



BRIEFING PAPER

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City Deals

By Matthew Ward

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1. Summary

City deals are bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or Local Enterprise Partnerships and other local bodies.

Between July 2012 and August 2014, 26 city deals were agreed. The first wave, completed in July 2012 covered the 8 largest English cities outside London; the second wave, completed in July 2014 covered the next 14 largest English cities and their wider areas, as well as the next 6 English cities and areas with the highest population growth between 2001 and 2010.

In a one-off deal in August 2014, Glasgow and the Clyde Valley became the first area outside England to agree a deal.

In 2016, deals were agreed with Aberdeen, Cardiff and Inverness.

In 2017, deals were agreed with the Swansea Bay area and Edinburgh and South East Scotland.

In 2018, a deal for Stirling and Clackmannanshire was finalised.

Funding has been confirmed for deals in Tayside and the Belfast City Region.

The 2018 Budget saw the government commit to begin negotiations for a deal covering a Derry City and Strabane District Council area - as yet, a Heads of Terms agreement detailing specific funding for city deal projects has not been published.

2. Background

The 2011 [Localism Act](#) included the Core Cities Amendment, which offered local councils the opportunity to submit plans on how they planned to promote local economic growth. If successful, councils would then be invited to negotiate deals with central government for greater local autonomy over financial and planning matters.

This idea was expanded in the consultation document [Unlocking Growth in Cities](#), in which the then Deputy Prime Minister Nick Clegg spoke of a shift in powers available to cities and the need to move “away from a one-size-fits-all model towards individual city deals.”¹

This document goes on to specifically outline the creation of and function of city deals:

The Coalition Government will be working with different cities over the coming months to agree a series of tailored ‘city deals’. These will consist of new powers for cities, enabling civic and private sector leaders to influence the key decisions that affect their economic competitiveness; and/or innovative projects to unlock growth in each area.²

As of July 2017, there have been two waves of city deals and four one-off deals, granting a total of 31 deals – 26 in England, 4 in Scotland and 1 in Wales. A further 2 deals – 1 in Scotland and 1 in Wales are currently being negotiated.

For further information on regional development policy under the Coalition Government, see the Library Briefing Paper [Regional Development Policy 2010-15: a Summary](#).

¹ Cabinet Office, [Unlocking Growth in Cities](#), December 2011 pg. iv

² Cabinet Office, [ibid](#), pg. 6

3. City Deals – First Wave

The [first wave of City Deals](#) was launched in December 2011 and completed in July 2012. In this wave, the ‘Core Cities’ - the 8 largest English cities outside London negotiated deals with central government. Details of all of the first wave of city deals are available in the Cabinet Office publication [Unlocking Growth in Cities: City Deals – Wave 1](#). This report states that the ‘Core Cities’ have estimated the first wave of deals will “create 175,000 jobs over the next 20 years and 37,000 new apprenticeships.”³

Below is a summary of the contents of each deal and the targets set within.

3.1 Greater Birmingham

The Greater Birmingham City Deal [A City Region Powered by Technological Innovation](#), was negotiated by the Greater Birmingham and Solihull LEP and approved in July 2012. The Deal includes plans to establish a Skills for Growth Compact, create jobs through the expansion of an existing ‘green deal’ programme, the redevelopment of public land for housing and business and the creation of an Institute for Translational Medicine to act as hub for the life science sector.

3.2 Bristol City Region

The [Bristol City Region City Deal was](#) negotiated by the West of England LEP and its four constituent local authorities and approved in July 2012. The Deal includes plans to create an Economic Development Fund for the West of England by allowing local authorities to keep 100% of the growth in business rates raised in the city region’s Enterprise Areas over a 25-year period, a transport devolution agreement, the creation of a Growth Hub at the Temple Quarter Enterprise Zone and the involvement of the business community in skills provision through a new People & Skills Programme.

3.3 Leeds City Region

The [Leeds City Region City Deal](#) was negotiated by the Leeds City Region LEP and Leeds City Council and approved in July 2012. The Deal is based around three targets - the acceleration of output growth to an average of 2.6% per year to 2030, the creation of 60,000 new jobs by 2016 and a “substantial reduction” in the city region’s carbon emissions.

3.4 Liverpool City Region

The [Liverpool City Region City Deal](#) was negotiated by Liverpool City Council approved in July 2012 and covers the Liverpool City Region LEP area. The deal includes details of the creation of a single investment pot of public and private funding, the establishment of a Mayoral

³ Cabinet Office, [ibid](#), pg. 1

Development Corporation, plans to host an international Business Festival and investment in off shore wind infrastructure.

3.5 Greater Manchester

The [Greater Manchester City Deal](#) was negotiated by the Greater Manchester Combined Authority and approved in July 2012. The deal includes details of the creation of a revolving Infrastructure Fund by allowing Greater Manchester to 'earn back' a portion of additional tax revenue from Gross Value Added increases resulting from local investment in infrastructure and the establishment of a Greater Manchester Investment Framework, City Apprenticeship and Skills Hub, Low Carbon Hub and housing investment fund.

3.6 Newcastle City Region

The [Newcastle City Region City Deal](#) was negotiated by Newcastle City Council and the North East LEP and approved in July 2012. The deal includes proposals to create an Accelerated Development Zone (ADZ) for Newcastle and Gateshead, secure private sector investment in the marine and offshore sector, develop a Joint Investment Plan with the Homes and Communities Agency (HCA), invest in super-connected broadband infrastructure and establish Newcastle as a low carbon Pioneer City.

3.7 Nottingham City Region

The Nottingham City Region deal [Connected, Creative, Competitive](#) was negotiated by Nottingham City Council and approved in July 2012. The Deal includes three aims - fostering enterprise through the establishment of a Venture Capital fund, a Generation Y Fund, a Technology Grant Fund, supporting a high quality workforce and developing a "21st-century infrastructure" through transport, digital connectivity and a Green Deal.

3.8 Sheffield City Region

The Sheffield City Region deal [Made in Sheffield – a Deal for Growth](#) was negotiated by Sheffield City Council and Sheffield City Region LEP and approved in July 2012. The deal includes proposals to enable the city to borrow against projected business rates in order to invest in infrastructure, invest and develop in a national centre for procurement based around at the Advanced Manufacturing and Nuclear Research Centres.

3.9 National Audit Office report, Wave 1

In July 2015 the National Audit Office published the report [Devolving responsibilities to cities in England: Wave 1 City Deals](#) analysing the negotiations, costs and potential benefits of the first wave of city deals, making the following conclusions:

- Government committed spending will total £2.3 billion over 30 years and fund 40 programmes. This spending commitment is spread across 8 separate government departments;
- The largest wave 1 programme was Manchester's 'earn back' arrangement, which will allow the combined authority to retain a portion of additional tax revenue generated by its investment. This has the potential value of £900 million; and
- While there have been early impacts of individual programmes agreed in the deals, it is "too early to tell whether the deals will have any overall impact on growth."⁴

⁴ National Audit Office, [Devolving responsibilities to cities in England: Wave 1 City Deals](#), Report by the Comptroller and Auditor General, HC 266, 9 July 2015

4. City Deals – Second Wave

The [second wave of City Deals](#) was launched in October 2012 and was open to the next 14 largest cities (after the 8 'core cities') and their wider areas as well as the next 6 cities and areas with the highest population growth between 2001 and 2010.

Prior to negotiations, cities were asked to develop proposals to work across their "functional economic area"; as such deals generally cover existing Local Enterprise Partnership boundaries.⁵ Negotiations were generally undertaken by LEPs and local authorities and in some instances, business partnerships and universities. A full list of negotiators by deal is available in Appendix 4 of the Centre for Cities' [City Policy Briefing, September 2014](#).

Of the invited 20 cities, 18 successfully negotiated deals between September 2013 and July 2014.

Below is a summary of the contents of each deal and the targets within.

4.1 Black Country

The [Black Country City Deal](#) was approved in February 2014 and covers the four local authorities in the Black Country LEP area. The deal includes proposals to secure 5,800 new manufacturing jobs, £120 million of private sector investment in high value manufacturing sites and 1,500 additional high value manufacturing apprenticeships.

4.2 Bournemouth and Poole

Bournemouth was invited to negotiate a City Deal in October 2012 and submitted a joint proposal with Poole focusing on the development of Bournemouth Airport and the Port of Poole. These proposals were incorporated into the [Dorset Strategic Economic Plan](#) and approved as part of the [Dorset Growth Deal](#) in July 2014.⁶

4.3 Greater Brighton

The [Greater Brighton City Deal](#) was approved in March 2014 and covers Brighton and Hove, Shoreham, Worthing, Newhaven, Lewes, as well as part of the South Downs National Park and Mid Sussex. The deal includes proposals to generate £170 million of investment in Greater Brighton and create 8,500 jobs. The flagship proposal is based around the creation of Tech City South, to act as a hub for the creative technology sector.

⁵ [HC Deb 29 Oct 2012: Column 2WS](#)

⁶ HM Treasury, [Bournemouth invited to bid for City Deal](#), 29 October 2012 and Bournemouth Borough Council, [Economy and Tourism Overview and Scrutiny Panel](#), 26 March 2014

4.4 Coventry and Warwickshire

The [Coventry and Warwickshire City Deal](#) was approved in December 2013 and covers the Coventry and Warwickshire LEP area. The deal includes proposals to support growth in 450 advanced manufacturing and engineering firms, create 15,000 jobs and secure £25 million of public sector and £66 million of private sector investment.

4.5 Greater Cambridge

The [Greater Cambridge City Deal](#) was approved in June 2014 and covers the Cambridge city and South Cambridgeshire local authority areas. The deal includes proposals to create an infrastructure investment fund, create 45,000 new jobs and 400 new apprenticeships and help generate £1 billion of public sector and £4 billion of private sector investment.

4.6 Greater Norwich

The [Greater Norwich City Deal](#) was approved in December 2013 and covers Norwich City Council, South Norfolk District Council and Broadland District Council. The deal includes proposals to generate £100 million of private investment, support 300 new businesses and create 19,000 jobs.

4.7 Hull and the Humber

The [Hull and Humber City Deal](#) was approved in December 2013 and covers the East Riding of Yorkshire Council, Hull City Council, North Lincolnshire Council and North East Lincolnshire Council. The deal includes proposals to generate £460 million of investment in development along the Humber and support the creation of 4,000 jobs.

4.8 Ipswich

The [Greater Ipswich City Deal](#) was approved in October 2013 and covers Ipswich, Suffolk and the New Anglia LEP area. The deal includes proposals to support 400 new businesses, creating 5,000 new apprenticeships and 3,000 additional high value jobs by 2019.

4.9 Leicester and Leicestershire

The [Leicester and Leicestershire City Deal](#) was approved in March 2014 and covers the Leicester and Leicestershire LEP area. The deal aims to cut youth unemployment in the area by 50% and secure £130 million of public and private sector investment.

4.10 Milton Keynes

While Milton Keynes was invited to negotiate a City Deal in October 2012, the proposed funding and powers were incorporated into the [South East Midlands LEP Growth Deal](#), approved in July 2014.⁷

4.11 Oxford and Oxfordshire

The [Oxford and Oxfordshire City Deal](#) was approved in January 2014 and covers the Oxfordshire LEP area. The deal includes proposals to develop 7,500 homes, establish a Growth Hub to support small and medium sized enterprises, improve local roads and create more than 500 new apprenticeships.

4.12 Plymouth

The [Plymouth and South West Peninsula City Deal](#) was approved in January 2014 and covers the Heart of the South West and the Cornwall and Isles of Scilly LEP areas. The deal aims to reinvigorate the area's marine and advanced manufacturing sectors, create 9,000 jobs and secure £34 million of public and £262 million of private sector investment.

4.13 Portsmouth and Southampton

The [Portsmouth and Southampton City Deal](#) was approved in November 2013 and covers the Solent LEP area. The deal includes proposals to secure £953 million of investment and create 17,000 jobs.

4.14 Preston, South Ribble and Lancashire

The [Preston, South Ribble and Lancashire City Deal](#) was approved in September 2013 and covers Lancashire, Preston and South Ribble Local Authorities. It is estimated that the deal help create 20,000 jobs, including 5,000 in the Lancashire Enterprise Zone, support 4 new road schemes and enable the construction of 17,000 new houses.

4.15 Southend

The [Southend-on-Sea City Deal](#) was approved in March 2014 and covers Southend-on-Sea Borough Council. The deal includes creation of a business support network, Gateway to Growth and £6 million of funding through national and local government and private sources.

4.16 Stoke and Staffordshire

The [Stoke and Staffordshire City Deal](#) was approved in March 2014 and covers the Stoke-on-Trent and Staffordshire LEP area. The deal includes the flagship proposal to establish the UK's first at-scale, low carbon,

⁷ HM Treasury, [Milton Keynes invited to bid for City Deal](#), 29 October 2012 and Mark Smulian, [Missing city deal absorbed by LEP](#), Local Government Chronicle, 17 April 2014

heat network system, generating £113 million of investment and supporting the creation of up to 23,000 jobs.

4.17 Sunderland and the North East

The [Sunderland and South Tyneside City Deal](#) was approved in June 2014 and covers Sunderland City Council and South Tyneside Council. It is estimated the deal will help support the creation of 5,200 new jobs, mainly in the manufacturing sector and secure £295 million private sector investment in advanced manufacturing.

4.18 Swindon and Wiltshire

The [Swindon and Wiltshire City Deal](#) was approved in July 2014 and covers the Swindon and Wiltshire LEP area. The deal proposes the development of a new University Campus of Swindon and Wiltshire, allowing for 18,000 individuals trained locally to Level 4 or higher and the provision of direct business support to 1,250 local small and medium sized enterprises.

4.19 Tees Valley

The [Tees Valley City Deal](#) was approved in June 2014 and covers the Tees Valley Unlimited LEP area. The deal aims to create 3,500 and secure £10 million of private sector investment in industrial infrastructure.

4.20 Thames Valley Berkshire

The [Thames Valley Berkshire City Deal](#) was approved in October 2013 and covers the Thames Valley Berkshire LEP area. The deal aims to support 4,500 young people by creating 1,500 new work experience placements, 300 Apprenticeships and 800 new Youth Contract Wage Incentives for eligible businesses.

5. City Deals in Scotland

5.1 Glasgow

In August 2014, Glasgow and the Clyde Valley became the first area outside England to negotiate a deal.

The [Glasgow and Clyde Valley City Deal](#) is an agreement between the UK and Scottish governments and the 8 local authorities across Glasgow and the Clyde Valley - East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

The deal aims to support the creation of 29,000 jobs and secure £1 billion of Scottish and UK Government capital funding and £3.3 billion of private sector investment to support a proposed infrastructure investment programme.

5.2 Aberdeen City Region

The [2015 Spring Budget](#) included the announcement that the government would open negotiations with the Scottish government over a deals for Aberdeen.⁸

In February 2016 the Aberdeen City Region Deal [Powering Tomorrow's World](#) was agreed between the UK and Scottish Governments in conjunction with Aberdeen City Council, Aberdeenshire Council and Opportunity North East (ONE), a private sector body which replaced the Ascef, the economic development agency for the north east of Scotland in December 2015.⁹

The deal saw the UK and Scottish governments commit to jointly investing £250 million over 10 years in projects, including a new energy innovation centre, support for the oil and gas industry to exploit remaining North Sea reserves and the expansion of Aberdeen harbour.¹⁰

5.3 Inverness and Highland City Region

The [2015 Spring Budget](#) included the announcement that the government would open negotiations with the Scottish government over a deals for Inverness.¹¹ In August 2015, it was announced that Inverness would receive £3 million in funding as an initial allocation.¹²

On 22 March 2016 the Inverness and Highland City Region Deal was agreed between the UK and Scottish governments and The Highland Council. The deal included a commitment of £315 million of public

⁸ HM Treasury, [Spring Budget 2015](#) pg. 42-43

⁹ BBC, [Development body Accef to be replaced by Opportunity North East](#), 3 December 2015

¹⁰ Scotland Office, [Aberdeen City Region Deal](#), 9 February 2016

¹¹ HM Treasury, [Spring Budget 2015](#) pg. 42-43

¹² Scotland Office, [UK Government approves £3m funding for Inverness projects](#), 26 August 2015

funds, composed of £53.1million from the UK government, £127 million from The Highland Council and its regional partners and £135m from the Scottish government, all over a 10 year period.¹³ The deal aims to secure a further £800 million in private sector funding, create 1,125 direct jobs and support the creation of a Northern Scotland Innovation Hub.¹⁴

5.4 Edinburgh and South East Scotland

The [2016 Budget](#) included the announcement that the government would open negotiations with the Scottish government over a deal for the Edinburgh and South East Scotland.¹⁵

In a written statement on 20 July 2017, Secretary of State for Scotland, David Mundell announced that an agreement had been reached between the UK and Scottish Governments on the terms of the Edinburgh and South East Scotland City Deal.¹⁶

[The deal](#) encompasses the six local authority areas of Edinburgh, Midlothian, East Lothian, West Lothian, Scottish Borders and Fife and is based on a joint investment from the UK and Scottish Governments of £600 million over a period of 15 years, combined with an investment of £501 million from regional partners, including local authorities and universities. The deal aims to create 21,000 jobs in the area.

5.5 Tayside

The government is currently in the process of negotiating a deal for Tayside, encompassing the Dundee, Angus, Fife and Perth & Kinross council areas.¹⁷

The [2016 Autumn Statement](#) confirmed that the government “will consider proposals for a deal with the Tay cities once they are brought forward.”¹⁸ The [Tay Cities Deal submission document](#) was published in February 2017. The 2018 Budget confirmed the government would provide £150 million toward a Tay Cities Deal.¹⁹ The [Heads of Terms document](#) was published in November 2018, signed by representatives of the UK and Scottish governments and representatives from Angus Council, Dundee City Council, Fife Council and Perth and Kinross Council. The UK and Scottish governments agreed to invest “up to £150 million in the Deal over 10-15 years” – the document states this investment “has the potential to secure over 6,000 jobs and lever in over £400 million in investment over the next 10-15 years.”²⁰

¹³ [Inverness and Highland City Region Deal: Written statement - HCWS638](#), 22 March 2016

¹⁴ Scotland Office, [UK City Deal invests £315 million in Inverness and the Highlands](#), 22 March 2016 and The Highland Council, [Success of City-Region Deal - £315 million of investment](#), 22 March 2016

¹⁵ HM Treasury, [Budget 2016](#), HC 901, March 2016 pg. 69

¹⁶ [Edinburgh and South East Scotland City Region Deal: Written statement - HCWS103](#), 20 July 2017

¹⁷ [HC Deb 6 June 2016 c 822](#)

¹⁸ HM Treasury, [Autumn Statement 2016](#), Cm 9362, November 2016 pg. 33

¹⁹ HM Treasury, [Budget 2018](#), HC 1629, pg. 73

²⁰ [Tay Cities Region Deal Heads of Terms Agreement](#) 22 November 2018, pg. 3

5.6 Stirling

In June 2016, Stirling Council voted to “allow the Council to enter formally a period of significant negotiations with UK and Scottish governments with the aim of securing a substantial City Deal investment for Stirling.”²¹ The 2016 Autumn Statement stated “the government will work with local partners and the Scottish Government towards a city deal for Stirling.”²²

In May 2018, the [Stirling and Clackmannanshire City Deal](#) was agreed between the Scottish and UK government and Stirling and Clackmannanshire and councils. This saw both government commit funding of £45.1 million over a 15 year period; regional partners, including Stirling and Clackmannanshire and councils and the University of Stirling have also committed funding of £123.8 million, with the aim of securing £640 million in private investment and creating over 5,000 new jobs.²³

²¹ Stirling Council, [Agenda for the Special Meeting of the Stirling Council 13 June 2016](#) and Scottish Daily Record, [Stirling Council's ambitious plans to transform Stirling are on track](#), 16 June 2016

²² HM Treasury, [Autumn Statement 2016](#), Cm 9362, November 2016 pg. 33

²³ [Stirling and Clackmannanshire City Region Deal Heads of Terms Agreement](#), 31 May 2018

6. City Deals in Wales

6.1 Cardiff Capital Region

The [2015 Spring Budget](#) included the announcement that the government would open negotiations with the Welsh governments over a deal for Cardiff.²⁴

The [2015 Autumn Statement and Spending Review](#) confirmed that the Government would make a “principle commitment to contribute to an infrastructure fund” for the Cardiff deal.²⁵

On 15 March 2016 the [Cardiff Capital Region City Deal](#) was agreed between the UK and Welsh Governments and 10 local authorities in Wales. Central to the Deal was the creation of a £1.2 billion infrastructure investment fund, funded by contributions of £500 million from both the British and Welsh Governments and £120 million from the 10 local authorities in the Cardiff Capital Region over 20 years.²⁶ The Deal states this fund will be used to help deliver the South East Wales Metro project, as well as establish a new Regional Transport Authority and a new Catapult Centre in Wales.²⁷

The signatory partners have projected the deal will help create 25,000 new jobs and generate £4 billion of private sector investment across the region.

6.2 Swansea Bay City Region

The [2016 Budget](#) included the announcement that the Government would open negotiations with the Welsh Government over a city deals for the Swansea Bay area.²⁸

The [Swansea Bay City Region Deal](#) was agreed between the UK and Welsh governments and four local authorities in March 2017. This deal includes funding commitments of £115.6 million from the UK government, £125.4 million from the Welsh government and £396 million from four local authorities (Carmarthenshire, Pembrokeshire, Swansea and Neath Port Talbot) and other public sector bodies.

It is anticipated that up to £637 million of private sector investment will be secured and up 9,000 jobs created.

²⁴ HM Treasury, [Spring Budget 2015](#) pg. 42-43

²⁵ HM Treasury, [Spending Review and Autumn Statement 2015](#), Cm 9162 November 2015, pg. 57

²⁶ HM Treasury, Wales Office, [City Deal: Cardiff Capital Region](#)

²⁷ [Cardiff Capital Region City Deal](#), pg. 4

²⁸ HM Treasury, [Budget 2016](#), HC 901, March 2016 pg. 69

7. City Deals in Northern Ireland

The [2017 Autumn Budget](#) stated the government would begin negotiations for a Belfast city deal, once the Northern Ireland Executive was restored.²⁹

A [Heads of Terms document](#), outlining the proposed projects and funding was published in March 2019 – this was agreed between the Secretary of State for Northern Ireland, a senior official in the Northern Ireland Civil Service (on behalf of all devolved government departments), the vice chancellors of Queen’s University and the University of Ulster and representatives of the six council areas in the Belfast City Region (Antrim and Newtownabbey Borough Council, Ards and North Down Borough Council, Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council and Newry, Mourne and Down District Council).

The deal consists of 22 projects based around three “investment pillars”:

- Innovation and digital;
- Tourism led regeneration; and,
- Infrastructure

£850 million in funding has been agreed to date, with funding from four sources:

- £350 million from the UK government – this is to be spread over 15 years from 2019/20 and will fund projects associated with the innovation and digital pillar.
- In May 2020, the Northern Ireland Executive agreed to match the £350 million UK Government funding.³⁰ This will be spent on the tourism led regeneration and infrastructure pillars.
- £100 million from the six local authorities – this will be used to support the second investment pillar on tourism led regeneration
- £50 million from Queen’s University Belfast and the University of Ulster – this will be used to fund the development of digital and innovation projects and a commitment to underwrite the related future revenue costs.

The [2018 Budget](#) saw the government commit to begin negotiations for a deal covering a Derry City and Strabane District Council area.³¹

In May 2019, it was announced that the UK government would commit £50 million to a city deal covering the Derry and Strabane District Council area; an additional £55 million would be provided to establish the “Inclusive Future Fund” aimed at “bringing greater prosperity and

²⁹ HM Treasury, [Autumn Budget 2017](#), HC 587, November 2017, pg. 57

³⁰ NI Executive, [Murphy announces over £700 million of investment](#), 4 May 2020

³¹ HM Treasury, [Budget 2018](#), HC 1629, October 2018, pg. 71

social benefits to the whole of the community.”³² In May 2020, the NI Executive agreed to match the level of UK Government funding.³³

As yet, a Heads of Terms agreement detailing specific funding for city deal projects or additional council and private sector funding has not been published.

³² Northern Ireland Office, [£105 million economic package for the North West](#), 13 May 2019

³³ NI Executive, [Murphy announces over £700 million of investment](#), 4 May 2020

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