

Report to: **Executive**
Date: **4 April 2006**
Report of: **Executive Member for Regeneration**
Subject: **Tyne and Wear City Region Developments**
Ward: **All**

1. **Purpose of Report**

- 1.1 To advise members of the Executive on the progress being made in respect to the Tyne and Wear City Region Development Programme that was initiated as part of the Northern Way Growth Initiative and the City Region Summits being undertaken by Rt Hon. David Miliband MP, Minister of Communities and Local Government.
- 1.2 A Business Case for the Tyne and Wear City Region has recently been developed on a partnership basis during which Easington represented the other Northern Durham Districts in the process and the document was submitted to the Office of the Deputy Prime Minister last month
- 1.3 A copy of the Business Case is available by contacting the Director of Regeneration and Development

2. **Consultations.**

- 2.1 Preparation of this report has been undertaken in consultation with the Leader of the Council and the Chief Executive who represented the Northern Durham Districts on the Tyne and Wear City Region Leadership Group. Management Team have also been consulted.

3. **Background**

- 3.1 In September 2004, with the three Northern Regional Development Agencies, The Deputy Prime Minister launched the Northern Way, a growth strategy to boost prosperity across the North. The aim was to close the £29 billion productivity gap with the rest of the country.
- 3.2 The Northern Way focuses on 8 city regions as the key to accelerate economic growth in the North. Broadly, city regions correspond with the major travel to work areas, shopping catchments and housing markets. In recent years, most of the North's economic growth has taken place in the 8 city regions. Evidence shows that if city regions do not prosper, neither can regions. The Northern Way does not discount the economic potential and importance of communities and assets outside of the city region areas and discusses their distinctive needs and opportunities.
- 3.3 In the North East there are two defined City Regions – Tees Valley and Tyne and Wear.
- 3.4 Development of the Tyne and Wear City Region case has been carried out by officers from the five Tyne and Wear Local Authorities in conjunction with Durham and Northumberland County Councils, and the District Councils of Easington and Tynedale (representing districts in County Durham and Northumberland), in partnership with ONE NorthEast and the Learning and Skills Council.

- 3.5 Following the publication of the Northern Way Growth Strategy and Business Plan, each city region submitted a Development Programme in May 2005. This was followed by a further development of proposals as part of the City Summit for the Tyne and Wear area held by Rt Hon. David Miliband MP in September 2005. Tyne and Wear City Region local authorities were subsequently asked to submit a business case to support the argument for the establishment of city region arrangements.
- 3.6 A City Region Leadership Group including the Leaders of the eight local authorities and the Mayor of North Tyneside has met four times to oversee production of and agree the Business Case document that was submitted to the ODPM in mid February.

4. **Tyne and Wear City Region Business Case - Summary**

- 4.1 The Business Case argues for a number of changes to assist to create sustainable and inclusive economic prosperity in the Tyne and Wear City Region. At the core of the proposal is the integration of economic, planning, transport and learning and skills policies to improve the lives of the people who live in the City Region area.
- 4.2 All authorities share the understanding that these policy issues should be handled at the most appropriate spatial level and are seeking to come together to improve the collective performance in dealing with them. This will not have direct impact on the day to day delivery of other local authority services or more locality based economic and regeneration programmes in areas of disadvantage. City region work will dovetail with and complement other areas of work led by individual authorities, such as new approaches to working with neighbourhoods.

Vision and Ambitions for the City Region

- 4.3 The vision for the Tyne and Wear City Region is:

Using our unique culture, potential and competitive advantages we will reduce the inequalities of economic performance and participation between the City Region and the rest of the UK.

In doing so we will create vibrant, ambitious and outward looking communities, gaining international recognition as a high performing City Region.

- 4.4 The ambitions identified in the Business Case are:
- Delivering sustainable and accelerated economic growth
 - Creating an environment that leads to increased aspiration, in our young people, our businesses and our communities
 - Creating a connected City Region – and building on the strengths of the different centres of population and business
 - Building a knowledge based economy recognising the focus and investment that will be needed in the education and growth of our young people in the upskilling of our workforce
 - Building on our unrivalled quality of life and emphasising our uniqueness, resilience and creativity

- 4.5 To achieve these shared ambitions partners have identified the need to:
- Work collectively to demonstrate bold and visionary economic leadership that will inspire and drive economic prosperity;
 - Develop our strategic capacity to tackle our City Region issues;
 - Concentrate all available resources, both investment and organisational capacity, at a national, regional, City Region and sub regional level to focus effort on what makes the biggest impact;
 - Establish the best possible governance and delivery mechanisms to maximise the benefit of a City Region.
- 4.6 The approach proposed is essentially a practical one designed to achieve greater policy coherence and simplifying the way the local authority sector and regional partners develop strategy and address funding and delivery issues. It will take into account impact on other areas of the North East and recognise the importance of sustainability as a whole across the region, as well as concentrating on the promotion of greater economic activity and growth within the City Region area.
- 4.7 To deliver the proposals outlined in the Business Case the intention is to adapt existing formal and informal structures within existing budgets in ways that will deliver efficiencies and to establish partners shared priorities for a joined-up economically focussed programme in the form of a 'City Region Area Agreement' (CRAA) that will cover:
- **Spatial Planning** – the existing regional spatial planning process does not adequately reflect strategic linkages and flows between where people live and where they work and the importance of aligned investment in transport infrastructure. Equally, economic strategies tend to have at best only a broad spatial component. Combining an economic and spatial policy led approach centred on improving economic prosperity should offer a greater driver of change for the economic well being of the City Region.
 - **Economic Development** – policy focus will be on creating and growing businesses, supporting existing business, enabling entrepreneurship and innovation to thrive, and encouraging greater private sector lead investment in key and critical locations to support economic and employment growth.
 - **Skills & Education** –for business to succeed in improving the economic competitiveness of the region, having a highly skilled and flexible workforce is essential. This policy area will also tackle the problems of worklessness and economic inactivity and will build upon recent government announcements on reforming incapacity benefit.
 - **Transport & Connectivity** – all the above factors will be constrained if City Region connectivity (internally and externally) is not improved with attention to such matters as public transport networks and congestion as well as external linkages by road, rail air and sea as well as ICT infrastructure is not integrated with and considered alongside the other identified policy areas. A key priority is to support the City Region area's drive to compete effectively in a global economy. Better connectivity with particular emphasis on travel to work patterns is essential to resolving issues which can only be achieved at a City Region level.

Freedoms and Flexibilities

- 4.8 The document also proposes new ways of working, both on the part of the City Region partners and in terms of securing new freedoms, flexibilities and powers for the City Region area from Government based on a more robust evidence base for policy making, greater co-ordination between partners in terms of powers and investment, focussing on fewer but more strategic, longer-term priorities.
- 4.9 Accompanying changes sought from Government include:
- agreeing a formal weighting for a City Region Plan in line with other statutory planning documents and a derogation of powers from the Regional Assembly in determining spatial planning issues in the City Region;
 - extending the approach adopted for Regional Funding Allocations together with alignment of governmental agency budgets behind City Region priorities with the potential for some relaxation of existing national funding and targeting frameworks and piloting of innovative approaches;
 - support to agree a set of City Region targets brokered within the context of national policy and targets;
 - agreeing to the Higher Education sector being brought within the CRAA;
 - greater autonomy for new proposed transport delivery arrangements to determine LTP policy; allowing the City Region to manage its public transport network by providing sufficient revenue funding to support City Region-wide Quality Bus Contracts; and allowing the necessary flexibility to raise investment capital for Metro etc; and
 - devolving accountability of some Highways Agency powers to the City Region, and bringing Strategic Rail Authority (SRA) funding into the Regional Funding Allocation (RFA) process with a line of accountability to the City Region.

Governance

- 4.10 Underpinning the CRAA will be robust and transparent Governance arrangements, overseen by an Executive and supported by advisory groups from the public sector (Chief Executive's Sponsors Group) and private sector. The City Region will not be an additional tier of administration or bureaucracy, but a way of adapting to how the 'real world' economies work and tackling issues at the optimal level.
- 4.11 As part of this process it is agreed that effective city regional governance must:
- Enhance, and make use of existing, strategic analytical and managerial capacity.
 - Align powers and investment for the relevant policy areas, focusing of the critical mass of resources on fewer, longer-term priorities determined by scale and impact;
 - Separate strategy from delivery;
 - Have clearly delineated scope and respect subsidiarity;
 - Institute visible and bold leadership as the basis both for increased prioritisation and coherence in decision-making, and for an effective negotiation with Government;
 - Engage and leverage the private sector; and
 - Have clear political legitimacy and accountability as well as confidence amongst wider stakeholder including business.

- 4.12 Based on these principles, it is proposed that a small Executive, made up of the local authorities and other stakeholders is established which provides a strong body to give strategic leadership and be able to speak for the City Region. It will be empowered to make the key strategic decisions relating to the City Regions economic prosperity agenda, include political representation at the highest level. The Chair of the Executive should be chosen from amongst its number with a Vice Chair from another sector to reinforce the strength of the partnership. There will be a powerful line of accountability for delivery through the shared CRAA signed up to by partner organisations,
- 4.13 The Executive would be directly supported by a 'fit for purpose', high quality analytical and policy making capacity that is created largely through the existing resources of public bodies, building on existing joint structures.

Next Steps

- 4.14 Now that the business case has been submitted to ODPM preparations are being made for a presentation to the Minister of Communities and Local Government in April or May. Work is starting on setting out a high level project plan for establishing City Region arrangements. Discussions will be held with relevant Government departments and partners on the basis of the development of a draft CRAA. A review of cross boundary partnership working relating to the City Region policy areas will also be carried out and linkages with other national and regional bodies will be considered. A high level delivery plan will then be prepared.
- 4.15 The Executive will be kept informed at key stages in the development of these new City Region arrangements.

5. Implications

Financial Implications

- 5.1 There are no financial implications.

Legal Implications

- 5.2 There are no legal implications.

Policy Implications

- 5.3 There are no immediate policy implications arising from the report, but it does signal the prospect for potential major changes in the way economic policy is developed and implemented in the future in respect to co-ordination of policy areas associated with promoting the greater economic competitiveness of the Tyne and Wear City Region area around economic development, skills, planning and transport issues. There could also be a changing relationship over governance arrangements for the development of policy approaches and the prioritisation of investment decisions. This could influence the future relationship and organisation of One North East's sub regional partnerships across the Region.
- 5.4 This shift in policy approach towards City Regions if implemented will require the District Council to become more engaged in working with Tyne and Wear partners. It will be necessary through this to ensure the economic potential of the area is recognised and harnessed to deliver the city Region agenda and to ensure the other policy objectives of the Council around sustainable communities and housing markets as well as transport investment is well argued and understood. The work currently underway on the development of a Regeneration Statement for the District and the work as part of the Durham Housing Renewal Programme should support this process as it moves forward.

Risk Implications

- 5.5 A risk assessment has been completed for this report. No risks other than the policy implications identified above have been identified.

Communications

- 5.6 There are no communication issues arising specifically from this report.

6. Corporate Implications

Corporate Plan and Priorities

- 6.1 There are no direct implications for the Corporate Plan or the Council's existing priorities. Participation in an effective and inclusive City Region Partnership with a City Region Agreement in place should assist the delivery of a number of the Council's objectives.

Other Implications

- 6.2 There are no equality and diversity; e-government; or procurement implications arising from this report.

7. Recommendation

- 7.1 The Executive is recommended to:

1. Confirm the action of the Leader of the Council in consultation with the Chief Executive Officer in endorsing on behalf of the Council the submission of the Tyne and Wear City Region Business Case to the Office of the Deputy Prime Minister.
2. Note the progress made report in the development of the Tyne and Wear City Region Business Case.

Background Documents used in the Preparation of the Report.
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- Tyne and Wear City Region Partnership. 'Making a Difference', Tyne and Wear City Region, A Case for Economic Prosperity through a City Region Approach. February 2006.