



Local Authority Leaders &  
Chief Executives

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I am writing to draw your attention to the Local Growth White Paper that was published yesterday.

Last week the Coalition Government's Spending Review set a fair though challenging settlement aimed at bringing down the massive budget deficit and driving economic growth. Today we set our new approach to rebalance the economy and drive sustainable growth by focusing on three key themes:

1. **Shifting power to local communities and businesses** - by establishing dynamic local enterprise partnerships of local business and civic leaders.
2. **Increasing confidence to invest** – by creating new and powerful incentives for local authorities in England to promote business growth, including:
  - a **New Homes Bonus**, commencing in April 2011. This will match fund the additional council tax raised for new homes for the following 6 years. £900m has been set aside to fully fund the scheme, meaning that **authorities that go for growth now will be rewarded**,
  - proposals for **local authorities to keep the business rates** they collect locally, giving councils a real stake in supporting local growth and creating new jobs,
  - a **Renewable Energy Bonus**, which will allow local authorities to keep the business rates from renewable energy projects,
  - a **new system of Tax Increment Financing**, which will enable local authorities to borrow against future increases in business rate revenues,
3. **Focused investment** – by tackling barriers to growth through the £1.4 billion Regional Growth Fund to encourage private sector enterprise, create sustainable private sector jobs and to help places currently reliant upon the public sector.

I look forward to talking about these opportunities and challenges with you in the coming weeks and months, and commend the publication to you.

A handwritten signature in black ink that reads "Eric Pickles".

**RT HON ERIC PICKLES MP**