 jobs created in the low carbon environmental goods and services sector.[16]

Liverpool The city could see 6,000 to 7,000 new jobs in the energy and environmental technology and service sector in the next two to four years.[17]

2

Roadmaps to a low carbon future?

The profile and ambition of city deals guarantees their broader relevance, beyond the specifics of their devolutionary asks. They are opportunities for cities to set their own priorities and to demonstrate their potential. Government officials acknowledge the deals as a chance for cities to get key issues on the table and that, as the government hopes to see cities move in a low carbon direction, they would hope to see that reflected in the city deals.

The existing eight, wave one city deals showcase their low carbon ambitions in different ways. Analysing the approaches and their strengths has allowed us to identify the characteristics of a deal that effectively embeds the pursuit of a prosperous, resilient, low carbon future. They are:

- low carbon growth is included in the vision or key objectives framing the city deal;
- low carbon is recognised as an economic opportunity, which the deal capitalises on;
- it takes a broader look at tackling climate change to create resilience;
- low carbon aims are embedded across the deal and are featured in relation to different agendas, such as transport or skills.

Wave two cities could usefully apply these as a starting point for how to consider low carbon growth in their deals, and the government could actively look for and support the inclusion of these features. These cities are encouraged to identify a single "significant local issue requiring a transformative response."[18] They will also receive a core package of devolved powers and functions that reflect the commonalities across the existing eight deals. This requires cities to integrate their priority issues across their deal, rather than putting forward a long list of separate requests.

Comparing the wave one city deals

These characteristics were our basis for analysing the wave one city deals. In the following individual sections on each city we examine in detail how they approached their deal, the rationale for how low carbon featured and how it relates to their wider activities. If low carbon did not feature prominently it does not necessarily mean that it is unimportant to the city. But, as city deals are becoming the main channel for dialogue between cities and the government, low carbon growth must feature if cities are to avoid missing this opportunity to accelerate progress on it.

We assessed two aspects of each city deal:

- the degree to which there was an overall focus on low carbon growth and resilience;
- the degree to which the deal pursued specific low carbon growth opportunities.

	Overall low carbon focus		How low carbon growth is being pursued				
The city deal reflects:	Low carbon stated as part of the city's vision or an overall objective	Efforts to tackle climate change	Growing specific low carbon manufacturing sectors	Accelerating building retrofit	Creating a low carbon investment portfolio	Expanding district heating	Enabling growth via sustainable transport
Birmingham	Orange	Orange (CO_2)	Orange	Green	Orange (£)	Green	Red
Bristol	Red	Red (CO_2)	Red	Orange	Red (£)	Red	Red
Leeds	Green	Green (CO_2)	Red	Orange	Orange (£)	Orange	Red
Liverpool	Orange	Red (CO_2)	Green	Orange	Orange (£)	Red	Orange
Manchester	Red	Green (CO_2)	Red	Orange	Green (£)	Orange	Orange
Newcastle	Orange	Green (CO_2)	Green	Orange	Orange (£)	Orange	Orange
Nottingham	Green	Green (CO_2)	Red	Orange	Red (£)	Green	Green
Sheffield	Orange	Orange (CO_2)	Green	Orange	Red (£)	Green	Orange

Green – represents a central element

Orange – contains brief mention, provides a modest supporting aspect, or is at a more formative stage

Red – no mention is made

Low carbon is an economic opportunity for cities and city deals are a valuable means of pursuing it.

Cities vary in the way they approach low carbon in their deals and are inconsistent in the degree to which low carbon growth and tackling climate change are overarching principles. But there is a clear recognition that it is a strong economic opportunity for cities, and they have used their deals to pursue it in different ways.

- **Growing low carbon manufacturing sectors:** Liverpool and Newcastle are most active in aiming to grow their low carbon sectors; clearly identifying the potential of offshore wind and marine energy. The city deals are used to achieve this potential by accelerating the removal of planning barriers, in the case of Liverpool, and agreeing arrangements to promote the city's low carbon sector as an investment opportunity, in the case of Newcastle. Sheffield also aims to harness the benefits of the low carbon new nuclear sector.
- **Accelerating building retrofit:** Birmingham has most clearly used its deal to accelerate its ambitious building retrofit plans by securing a £3 million injection to its Green Deal programme. All the other cities have used the opportunity the deals provide to 'go early' on the Green Deal with DECC.
- **Creating a low carbon investment portfolio:** Manchester leads in this area. It has used its city deal to create a 50/50 joint venture company between Greater Manchester and UK Green Investments to develop a portfolio of investment opportunities for the Green Investment Bank (GIB). This will enable the city to attract investment for low carbon opportunities. Other cities can see the value of this, with Leeds and Liverpool both developing a GIB pipeline of projects and Birmingham exploring GIB-related opportunities with regard to the Green Deal.
- **Expanding district heating:** a number of cities are using their deals to further their district heating goals. Birmingham included a district heating project as one of the five new commitments in its Green Deal programme. Nottingham integrated the expansion of its district heating network into the infrastructure that its deal will put in place to service a new Creative Quarter. Other cities are working with DECC to explore district heating feasibility as a result of the city deals.
- **Enabling growth via sustainable transport:** all the city deals focus on removing transport related barriers to growth and a few look at sustainable transport. Nottingham notes that encouraging modal shift is a condition for sustainable growth and its city deal agrees a £1 million commitment to work with the Department for Transport (DfT) as a behaviour change test bed. Liverpool, Newcastle, Manchester and Sheffield also make reference to encouraging more sustainable transport and its associated economic benefits.

Framing a city deal around low carbon growth ambitions is a valuable way of embedding it, but there was wide variation across the deals.

The majority of cities recognise the economic opportunity that low carbon offers and are acting in some way to secure it. Leeds and Nottingham both see their deal as an opportunity to progress their city vision, to which low carbon is central. This sends an immediate signal that low carbon should inform all aspects of the deal and its delivery.

Grant Thornton's analysis of the city deals and low carbon approaches notes a tension between "pitching for growth today, using current resource models, and planning for a radically different paradigm in future."[19] A number of the cities in waves one and two have already articulated ambitious, low carbon visions for their future that would see them moving towards a new paradigm of growth. However, Bristol and Manchester's deals did not explicitly reflect this, missing the opportunity to use their ambitious low carbon city visions to clearly shape how they approach growth and prioritise activities through their deals.

Responding to climate change is central to securing resilient growth but there was little evidence of this informing the city deals.

Leeds, Manchester, Newcastle and Nottingham all cite climate change targets in their deals or efforts to increase their energy security. But, without a clear devolutionary ask, a number of cities didn't feel it was appropriate to include climate change and did not feature it in their deal. However, it does need to be a standalone issue. It would be more effective to establish the need to tackle climate change and the city's important role in doing so as a principle early on in a deal and then embed efforts to do so across it. Newcastle's deal is a good example of one pursuing a low carbon economic opportunity alongside wider efforts to build resilience and tackle climate change.

Few deals consistently embed action on low carbon growth in an integrated way.

A number of the cities that feature low carbon prominently do so because it is a clear manufacturing opportunity. While important, this can result in those ambitions being compartmentalised. There is less evidence of activities that will progress low carbon goals being embedded across the deals.

Nottingham's deal is an exception and provides a valuable example. It is focused on a single initiative: a new Creative Quarter for the city. In this context, the deal considers action needed on other issues. Low carbon goals feature prominently in plans for the Creative Quarter's energy infrastructure; the city's intention to build resilience via energy self-sufficiency is informing the kind of infrastructure it will prioritise. It makes reference to the city's existing energy strategy and also makes significant links with sustainability objectives when considering how to enable transport access to and from the quarter, with a focus on encouraging a modal shift.

Transport and skills were areas in which cities could have made stronger links between the objectives in their city deal and enabling low carbon growth.

Nearly all the cities focus on reducing transport emissions and promoting shifts to more sustainable modes of transport in their climate change or low carbon strategies. Most identify skills as a key challenge to address if they are to be able to meet their low carbon ambitions. But, while all of the city deals have a focus on transport and skills, none use it in a significant way to progress these wider ambitions.

3

The wave one city deals

Main features

Governance: led by the Greater Birmingham and Solihull Local Enterprise Partnership (LEP).

Finance: creating GBS Capital, a £1.5 billion investment fund which will aggregate, manage recycle and invest public funds to deliver LEP priorities and provide a more powerful means of leveraging private investment of up to £15 billion over 25 years.

Skills: creating a skills for growth compact that links the skills service with real world work opportunities, and creating a growth hub to increase apprenticeships.

Housing: working with the Homes and Communities Agency (HCA) to develop an investment plan for growth, establishing priorities for development, and producing a register of assets that could better support growth; this is intended to lead to 2,800 new homes by 2022.

Life sciences: creating a new Institute for Translational medicine to accelerate the progress of discoveries from lab bench to patients, building on strengths in life sciences and creating 2,000 jobs, with an £8 million investment by the government.

Green Deal: expanding the city's Green Deal programme with five additional projects, kick starting the £1.5 billion Green Deal investment programme.

Transport: transport plans are being developed for the second phase of the deal, including a focus on developing the M24 gateway.

Low carbon analysis

Birmingham's Green Deal programme is identified as one of the specific actions that can "accelerate our productive capacity," placing efforts to increase carbon savings and create green jobs alongside skills, housing and life sciences priorities.[20]

The Green Deal programme was already well underway and, initially, the city deal was not recognised as an opportunity to progress it further. But the link was made and the deal secured an allocation of £3 million from the £200 million that is available to support Green Deal roll-out. It commits to spending this on five initiatives that are additional to planned activity, including a community pilot and a tower block trial.

Birmingham is also working with DECC to understand better the overlap between its broader climate change strategy and the national carbon strategy and where it is best placed to focus its activity, as well as exploring the feasibility of district heating.

"The city deal was an opportunity to stimulate our Green Deal programme and to fund specific projects that can demonstrate what works. The tower blocks project is a good example, where we're taking a challenging context and using the added opportunity provided by the city deal to explore it."

Birmingham representative

Birmingham's deal does not feature a vision for the city, but it has used the process to progress low carbon growth, a sector that the deal identifies as one the city wishes to strengthen. The deal does not highlight the city's broader efforts to tackle climate change, nor does it include low carbon in any of the other sections of the deal. But, within the Green Deal section, the links are well made with wider agendas, such as creating sustainable career opportunities in the green economy, reducing emissions and creating manufacturing opportunities.

Birmingham's climate plans have consistently identified the opportunity for action on climate change to contribute to the economy, promote growth, overcome skills gaps, attract investment and reduce emissions, all of which are encapsulated in the Green Deal programme.[21] The goal to link ten per cent of homes to district heating systems is also being furthered via the city deal.

A recent leader's policy statement notes Birmingham's intention to become one of the world's leading green cities and confirms the creation of a Green Commission to help produce a roadmap towards it. It is less clear whether other activities, such as the creation of a green fund to help with the delivery of key programmes, will be linked with the city deal's £1.5 million investment fund; or how their 'green bridge economy' programme will relate to the priority economic areas identified in the city deal.

Bristol

Main features

Governance: led by the newly elected mayor; in addition, four local authorities have been working together formally for ten years, enhanced by LEP input.

Growth incentive: retaining 100 per cent business rate growth over 25 years, feeding into an economic development fund for the west of England of £1 billion over 25 years.

Transport: devolving ten years' allocation of national major transport funding to deliver a metro, financial flexibility to deliver bus schemes and greater powers over rail.

Skills: consolidating £114 million of skills funding into a single investment plan, with the LEP becoming the accountable body.

Inward investment: creating a city growth hub that brings together all the facilities and services that businesses need to grow, with an allocation from government before business rate retention comes online, as well as closer relationships with UK Trade & Investment (UKTI) to enable greater attraction of inward investment.

Public property management: developing a single portfolio approach to managing the city council's land and property assets to unlock more land for economic growth and housing, and to lever in investment.

Low carbon analysis

Bristol's deal is unique in having no mention of low carbon. The only obviously relevant aspect of the deal is the fact that the city will be working with DECC to 'go early' on the Green Deal, which is mentioned in the inward investment section. This is despite Bristol having a strong track record on low carbon, a sustainable city team and a Bristol Green Capital Partnership, which aims to make Bristol "a low carbon city with a high quality of life for all."[22]

"The growth incentive secured by the city deal allows us to bring forward whatever investment is needed to realise the potential of our enterprise zones and that will tie in with the sustainability objectives we have as a city."

Bristol representative

The city is proud of its green reputation, but Bristol's deal focuses on the growth incentive and the secure income stream it will provide to invest in realising the city's ambitions. It was not considered necessary to list exactly what this will include, as different aspects of infrastructure, such as energy, transport or broadband, are all essential to securing progress, and the intention to invest in them is embedded in the deal. For example, the Temple Quarter enterprise zone aims to become zero carbon or carbon positive and the city deal growth incentive will enable investment in that. Despite this intention, the opportunity is missed to frame the deal and the city's approach to growth with reference to its low carbon ambitions, making it clear that they see the deal as a vital enabler of these ambitions across a range of agendas.

Bristol sees its deal as holistic and proof of this will lie in delivery. It will need to demonstrate its acceleration of low carbon progress and meet the aim of Bristol's climate change and energy security framework for all council projects, programmes and strategies to integrate sustainability and carbon and energy targets.[23] All of the deal's transport commitments are sustainable and will increase public transport options. This relates to the climate change and energy security framework, which aims for reduced emissions and energy use from the city's transport system.[24] During the delivery phase, the city can also consider how the process can contribute towards meeting its emissions reduction target.

"The deal is focused on developing a secure income stream for the city. Low carbon goals are embedded in that and will be reflected in the priorities that the income gets spent on."

Bristol representative

Leeds

Main features

Governance: led by the Leeds City Region partnership. This includes the LEP board and 11 local authorities, five of which will now be working to establish a combined authority.

Skills: becoming NEET[25] free, creating 20,000 opportunities for young people by investing in the skills system; gaining more influence to ensure it is strategic and focused on economic priorities.

Transport: setting up a £1 billion transport fund that will include and match a ten year allocation of major transport scheme funding, creating a two per cent uplift in economic output and 20,000 extra jobs.

Investment fund: creating a single investment fund that pools finance and enables a more strategic approach to investment, including devolved funding and £200 million that will be generated within the region.

Trade: aiming to be the best performing city region by 2018 with 7,400 related new jobs and increased foreign investment via greater work with UKTI and better support for local businesses.

Planning: there is a supplementary proposal noting efforts to unlock development.

Low carbon: there is a supplementary proposal noting its aim to be the UK's leading low carbon city region.

Low carbon analysis

Leeds chose to keep its deal tightly focused on aspects where it was requesting a clear transfer of power or funding. Because there was nothing of this kind associated with its low carbon ambitions, Leeds featured them as a supplementary proposal. This highlights its ambition to become the UK's leading low carbon city region, the potential to reduce carbon emissions by 40 per cent by 2022 and the key actions planned over the next 12 months. It requests the opportunity to discuss further collaboration with government once it has produced its delivery plan. In the meantime, it will be working with DECC via the city deals process to 'go early' on the Green Deal and to explore the feasibility of district heating. Most of the actions featured were already planned, but officers acknowledge that mentioning them in the deal has provided added impetus.

"We can understand the desire not to miss an opportunity to mainstream low carbon but the city deals focus on devolution."

Leeds representative

The Leeds deal is one of the strongest in terms of consistently including low carbon ambitions in its framing. The deal states the city's vision to be "a world-leading dynamic and sustainable low carbon economy that balances economic growth with a high quality of life for everyone."[26] Achieving a substantial reduction in city region carbon emissions is one of three key targets, alongside job creation and accelerating growth. The city deal is also described as an "unprecedented opportunity" to "unlock the full potential for low carbon growth and job creation in the city."[27] Its introduction highlights low carbon industry as one of the city's strengths and notes its aim to become the exemplar low carbon city region in non-domestic retrofit, low carbon business and sustainable, low carbon design. With all of this stated up front, Leeds clearly intends to pursue a low carbon future, but did not use the deal as an opportunity to accelerate progress, for example, by identifying something along the lines of Birmingham, which used the deal to net an injection of £3 million for its Green Deal programme.

"Low carbon cuts across everything, so we've tried to ensure that the whole deal has a low carbon focus."

Leeds representative

Wider city strategies do a good job of identifying the relevance of the city deal. For example, the LEP's green economy agenda describes the investment fund being created by the city deal as focused on projects that will maximise growth, create jobs and reduce emissions. It also features the deal's transport fund as means of developing sustainable transport and the deal's rail devolution as evidence of progress on the green economy.[28] Neither of these links were made in the deal document, but it is good to see wider strategies highlighting its potential to progress low carbon goals.

Similar opportunities should be explored across the board. For example, the city deal asks government to approve a new framework for assessing major public transport and local highway schemes that prioritises economic growth. The implementation of that could also be used to prioritise low carbon outcomes and a modal shift.

Liverpool

Main features

Part 1 (February 2012, following mayoral election)

Governance: led by the mayor, accountable to the electorate of five local authorities in the city region.

Finance: creating a new enterprise zone to help deliver the £10 billion Liverpool and Wirral Waters project.

Economic investment: the government endowed a new mayoral investment board with £75 million to help in the delivery of critical economic development projects.

Employment: working with Department of Work and Pensions (DWP) on welfare pilots to support people leaving the Work Programme and to develop a local alternative to the national 16-17 youth contract.

Skills: creating six new academy schools and beginning a council funded secondary school investment plan to deliver up to 12 new build schools.

Part 2 (July 2012)

International Business Festival: showcasing investment opportunities, delivering a £100 million return on investment, with a £5 million contribution towards it requested from government.

Investment in the low carbon economy: removing delays to offshore wind infrastructure development, accelerating £100 million of investment and the creation of 3,000 jobs; making progress on the River Mersey becoming the cleanest river in an urban setting by 2045.

Skills: creating a 'skills for growth' bank that will pool and spending up to £80 million in skills investment more strategically, piloting a 'payment by results' approach, supporting 17,400 people into work, and creating 6,000 apprenticeships.

Transport: creating a strategic transport body and a joint investment fund of £800 million, supporting the creation of 15,000 jobs, and reviewing governance to better co-ordinate transport decision making.

Science and knowledge: attracting big science investment, increasing GVA and generating 2,000 high value jobs, largely via an existing enterprise zone.

Investment framework: creating an investment fund that combines multiple public funding streams, enabling greater control over investment in local priorities.

Low carbon analysis

Liverpool's low carbon focus is due to the clear economic opportunities of offshore wind and the deal aims to overcome the main barrier to them: namely planning and regulatory delays. It states that the region is one of "great beauty" with many conservation designations and a wish to balance economic, social and environmental objectives. But, "our private sector investors tell us that they currently face significant delays on regulatory and planning decisions."[29] Liverpool therefore commits to accelerating decision making, as well as developing a pipeline of projects for the Green Investment Bank. It asks government to accelerate the co-ordination of regulatory agencies and commit to a defined timescale in which application responses can be expected.

The Liverpool deal also features a natural environment ask. It aims to make the Mersey the "cleanest river in an urban setting globally" by 2045 and will set up a task force to consider how best to achieve that. Liverpool will also be working with DECC to 'go early' on the Green Deal, although it did not feature in the government's announcement of the programme as discussions began later than in other cities. Unlike most of the other cities, it has not identified additional areas to work on with DECC.

"Liverpool is well placed to work on low carbon, so it wasn't going to be missed, but the focus was on how the deal process could help us overcome particular barriers."

Liverpool representative

Liverpool's deal does not include a vision for the city, but states that the deal is focused on economic strengths, which are at the heart of its economic development strategy. One of these is offshore wind, and accelerating investment in the sector is central to the deal. Beyond this, Liverpool's deal does not reflect wider efforts to embed low carbon opportunities or secure resilience. On transport, it mentions the intention to achieve a modal shift in favour of sustainable transport, which connects to its climate change strategy's ambition to become a beacon for sustainable transport by 2024. But the deal does not mention Liverpool's climate change target or reflect such aspects as being an important part of sustainable growth.

Looking at Liverpool's broader strategies highlights a missed opportunity for integration. The LEP's low carbon economy action plan and sustainable energy action plan are both ambitious. They see the city's greatest challenge as the need to achieve economic growth and create jobs while reducing emissions, requiring an "absolute decoupling of CO_2 emissions from economic growth."[30] The city deal could have framed its pursuit of growth in a similar way and been used to integrate Liverpool's focus on growth with progress in reducing emissions. The only clear link is the energy action plan's focus on securing private investment for the low carbon energy sector, which features prominently in the city deal. Despite the plan's intention to exploit opportunities for district heating, Liverpool did not take up the opportunity to work on this with DECC, as many other cities did.

Further links can be built during delivery, for instance by linking the deal's skills work to the climate change strategy, or developing a green jobs programme to support green infrastructure.

Manchester

Main features

Governance: led by the Greater Manchester combined authority, made up of 11 local authorities and operating since April 2011.

Finance: setting up a £1.2 billion investment fund to be spent on GVA generating activities; Manchester will 'earn back' up to £30 million per year in tax from the resulting growth, which will be a significant contribution to the fund.

Investment: establishing an investment framework to align funds and prioritise expenditure in line with economic priorities.

Skills: creating an apprenticeship and skills hub to place apprentices with SMEs and pilot a skills tax incentive.

Business support: strengthening the business growth hub, which integrates trade, investment and business advice, supporting job and GVA increases.

Inward investment: attracting more high value inward investment, with more support from UKTI.

Low carbon: establishing a low carbon hub with a plan to reduce emissions by 48 per cent by 2020 and developing investment projects via a new joint venture company.

Housing: creating a housing investment board and fund to bring local and national resources together more strategically, developing 5,000-7,000 new homes by 2017.

Transport: working with the DfT on a package of transport proposals including devolution of local transport majors funding and the Northern Rail franchise and bus improvement measures.

Low carbon analysis

Manchester's deal sets out its "distinctive offer" on low carbon.[31] This includes existing strengths in the low carbon environmental goods and services sector; key projects underway; research strength; the geographic scale needed to pilot low carbon programmes; 1.1 million homes offering a significant opportunity for retrofit; ambitions to host an increased proportion of heat generation by 2020; the Greater Manchester environment commission; and strong partnerships with the private sector.

The deal enables delivery, with the creation of a 50/50 joint venture between Greater Manchester and UK Green Investments to develop a portfolio of investment opportunities for the Green Investment Bank.

Manchester will also be working with DECC via the city deals process to 'go early' on the Green Deal and to explore the feasibility of district heating.

However, the main opportunity afforded by the city deal was the opportunity to link efforts to achieve Manchester's ambitious emissions reduction target with national policy and delivery, via a relationship with government. Its low carbon hub will access more strategic support and jointly devise a low carbon and adaptation implementation plan for reducing emissions.

Although progressing low carbon ambitions is clearly an important part of Manchester's deal, it is not included up front in the overviews of economy and strategy. But it has a strong, low carbon focus and is probably clearest among the cities in the intention to build a strategic relationship with government. Manchester also makes links between low carbon and other sections of the deal. The investment framework section mentions a pipeline of 70-80 projects ready for investment and notes that this includes low carbon projects. The deal's transport section features the carbon reduction and employment benefits of the local sustainable transport fund submission, which include an estimated 900 additional jobs by 2015. Other transport aims focus on buses and trains, although they are not specified as being low carbon.

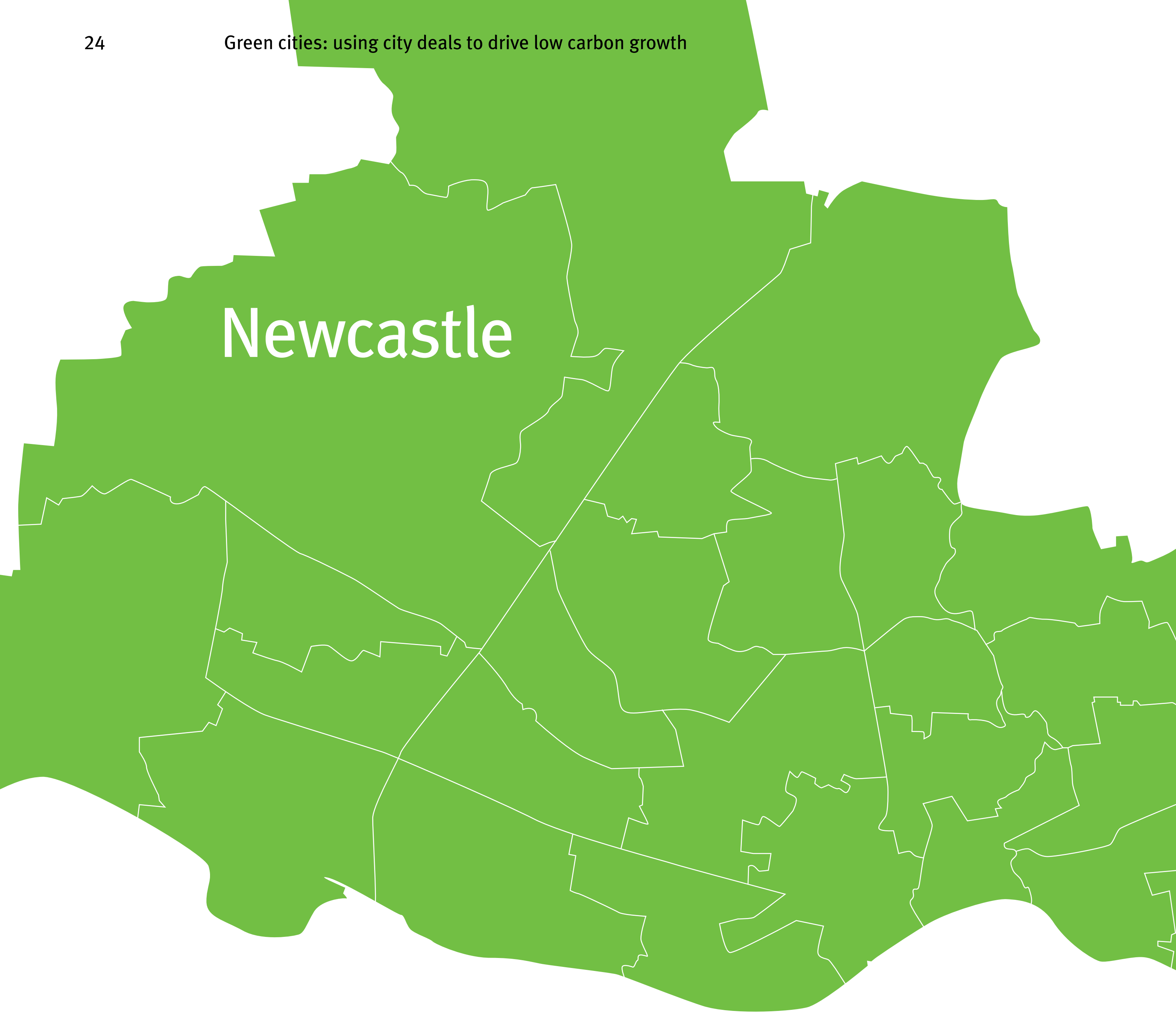
"The main thing the city deal has given us is the opportunity to have a stronger and longer term relationship with government. We could have put the low carbon hub in place in isolation, but it would have lacked interaction with national policy and delivery."

Manchester representative

Manchester has an ambitious and detailed climate change strategy, but missed the opportunity to frame its city deal's pursuit of growth with its stated vision of pioneering a "new model for sustainable economic growth based around a more connected, talented and greener city region" by 2020.[32] The two will need to be integrated if the climate change strategy's aims are to be met.

The city's local transport plan aims to maximise the potential for economic growth while creating lower carbon travel patterns. In the longer term there are plans to set targets for reducing transport emissions via a modal shift, fuel efficiency and new infrastructure. The city deal does not obviously conflict with this, but clearer links between the two sets of ambitions will need to be made in the delivery phase.

Manchester's work to 'go early' on the Green Deal via the city deal process will be useful in helping meet the aim to become a centre of the building retrofitting industry. This also links to skills ambitions, which see the Green Deal as an opportunity to help address worklessness. The climate change strategy acknowledges that the city's workforce will need to change to take advantage of low carbon opportunities and will be supporting programmes that develop 'green collar' skills and a green apprenticeship programme. By 2020 it is hoped this will have led to a "marked shift" in the level of green collar skills in the city and a mainstreaming of low carbon opportunities.[33] If these goals are to be achieved, green skills will need to be a central strand in the wider reorganisation of skills enabled by the city deal.



Main features

Governance: the creation of a combined authority made up of seven local authorities is being explored.

Accelerated development zone: retaining growth in business rate income across four sites over 25 years via a tax increment financing (TIF) model, enabling a £92 million investment programme and leading to 13,000 jobs within 25 years.

Energy marine and low carbon: securing £500 million in private sector investment in the marine and offshore sector, creating the potential for 8,000 jobs; becoming a low carbon pioneer city, delivering emissions reductions of 34 per cent by 2020.

Skills: developing a skills system that better meets the needs of local employers and directs people to growth sectors, setting up a Skills Hub to integrate disadvantaged groups into the labour market, with a 15 per cent increase in apprentices.

Housing: delivering a joint investment plan with HCA for 15,000 new homes.

Transport: undertaking an investment programme to reduce congestion on the A1.

Digital infrastructure: investing £4-6 million in super-connected broadband.

Low carbon analysis

Growing the marine and offshore engineering sector is a prominent feature of the deal and will be responsible for creating 8,000 jobs over the next 25 years. The city also has strengths in low carbon vehicles, as a research base and an existing low carbon enterprise zone, positioning it to become the UK's "best hub of green technology services."[34] Its ask of government focuses on getting greater support from UKTI to develop Newcastle's proposition for marine and offshore investors.

It also seeks more partnership working to help meet its emissions target and become a low carbon pioneer city. This will build on its track record of being recognised as the most sustainable city in the UK for two years running and give it a leading role in securing the UK's carbon reduction targets.[35] A city-wide alliance will be created to develop solutions to meeting the emissions target and work to "ensure the right economic environment to grow the low carbon economy,"[36] as well as developing geothermal energy and working with DECC to 'go early' on the Green Deal and to explore the feasibility of district heating

> **"The deal was too good an opportunity to miss to converge our low carbon growth plans and climate change strategy. Everyone involved recognises that the next phase of local job creation will come from green collar jobs, so there was no question of not including low carbon."**
>
> Newcastle representative

Newcastle uses the deal to showcase its low carbon potential, to highlight this to government and develop a relationship that they hope will strengthen the city's ability to realise the economic opportunities of low carbon and tackle climate change.

The deal is strong from a low carbon point of view as it features efforts to tackle climate change prominently alongside efforts to develop a low carbon economic sector. Although low carbon links are not accentuated across the deal, aspects like low carbon transport and developing investment propositions in the low carbon section are mentioned.

> **"We've used our deal to demonstrate our expertise on low carbon to government. We want that expertise to help our own city, but it is also exportable and the deal is a chance to highlight its potential opportunities and applications to government."**
>
> Newcastle representative

The deal relates well to Newcastle's climate change strategy, with its overall target featuring prominently in the city deal document. The strategy's objectives related to retrofitting homes, delivering low carbon energy and green collar jobs, are reflected in the deal's inclusion of commitments to 'go early' on the Green Deal, explore geothermal energy and develop the marine and offshore sectors.

The main area of disconnect is transport. Newcastle's climate change strategy aims for a four per cent reduction in fuel use and better use of public transport by 2020 by promoting lower carbon methods of travel. The low carbon section of the deal makes brief reference to working with DECC on behaviour and low carbon transport. But the transport section focuses on reducing congestion on a bypass, without linking this to the wider low carbon goals for the city.

Nottingham

Main features

Governance: led by the local authority, but a community interest company will govern the Creative Quarter.

Regeneration: the deal is shaped around a new Creative Quarter, a unique enterprise environment with business led regeneration of a significant area of Nottingham.

The Creative Quarter's success depends on:

Fostering enterprise: creating three funds to support enterprise in the quarter focusing on start-up finance, technology and encouraging graduates to start businesses.

Skills: aligning skills provision with economic need, investing in an appealing and relevant curriculum and setting up a hub and an apprenticeship pathway.

Infrastructure: there are four key aspects that will be worked on:

- **Digital:** better broadband.
- **Public transport:** continuing transport infrastructure improvements with a focus on encouraging modal shift.
- **Transport connectivity:** relieving the barrier to business expansion created by the inner ring road and increasing connectivity to other cities.
- **Energy:** expanding the city district heating system so that businesses can benefit from low cost, low carbon energy.

Low carbon analysis

Nottingham's deal covers issues like skills and new approaches to funding within the context of developing the Creative Quarter. Low carbon is considered with reference to meeting the quarter's infrastructure needs. Reference is made to the city's status as the UK's number one energy city, due to its level of self-sufficiency, and to its energy strategy, which identifies the programmes required for Nottingham to play its part in meeting national and local carbon reduction targets.

The city has an energy map which sets a vision for the delivery of energy infrastructure. In particular, the further development of its district heating network will complement regeneration efforts like the Creative Quarter and provide low carbon energy. Nottingham asks DECC to work with it on this and the potential for renewable heat, and on its approach to the Green Deal via the 'go early' programme.

Nottingham's deal is framed as a catalyst in developing a "highly skilled, science and technology based, low carbon economy within Nottingham by 2020."[37] Low carbon is central to its vision and is well integrated across the deal.

The deal's focus on transport and access to the Creative Quarter makes strong links with sustainability objectives, noting the aim of encouraging modal shift as a condition for sustainable growth. Its track record in encouraging behaviour change and shifts to more sustainable modes of transport is featured. Building on this, the deal includes a £1 million commitment from the DfT to work with Nottingham as a transport behaviour change test bed, subject to the business case. The city card will also be used to create modal shift 'nudges'. Bus and pedestrian travel will be prioritised in efforts to address the constriction on growth created by a ring road.

The city deal is used as an opportunity to make clear links between its activities and the city's energy strategy, and to reinforce and further its objectives. The vision framing the deal is also reflected in wider strategies, such as the climate change strategy, which aims to develop a "prosperous, leading low carbon city, maximising the opportunities for green growth, whilst protecting our residents from the impacts of extreme weather."[38] This includes insulating homes and reducing emissions, as well as creating jobs in the emerging green economy.

The deal will not directly lead to the creation of jobs in the green economy. But the sector is seen as a strong one for the city, so the Creative Quarter would be expected to provide opportunities in this area. The climate change strategy's focus on resilience is also evident in the city deal's aims to increase energy self-sufficiency, reduce congestion and deliver a low carbon, resilient transport system.

> **"It was a conscious decision to have something low carbon within the deal to reflect the council plan's energy priority, the city's low carbon energy strategy and its climate change strategy."**
>
> Nottingham representative

Sheffield

Main features

Governance: will be led by a combined authority of eight local authorities.

Skills: creating a local skills funding model and a growth and employment partnership, to broker skills provision and align it with needs, levering in investment and devolved government funding.

Investment fund: creating a single £700 million investment fund, enabling freedom to invest in growth, develop infrastructure, create jobs and stimulate investment based on local priorities.

Transport: receiving ten years of devolved local majors funding; to increase the efficiency of the bus network, rail devolution and integrate the transport network better.

Manufacturing and procurement: developing a national centre for procurement to bring government commissioning of advanced manufacturing together with companies, and developing a sourcing roadmap for new nuclear to ensure UK benefit.

Game changing initiatives: there are no formal asks or offers associated with these, but Sheffield has developed two game changing initiatives that demonstrate its ambitions:

Cloud city Sheffield: a viability study has been commissioned to put the city at the heart of developing the UK's cloud computing infrastructure and green datacentres.

Low carbon energy infrastructure: the Don Valley Power project, a carbon capture and storage (CCS) plant which is central to developing the UK's low carbon energy infrastructure.

Low carbon analysis

Sheffield's low carbon focus is on positioning the city to benefit from new nuclear, which is considered to have a key role in strengthening the UK's energy security and meeting carbon reduction commitments. Developing a UK based supply chain will be central to this, so the city is committed to working with its universities and the locally based Nuclear Advanced Manufacturing Research Centre to develop a roadmap of likely sourcing patterns in the nuclear industry. It asks for support for this work from the secretary of state for business, innovation and skills. It also aims to work with government to link businesses with government commissioning opportunities. In doing so, it will "illustrate how to generate jobs and GVA through demand-led innovation in the field of low carbon energy."[39] It will also 'go early' on the Green Deal.

Low carbon mainly features in Sheffield's deal due to the economic opportunities of nuclear and CCS. Its vision for growth focuses on key sectors, one of which is low carbon. But the deal does not demonstrate a wider focus on developing a low carbon economy or mention climate change targets. Low carbon and climate change resilience issues were on the city's longer list, but fell away as the city zeroed in on issues where there was a clear ask and an offer to make to government. However, the city intends to weave low carbon into the deal's delivery and sees the opportunity it provides to start a dialogue with DECC as very welcome.

Both of the 'game changing initiatives' in Sheffield's deal also have low carbon elements. For example, the ambition to be central to the UK's cloud computing infrastructure includes the intention to expand Sheffield's district heating network to provide energy for a new datacentre. Finally, there is a brief mention of the role of effective transport management in reducing carbon emissions, air pollution and noise.

"We focused our deal on three key priorities, so low carbon isn't necessarily prominent, but it is woven into our plans. For example, the infrastructure and transport work will deliver low carbon solutions."

Sheffield representative

As a result of focusing on issues with a clear ask, Sheffield's deal does not have evident links with wider strategies. It has a clearly and ambitiously articulated vision for low carbon growth in its decentralised energy strategy, which aims for Sheffield to be "a thriving low carbon city where our residents and businesses are actively empowered to reduce their own impact on the planet's resources, and are seen as leading the UK in combatting harmful climate change".[40] This vision of the future and the direction of growth would have been valuable framing for the city deal, even if plans for achieving resilience and energy security were not reflected in detail.

4

Action to accelerate low carbon prosperity

When announcing the wave two city deals, the deputy prime minister expressed his desire to see "a deal for every area that can make it work."[41] The focus is currently on cities as they are most critical to growth. But the prospect of greater powers and freedoms has wider appeal, with areas like Cornwall, Essex and Cumbria exploring what a deal process could offer them. Wave one cities are also already thinking about what they might ask for and offer when their negotiations reopen. As one of the cities observed during the course of this research, "this is how cities will be doing their business with government in future."

City deals are clearly not an isolated process, but one with potentially far reaching impacts. The further roll-out of the deals process means it is imperative they are informed by the need to secure low carbon progress. Not because it is a 'nice to have', but because it offers towns, cities and regions a clear route to prosperous and resilient communities, complementing goals of short term economic growth and job creation.

We make the following five recommendations on how cities can maximise progress on this agenda:

For government

1. Provide cities with a clear expectation of the importance of using their deal to strengthen progress on low carbon growth.
2. Prioritise strategic engagement with the city deal process, using it to facilitate access to specific initiatives.
3. Invest in building effective, long term partnerships between cities and individual government departments following the deals.

For wave two cities

4. Use existing city visions, policies and targets for low carbon growth to help frame deals and demonstrate its centrality to local economic imperatives.
5. Investigate and embed low carbon opportunities across all aspects of the deal, making these links explicit and consistent, not just in the obvious areas.

Below, we outline these recommendations in detail:

For government

1. Provide clarity of expectation

The city deals are an inherently bottom up process. When they were initiated, the government set out a menu of 'bold options' that it was willing to consider from cities, such as the potential to create new finance models, pooling business rates across LEP areas or devolving transport and skills funding. It also set out what it was asking in return, including evidence of strong governance structures; increased efficiencies; willingness to take on risks and commit city resources; and a commitment to innovation, creativity and growth.

The principles set out for wave two largely reflect this and include: robust governance; evidence of the ability to do more with less and to harness private sector input and resources; clear commitment; willingness to take on risks and commit resources; and proposals that address a clearly defined economic problem.[42]

It was a missed opportunity not to include low carbon aspirations in these principles, asking cities to demonstrate how their proposals would help put them on a path to low carbon growth or strengthen the progress they are already making.

Growing a low carbon economy features in the government's *Plan for growth* alongside other aspects that it hopes to see cities address. It would not have been out of place to feature it as an overall principle of the city deals process as well, encouraging cities to think through the deal opportunity in light of their low carbon ambitions and to integrate them into their plans, asks and commitments.

2. Prioritise strategic engagement with the city deal process

DECC developed the Green Deal 'go early' offer and also began small exploratory projects with each city as a result of the deals process. It may not yet be clear how best to harness or support the potential of cities, but DECC sees them as critical to achieving its carbon plan. The plan's objectives rely in large part on reducing the impact of heating homes and travel. This will require rapid progress in areas like district heating, cutting out shorter car journeys and developing electric car infrastructure, all of which are only real opportunities in an urban context. Related to this, a number of the city projects supported by DECC focus on exploring the feasibility of district heating.

Cities need to think more broadly about how their priorities complement national agendas and the contribution they can make. DECC needs to understand the city scale better. In particular, it will need to appreciate that cities do not experience issues in policy or departmental silos and take a more flexible approach to engagement, which may see cross-departmental teams working at the city level. Cities are also keen to develop more collaborative relationships with DECC that see them generate ideas together, rather than simply trying to fit the work they are doing into DECC's existing priorities.

3. Invest in direct relationships with cities

From the cities' point of view, it is hard to understate their enthusiasm for the new relationship they have with DECC. There is a real appetite to develop it into something more strategic that offers increased value for both parties. Cities hope that the individual projects they are working on with DECC will demonstrate the value of thinking about, and acting on, some of DECC's priorities at the city scale. They see themselves as ideally placed to provide valuable input and insight into a range of DECC agendas.

"We see the relationship with DECC as a really positive step forward and want to build on it towards a more strategic one. Hopefully, DECC will see from the individual projects that there is value in working at the city level and that we can each benefit from working together to meet shared objectives."

A city representative

Creating a relationship with national government is a key thrust of the low carbon aspiration in Manchester's city deal, which has been formalised in a memorandum of understanding between the city and DECC. Cities like Newcastle, which has a strong track record in offshore wind, see themselves as well positioned to inform DECC's thinking about future energy mix. While other cities would encourage the department to involve them more in agendas like renewable heat, energy efficiency and retrofit.

The city deals programme needs to be resourced enough to build on the developing relationships with wave one cities at the same time as a supporting wave two cities in negotiating their deals. Cities in the first wave were conscious that the Cabinet Office team was stretched in managing relationships with numerous departments across Whitehall on their behalf. As it will now be managing a deal process for a long list of another 20 cities, there is concern about the attention it will be able to give to the delivery of the original eight deals.

DECC only has a small cities team and wave one cities do not want to see their emerging relationships sidelined as work starts on wave two. It is inevitable that wave two cities may need more support in embedding low carbon in their deals. Wave one cities have been developing approaches to shared challenges through Core

Cities, the organisation that represents their shared voice, for a number of years. Wave two cities will not necessarily have spent as much time on such issues or benefited from considering them collectively. They may need more support in understanding the opportunities that come with low carbon growth, as well as in identifying how best to pursue them via a city deal. Proactively engaging cities to help them think this through may require additional resourcing, but it will be a valuable investment in realising the potential of strong, strategic relationships between DECC and cities in the long term.

"The success of the deals is in their implementation, not their sign off. But there is a danger that the cities office and DECC will be consumed by the second wave of deals just as the first wave want to develop a deeper relationship."

A city representative

For wave two cities

4. Use low carbon growth to frame the deal

Wave two cities are being encouraged to focus on one priority alongside a core devolutionary package. This strengthens the imperative to frame city deals with low carbon growth ambitions and to embed measures that will enable progress right across a city deal.

Although the deal process is relatively rapid, wave two cities can learn from the strengths of existing city deals, and many will already have articulated a city vision that incorporates low carbon growth. Cities should use the deal process to reflect on their vision for low carbon growth and identify opportunities for making progress against that vision. They should also examine how emerging objectives under the deals fit with wider climate change and low carbon strategies.

A city's climate change strategy is often the place where the need to secure sustainable, long term growth has been considered in depth. It will have identified the skills gaps that must be overcome to take advantage of long term economic opportunities or the changes to transport and energy infrastructure needed. A city deal can use that thinking to strengthen the coherence of its vision and make the outcomes it enables more economically and environmentally resilient. This will make the most of the city deal as a long term as well as an immediate opportunity.

5. Investigate and embed low carbon opportunities

The existing eight city deals have focused on low carbon in different ways, but there are strong examples among them of the process being used to accelerate low carbon growth. Wave two cities can draw on these examples, using them to help identify their own low carbon priorities and ways in which a city deal can unlock them. Where a city lacks clear low carbon manufacturing advantages, of the kind that Liverpool and Newcastle have used their deals to pursue, it can consider instead how the deal can help to progress activity on challenges common to all cities: namely, accelerating building retrofit, ensuring that skills exist to realise the city's low carbon ambitions and increasing sustainable transport.

This will require cities to consider how such green activity can support wider growth priorities. In Birmingham, the scale of its retrofit programme makes it a significant economic priority, with the potential to deliver considerable growth and jobs. But retrofit offers economic benefits to other cities as well, so wave two cities ought to consider how their ambitions can be framed in a similar way and how a city deal could help to stimulate new action or secure support to accelerate existing activity.

As wave two cities will be focusing on a single transformative initiative, a specific low carbon project may not be top of the priority list. However, low carbon goals can be progressed as part of the single initiative and the core package of measures that accompanies the deal. This can include:

- showcasing low carbon investment opportunities as part of a wider investment fund enabled by the city deal;
- addressing green skills gaps in any wider consolidation and focusing of skills provision in the city;
- actively integrating progress on sustainable transport into wider efforts to streamline decision making and investment in transport.

Existing city deals provide examples of how this can be done. Manchester focused on setting out its low carbon investment potential and Nottingham is integrating progress on sustainable transport and low carbon energy into its new Creative Quarter.

Wave one cities have been able to feature their low carbon activities as discrete programmes, but many of their efforts to accelerate low carbon growth can also be integrated across a deal. This will be the central challenge for wave two cities. We will be working with wave two cities to explore how this is best achieved, making the most of the opportunity that city deals offer.

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