

Cabinet

8 January 2009

**Tyne and Wear City Region -
contribution to costs 2007/08,
2008/09 and 2009/10**



Report of John Richardson, Corporate Director, Environment Cabinet Portfolio Member for Economic Regeneration – Councillor Neil Foster

Purpose of the Report

- 1 To set out the residual costs of Durham County Council's engagement with the Tyne and Wear City Region (TWCR) during the 2007/08 financial year, the costs for the current and future years, and request Cabinet's approval of them.

Background

- 2 Previous Cabinet reports have set out that the City Region concept is based on the proposition that cities are the major driving force in regional economies. The understanding is that their further development should not be constrained by existing administrative boundaries. 'The Core Cities Group' (Birmingham, Bristol, Leeds, Liverpool, Manchester, **Newcastle**, Nottingham and Sheffield) plus **Tees Valley** have championed this approach and more recently Government has encouraged the development of City Regions.
- 3 The early definition of TWCR was on the basis of its sphere of influence depending on different drivers, whether for travel to work, leisure, shopping, health or learning. This resulted in a "fuzzy boundary" concept, although more recently, the emphasis has been on Travel to Work as the defining factor. Consequently, the districts of Derwentside, Chester le Street, Durham City and the northern part of Easington are viewed as having the greatest potential to benefit from the opportunities of the TWCR.
- 4 There are potential opportunities for County Durham in having links to strong economic development of the City Regions in the North East. As mentioned above, business, whether in terms of supply chains or travel to work patterns does not recognise administrative boundaries. County Durham is well placed to take advantage of employment opportunities within TWCR, both spatially and in terms of its direction of travel on the skills front. Our strong university, improving academic achievement in schools and the emphasis placed by the County Durham Economic Partnership on skills development and employer engagement support this view.

- 5 It is also important to take into account the direction of Government policy, with its possible impact on the allocation of resources. The City Region concept continues to have positive support within Government. Its Sub National Review of Economic Development and Regeneration (SNR) agenda continues to place emphasis on the role of the City Regions (and sub regional partnerships). A key tool for carrying forward the City Regions approach across the country is the Multi Area Agreement (MAA) which sets out the activities to be delivered and the assistance being requested from Government; similar to our own Local Area Agreement but between upper tier authorities only with a focus on economic development. The SNR proposes to legislate to allow for the creation of MAAs with statutory duties. The TWCR MAA (and that for the Tees Valley) is in the first group of those agreed with Government and County Durham must clearly understand its position with regard to the TWCR and should consider opportunities for economic co-operation with it and other neighbouring authorities.

Funding Commitment

- 6 In consequence of the opportunities of the TWCR for County Durham, the County Council would wish to take a positive approach and has been actively involved in its development, particularly in view of the Government support for City Regions to be at the heart of economic development. As a result, during the early stages of TWCR, the County Council's interests were secured by agreeing support for two aspects of the TWCR (without making any substantive or longer term commitment):
- for research - £3,640;
 - for taking a share of offsetting Sunderland City Council's costs in hosting staff to service the TWCR process - £5,267.
- 7 More recently, the TWCR MAA was prepared, which formulates an approach with central Government, facilitating a numbers of 'asks'.
- 8 Cllr Henig took part in the formal signing of the MAA with Government during the summer. Following this, the TWCR Interim Executive Board considered the budget requirements to fund and support the officer team necessary to carry the MAA forward to the end of the 2009/10 year. The gross costs are £509,574 with One North East meeting more than 50% of the costs. The remainder of £217,059 is apportioned between the seven authorities leading to a request to Durham County Council of £30,388 in 2008/09 and £42,670 in 2009/10. These costs will contribute towards protecting the interests of County Durham and maximising opportunities, developing a robust economic evidence-base and improving analytical capacity.

Recommendations and Reasons

9 It is requested that Cabinet endorses the following contributions to the Tyne and Wear City Region:

- i. £8,907 relating to 2007 - 2008 expenditure as set out above;
- ii. £30,388 in the current financial year (2008/09);
- iii. A budget allocation of £42,670 for 2009/10

This will maintain Durham County Council's good standing in line with the other members of the Tyne and Wear City Region Interim Executive Board.

Background Papers

Tyne and Wear City Regions Multi Area Agreement

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Appendix 1: Implications

Local Government Reorganisation

None

Finance

Spend of £8,907 against costs incurred in 2007/08 and £30,388 in 2008/09 will be met from the Economic Regeneration Budget. The costs for 2009/10 form part of a growth bid which is being considered as part of the current budget cycle.

Staffing

None.

Equality and Diversity

None.

Accommodation

None.

Crime and Disorder

None.

Sustainability

None.

Human Rights

None.

Localities and Rurality

None.

Young People

None.

Consultation

None.

Health

None.