



Special Cabinet

Date Monday 24 June 2013
Time 1.00 pm
Venue Committee Room 2, County Hall, Durham

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Declarations of interest

Key Decision:

2. Improving Economic Governance - Creation of a Combined Authority - Joint Report of Chief Executive and Corporate Director, Regeneration and Economic Development [Key Decision: R&ED/16/13] (Pages 1 - 68)

Ordinary Decisions:

3. County Durham Partnership Update Report - Report of Assistant Chief Executive (Pages 69 - 88)
4. Neighbourhood Planning - Council Procedure - Report of Corporate Director, Regeneration and Economic Development (Pages 89 - 100)
5. Proposed ICT Services Collaboration between Durham and Sunderland - Report of Corporate Director, Resources (Pages 101 - 106)
6. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.
7. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information).

8. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
14 June 2013

To: **The Members of the Cabinet**

Councillors S Henig and A Napier (Leader and Deputy Leader of the Council) together with Councillors J Brown, N Foster, L Howvells, O Johnson, M Nicholls, M Plews, B Stephens and E Tomlinson

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Cabinet

24th June 2013



Improving Economic Governance

Key Decision R&ED/16/13

Report of Corporate Management Team

Ian Thompson, Corporate Director Regeneration and Economic Development

Councillor Neil Foster, Cabinet Portfolio Holder for Economic Regeneration

Purpose of the Report

1. To inform Cabinet of the outcome of a review of governance arrangements undertaken in relation to local authority functions concerning economic growth and transport across the seven North East local authority areas comprising: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The report will also propose submission of the final report and scheme for the establishment of a combined authority to Government.

Background

2. Following a request made by the LA7 Leadership Board in January 2013 the 7 local authority Chief Executives have led a Governance Review under the Local Democracy, Economic Development and Construction Act 2009 to assess existing arrangements for promoting economic development, regeneration and transport across the 7 local authorities areas. The final report will consider and set out a draft scheme for the creation of a new statutory body (a 'combined authority') covering the local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, to maximise opportunities for growth, focusing on transport and skills, and to support greater collaboration between the local authorities and greater devolution of powers and funding to the North East.
3. The final report is to be considered by the LA7 Leadership Board at their meeting on the 18th June, it is not, therefore, possible to file a detailed report for Cabinet's consideration at this stage but one will be tabled for Cabinet on the 20th June.

Recommendations and reasons

4. It is recommended that Cabinet consider the proposals and recommendations made in detail on the 24th June 2013.

Contact: Maria Antoniou Tel: 03000 263421

Appendix A: Implications

Finance -

To be addressed as appropriate in the detailed report

Staffing -

To be addressed as appropriate in the detailed report

Equality and Diversity -

To be addressed as appropriate in the detailed report

Accommodation -

To be addressed as appropriate in the detailed report

Crime and Disorder -

To be addressed as appropriate in the detailed report

Human Rights -

To be addressed as appropriate in the detailed report

Consultation -

To be addressed as appropriate in the detailed report

Procurement -

To be addressed as appropriate in the detailed report

Disability Discrimination Act -

To be addressed as appropriate in the detailed report

Legal Implications -

To be addressed as appropriate in the detailed report

Cabinet

24th June 2013



Improving Economic Governance - Creation of a Combined Authority

Key Decision R&ED/16/13

Report of Corporate Management Team

George Garlick, Chief Executive

**Ian Thompson, Corporate Director Regeneration and Economic
Development**

Councillor Simon Henig, Leader

**Councillor Neil Foster, Cabinet Portfolio Holder for Economic
Regeneration**

Purpose of the Report

- 1 The purpose of this report is to inform Cabinet of the outcome of the extensive area-wide review of governance arrangements undertaken in relation to local authority functions concerning economic growth, skills and transport across the seven North East Local Authority areas comprising: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.
- 2 Cabinet is asked to consider and approve the submission to Government of a request to establish a Combined Authority covering the area of the seven local authorities.

Background

- 3 A Combined Authority is a legal structure to lead collaboration between local authorities and enable strategic decision-making on economic growth and transport. They were introduced in the Local Democracy, Economic Development and Construction Act 2009 and are designed to enable groups of local authorities to work closely together to deliver improvements in economic growth and transport across local authority boundaries.
- 4 In order to establish a Combined Authority, a review assessing existing governance arrangements for the delivery of economic growth and transport must be carried out. If the review concludes that establishing a Combined Authority would be beneficial, authorities may then draw up a scheme for the new body. Once the scheme is completed and published the Secretary of State will consider and consult with authorities concerned and any other appropriate persons. If approved, a draft order will be laid before Parliament and must be approved by a resolution in each House of Parliament.

- 5 There is one Combined Authority already in existence, namely, the Greater Manchester Combined Authority. Other regions have undertaken a Governance Review and have requested the Secretary of State to approve the making of Orders establishing combined authorities in these regions. These regions are the Sheffield City Region Combined Authority and the West Yorkshire Combined Authority.

Governance Review

- 6 The leaders of the seven North East local authorities (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) meet as the LA7 Leadership Board (LA7LB) to discuss key issues affecting the area. The LA7LB share an ambition to create the best possible conditions for growth in jobs, investment and living standards and to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure, and to enable all the people of the area to raise their skill levels and to benefit from economic growth long into the future.
- 7 With this ambition in mind, the LA7LB tasked the Chief Executives of the 7 local authorities to lead a Governance Review to assess the existing governance arrangements across the LA7 local authorities' areas in relation to functions concerning economic growth, skills and transport. The review was undertaken to ascertain if the governance arrangements could be improved.
- 8 A Governance Review commenced in February 2013 and concluded in May 2013. The final Governance Review report is attached at Appendix A.
- 9 The remit of the Governance Review was to:-
- Evaluate the effectiveness and efficiency of existing governance arrangements for economic growth, skills and transport;
 - Consider the options available for making changes to the governance structures and arrangements, including leaving the existing governance arrangements in place or strengthening or restructuring such arrangements;
 - Consider the establishment of either an Economic Prosperity Board (EPB) that would make strategic decisions in relation to only economic growth and skills functions in the constituent authority areas, or a Combined Authority that would make strategic decisions not only in relation to economic growth functions but also transport in the area; and
 - Recommend which option is likely to be most beneficial to the constituent authority areas.
- 10 The Governance Review drew on expertise from across the constituent authorities and a Governance Review project team comprising officers of different disciplines were responsible for co-ordinating the Governance Review. The project team reported directly to the LA7LB consisting of the seven Leaders and Elected Mayor of the constituent authorities and the Chief Executives group. Ongoing support and guidance was provided throughout the review process by representatives from the Department for Communities and Local Government.

- 11 The key findings of the Governance Review were that:
- The evidence review of the economy sets out a rationale to work collaboratively across the LA7 area, recognising strong and increasing integration across labour markets, housing markets and key sectors.
 - There is scope for a joint approach to enable economic growth based on key sectors and place.
 - Real opportunities exist for policy coordination and integration across different policy themes.
 - There is a need for ‘institutional capacity’ across the area to:
 - take on devolved powers and responsibilities;
 - provide the governance framework for a single approach to investment across the area; and
 - raise the profile of the area.
 - There is a clear impetus to ensure the North East is maximising the use of new funds alongside local resources.
 - There is a need to simplify and strategically coordinate the skills system for employers, providers and learners.
 - The seven local authorities have been successful at attracting inward investment and there is further untapped potential, but the current approach lacks coordination.
 - There is a significant opportunity to take a joint and prioritised approach to transport investment within a coordinated strategic approach that is integrated with wider economic development objectives.
- 12 The review therefore concluded that the existing governance arrangements could be improved and after consideration of alternative options, concluded that the formation of a Combined Authority made up of the 7 constituent local authorities (the ‘constituent authorities’) would be most beneficial. As a result a Scheme detailing the operational arrangements and constitutional makeup of the proposed Combined Authority was drafted for consideration by the Secretary of State.
- 13 The Secretary of State will only place an Order before parliament if he considers that the Order is likely to improve:-
- The exercise of statutory functions relating to transport and economic growth in the area or areas to which the Order relates, and
 - The economic conditions in the area.
- 14 The LA7LB are confident that the findings of the Governance Review demonstrate that a Combined Authority will provide robust, joined-up decision making across the wider area that will in turn improve the economic wellbeing of the area and provide a stronger voice nationally and internationally.
- 15 The Combined Authority will, subject to the making of the appropriate Order by parliament, come into existence on 1 April 2014. The Combined Authority will put on a statutory footing the long history of collaboration that has existed between the constituent authorities.

- 16 The Scheme is included as **Appendix 1 of the Governance Review report (Appendix A)**. It sets out the functions that will be undertaken by the Combined Authority. Those functions relate to economic growth, skills and transport. At the conclusion of the Governance Review, the constituent authorities determined that some of the economic growth functions of each constituent authority will be shared with the Combined Authority. As those functions are to be exercised concurrently with the Combined Authority, the Council, along with the other constituent authorities, will not lose any of these powers. The transport functions unlike the economic growth functions are to be discharged solely by the Combined Authority.
- 17 The Governance Review and draft scheme at **Appendix A** were widely consulted on between 21 May 2013 and 11 June 2013.

Framework for Combined Authorities and key features

- 18 The Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) creates the legal framework for the formation of a Combined Authority. A Combined Authority has powers and functions conferred on it by the Secretary of State by way of Order which establishes the Combined Authority. In addition, it can have delegated to it by its constituent local authorities other functions that relate to economic growth and transport if they consider it appropriate. Similarly, the Combined Authority can delegate to the constituent authorities responsibility for delivery of functions relating to economic growth and transport.
- 19 Functions can be operated concurrently between the Combined Authority and the constituent authorities or operated solely by the Combined Authority. The Governance Review has concluded that the constituent authority functions relating to economic growth and skills should be operated concurrently between the constituent authorities and the Combined Authority. Specific transport functions will however be discharged solely by the Combined Authority.
- 20 The Tyne and Wear Integrated Transport Authority (TWITA) will be dissolved when the Order creating the Combined Authority comes into force. The Tyne & Wear transport functions previously undertaken by TWITA will be undertaken by the Combined Authority and the Combined Authority will fulfil the role of a Transport Authority for each of the seven local authorities. Individual authorities will continue to exercise some delivery functions, for example in respect of highways management, but will operate within an agreed framework and plan established through the Combined Authority. The Passenger Transport Executive will continue during a transition phase, working on behalf of the Tyne & Wear authorities, but within the context of the Combined Authority. Following the conclusion of a transition phase, delivery arrangements will be established which operate across the geography of the Combined Authority as a whole, recognising the distinctive needs of urban, suburban and rural communities.
- 21 On the abolition of TWITA its property, rights and liabilities will be transferred to the Combined Authority. These would be ringfenced under the terms of the Combined Authority agreement to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

- 22 Local Transport Authority functions of Durham and Northumberland will be conferred on the Combined Authority upon its creation. However, to ensure continuity the existing delivery arrangements for operational transport functions will be delegated to Durham and Northumberland by the Combined Authority.
- 23 The Combined Authority will have its own legal identity and will be able to employ its own staff and control its own assets. The Combined Authority must have a constitution and there will also be an operational agreement entered into between the Combined Authority and the constituent authorities setting out the operational arrangements between the constituent authorities and the Combined Authority. Leadership of the combined authority will be provided by elected members appointed by each constituent authority to be a member of the Combined Authority. Those elected members will be the Leaders and Elected Mayor of each of the constituent authorities. It is possible for non-local authority representatives to be co-opted to the Combined Authority but such representatives must be in the minority and will have no voting rights.
- 24 The Combined Authority will have the ability to make strategic decisions in relation to economic growth and strategic transport issues across the area of the Combined Authority.
- 25 In addition to having specific functions delegated to it, the Combined Authority will also have general powers given to it by section 113A of LDEDCA to do whatever is considered appropriate to undertake its functions relating to economic growth or anything incidental to those functions. This is in addition to the well-being powers that the combined authority will have in relation to transport functions under sections 99 and 102A of the Local Transport Act 2008.

The Proposed Combined Authority

- 26 The Combined Authority will have seven local authority members, Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.
- 27 The remit of the Combined Authority will be economic growth, skills and transport. The Combined Authority will be responsible for high level strategic issues where it is beneficial for the constituent authorities to work together.

Economic Growth Functions

- 28 The Combined Authority's economic responsibilities will include:
- Setting the growth plan and investment strategy for the North East.
 - Economic intelligence and analysis as a basis for strategic planning and coordination.
 - Acting as the accountable body for a range of devolved funding e.g. local major transport schemes, Single Local Growth fund, EU Structural & Investment funds, Skills Funding Agency funding.

- Strategy and decision-making on the skills agenda across the North East.
- Coordinating inward investment activity through an 'Investment Gateway' working with local authority economic development teams.

29 The economic growth functions that will be shared with the Combined Authority will be:

- Duties and powers related to the provision of education and training for persons over school compulsory age.
- Power to encourage visitors and provide conference and other facilities.
- Duty to prepare an assessment of the economic conditions of an area and to revise that assessment.

Transport Functions

30 The strategic transport functions currently undertaken across Tyne & Wear and Northumberland and Durham will be undertaken by the Combined Authority.

31 The transport functions undertaken by the Combined Authority in relation to Tyne & Wear will be those previously undertaken by TWITA in accordance with the general functions contained in the Transport Act 1968 and subsequent legislation, such as the formulation of policies relating to public transport services.

32 The Combined Authority will have responsibility for the following transport functions, previously undertaken by Durham and Northumberland, to enable these matters to be considered across the entire LA7 Area:

- a. Preparation of the Local Transport Plan
- b. Preparation of a Bus Strategy
- c. Powers to make a Quality Partnership Scheme or Quality Contract Scheme
- d. The making of joint and through Ticketing Schemes

33 The following operational transport functions (**see Appendix C for detailed powers and duties**) will be devolved to Northumberland and Durham to enable local delivery arrangements to continue during a period of transition:

- a. Information Provision
- b. Infrastructure Delivery
- c. Commissioning/procurement of subsidised bus services
- d. Concessionary Travel

- 34 The Combined Authority will have well-being powers in relation to its transport functions in addition to the general and ancillary powers given to it by LDEDCA. This means that the Combined Authority will have broad powers to address economic and transport issues.
- 35 On the creation of the Combined Authority it will become a levying authority for transport functions. A core principle in relation to transport costs of the Combined Authority is that the total contribution from each authority for the year does not exceed the equivalent cost as it would have been calculated under previous arrangements. The Combined Authority will be responsible for the overall transport strategy and setting the transport budget across the Combined Authority's area.
- 36 The Combined Authority will have a Constitution that will deal with amongst other issues the delegation of functions within the Combined Authority, rules of procedure, (including decision making), scrutiny arrangements and financial procedures.

Alternative Options Considered

- 37 The LA7LB of the constituent authorities considered the options available at the conclusion of the Governance Review and formed the view that the creation of a Combined Authority was appropriate because it would improve the economic conditions of the Combined Authority area.
- 38 Alternative options were considered as part of the Governance Review. Those options included doing nothing, undertaking an informal restructure, strengthening existing arrangements for example by establishing a joint committee and establishing an Economic Prosperity Board (EPB) rather than a combined authority.
- 39 Doing nothing will be a missed opportunity in terms of improving the economic growth and transport functions across the area. If the opportunity is not taken now to improve the governance arrangements the area would not be able to access significant devolved funding which would significantly compromise the ambitions of the area.
- 40 An informal restructure was not considered sufficient because the constituent authorities and TWITA are already stretching the boundaries as to what can be done on an informal non-statutory partnership basis. An independent corporate body such as a Combined Authority or EPB would enable a decision to be taken which is binding on the constituent authorities and which saves the need for individual decisions to be taken in each of the constituent authorities.
- 41 An EPB would offer a short term solution but misses the opportunity to fully achieve real and transformative economic benefits as transport linkages are essential for the proper functioning of the economic area.
- 42 Having considered the options available, it is apparent from the evidence gathered that establishing a Combined Authority would be likely to improve the exercise of statutory functions in relation to economic growth, skills and transport that would in turn improve the economic conditions of the LA7 area.

The key finding of the Governance Review is that the best way of achieving sustained economic growth in the region is to establish a Combined Authority.

Recommendations and reasons

- 43 It is recommended that Cabinet:
- a. Endorse the findings of the Governance Review document at **Appendix A**, and specifically that establishing a Combined Authority will improve the exercise of statutory functions in relation to economic growth, skills and transport in the Combined Authority's area, leading to an enhancement of the economic conditions and performance in the area.
 - b. Agree the submission to Government of the Scheme for the establishment of a Combined Authority on the basis of the Scheme at **Appendix 1 of the Governance Review report**, and note the proposed transfer and sharing of the functions contained within the Scheme as detailed in paragraphs 28 to 34 of this report.
 - c. Agree to submit this report and appendices to Council for endorsement of Cabinet's decisions upon the recommendations in this report.
 - d. Agree to transfer Local Transport Powers and Duties to the Combined Authority as detailed in **Appendix C**.
 - e. Authorise the Chief Executive in consultation with the Leader to agree the terms of any documentation required to enable the Authority to become a constituent authority of the Combined Authority including the constitutional arrangements and operating agreement in so far that this does not place additional financial commitments on the Council, and to authorise the Corporate Director of Regeneration and Economic Development, the Head of Legal and Democratic Services and the Corporate Director of Resources, to complete the relevant documentation and take all steps necessary to give effect to the above recommendations.
 - f. Agree to receive further reports, as and when necessary, once the full financial and governance arrangements have been finalised.

Reasons for recommendations:

- 44 It is recommended that Cabinet take the steps set out above to endorse the findings of the Governance Review and the submission of the scheme to Government for the establishment of a Combined Authority. The detailed Governance Review concluded that a Combined Authority would improve the exercise of statutory functions in relation to economic growth, skills and transport across the North East. The proposal by the LA7LB to establish a Combined Authority was also endorsed in the findings of the North East Independent Economic Review led by Lord Adonis. If a Combined Authority is not established and joint working between the seven authorities continues on an informal and non-statutory basis, this will potentially have a detrimental impact on the future economic performance of the North East region.
- 45 A Combined Authority as a corporate body will ensure more efficient strategic decision-making, enabling a decision to be taken at the LA7 Area level that will bind the 7 local authorities without the need for the 7 authorities to have to each make a decision in their own right.

- 46 The Governance Review and the Combined Authority proposals emphasise the role that local authorities collectively play in promoting economic growth across the area. The “*Altogether Wealthier*” theme in the County Durham Sustainable Community Strategy sets out an approach, within the framework of the County Durham Partnership, which places great emphasis on creating a vibrant economy, highlighting the crucial role of transport, skills and inward investment as well as quality of place in enabling economic growth. The Combined Authority proposals support County Durham’s already established approach, opening up further opportunities to capitalise on assets and strengths in County Durham to boost both local and regional economic growth.

Appendices:

Appendix A – Governance Review and Scheme (at Appendix 1)

Appendix B – Consultation Report

Appendix C – Transport Powers and Duties to be transferred to the Combined Authority and the powers and duties to be devolved back to Durham County Council

Background papers:

- The Local Democracy, Economic Development and Construction Act 2009, available at <http://www.legislation.gov.uk/ukpga/2009/20/contents>
- Transport Act 1968, available at <http://www.legislation.gov.uk/ukpga/1968/73/contents>
- Local Transport Act 2008, available at <http://www.legislation.gov.uk/ukpga/2008/26/contents>
- The Greater Manchester Combined Authority Order 2011, available at http://www.agma.gov.uk/cms_media/files/gmca_order_1_4_11_updated_july_2012.pdf?static=1
- Economic Prosperity Boards and Combined Authorities – Consultation on Draft Statutory Guidance (Never finalised) – Issued by Department for Communities and Local Government, available at <http://webarchive.nationalarchives.gov.uk/20100208033334/http://communities.gov.uk/documents/citiesandregions/pdf/1457197.pdf>
- Creating the right governance for growth in the North East – LA7 Leadership Board, available at <http://www.gateshead.gov.uk/DocumentLibrary/council/LA7/LA7-proposition-FINAL2.pdf>
- North East Independent Economic Review Report, available at http://www.nelep.co.uk/media/2935/nelep_ipad-version_hires.pdf
- North East Independent Economic Review Findings and Review of Governance Arrangements, Durham County Council Cabinet Report 5th June, available at <http://democracy.durham.gov.uk/documents/s30446/NEIRReportFINAL.pdf>

Contact:

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Appendix 1: Implications

1. Finance

1.1 The establishment of a Combined Authority will have financial implications for each council.

1.2 The core principles are:

- for transport costs, the total contribution from each authority for the year does not exceed the equivalent cost as it would have been calculated under previous arrangements.
- any other costs incurred in establishing new arrangements would be offset by efficiency gains achieved through the new body and met through existing resources and utilising the skills and capacity that already exist within the constituent local authorities. Staffing requirements will be fulfilled by existing staff across the 7 local authorities wherever possible.

Transport funding

1.3 As the Combined Authority will become the Local Transport Authority for the LA7 area, it will become a levying body with respect to Transport. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The solution proposed following discussion with DCLG and DfT, is that the Combined Authority would issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear.

1.4 On the abolition of TWITA its property, rights and liabilities will be transferred to the Combined Authority. These would be ringfenced under the terms of the Combined Authority agreement to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

Combined Authority costs

1.5 The costs of the Combined Authority that are reasonably attributable to the exercise of its functions (including start-up costs) will be met by its constituent authorities. Such costs shall be apportioned between the constituent authorities in equal shares. The Combined Authority will agree an annual budget for the purpose of expenditure.

1.6 Any change in the contributions would need to be agreed by the new Combined Authority in consultation with its member authorities and in time for the contribution to be built into Council Budgets in future years.

2. Staffing

2.1 It may be that there are employees of the local authorities and TWITA who would have the right to transfer their employment to the Combined Authority under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). This can be addressed in detail if the recommendations of this report are agreed.

3. Risk

- 3.1 There has been engagement with representatives from the Department for Communities and Local Government at an early stage and the timescales for the creation of a North East combined authority discussed in detail. The timescales are challenging if a combined authority is to be in place by 1 April 2014. The Leadership board of the 7 local authorities are aware of the timescales and the project board met on a weekly basis to ensure so far as possible that the review process is driven forward.

4. Equality and Diversity / Public Sector Equality Duty

- 4.1 There are no equality and diversity issues arising directly from this report. The equality and diversity implications will be kept under review as further work is undertaken to develop more detail in relation to the outline proposals.

5. Accommodation

- 5.1 There are no accommodation implications directly arising from this report

6. Crime and Disorder

- 6.1 There are no crime and disorder implications directly arising from this report.

7. Human Rights

- 7.1 There are no human rights implications directly arising from this report.

8. Consultation

- 8.1.1 A formal consultation exercise was carried out over a 3-week period between 22 May and 11 June 2013. A copy of the draft governance review report and draft scheme was sent to key stakeholders and published on all 7 local authorities' websites. Views of key stakeholders were obtained through a series of meetings and 121 discussions as well as two stakeholder events hosted by the Leaders and Elected Mayor. In addition, each constituent authority engaged with the stakeholders in their local area.

- 8.1.2 The results of the consultation were considered in agreeing the final governance review and scheme and are detailed in the report attached at Appendix B.

Summary of Responses

- 8.1.3 There is overwhelming support from stakeholders in favour of creating a Combined Authority for the North East. Stakeholders are welcoming the agreement by the seven local authorities to strengthen collaborative arrangements and set up a stable and long term governance structure for the wider area which is democratically accountable and has a clear focus on enabling economic growth. Stakeholders have noted that the turmoil of economic governance at the sub-national scale in England has put the North East at a disadvantage and that the Combined Authority in conjunction with the North East LEP and a number of key partners can create the right framework to harness the energy of all involved to take advantage of opportunities in the area. Stakeholders feel that the case for the Combined

Authority being established focusing on skills, transport and economic growth is clearly set out and these are the right priorities in the current climate.

- 8.1.4 The LA7LB has discussed the emerging proposals with stakeholders and has asked for partners to consider the correct framework that needs to be put in place for the combined authority in the areas of strategic funding, inward investment, skills and transport whilst also recognising that further work with key stakeholders will be needed over the coming months to transform this framework into the detailed working arrangements that need to be put in place.
- 8.1.5 Specific points that have been raised in regards to funding, inward investment, skills and transport are summarised in Appendix B.

Ongoing engagement

- 8.1.6 Stakeholder engagement will be an ongoing process as the LA7LB works through the detail behind the proposals in the governance review and scheme. The issues raised by stakeholders can be addressed as part of this process through regular and effective communication and continued dialogue.
- 8.1.7 In addition to the ongoing local dialogue with stakeholders, the Secretary of State must formally consult the authorities concerned and any other appropriate persons before deciding whether or not it is appropriate to recommend the making of an Order creating a Combined Authority. It is anticipated as part of the proposed timetable that this statutory consultation will take place from mid-September to mid-November.

9. Procurement

- 9.1 There are no procurement implications directly arising from this report.

10. Disability Issues

- 10.1 There are no disability issue implications directly arising from this report.

11. Legal Implications

- 11.1 The Council's Head of Legal and Democratic Services and the legal representatives of each authority have been consulted on this report. A Combined Authority for the North East of England can only be established following a thorough review of the governance arrangements in relation to the economic growth and transport functions undertaken by the 7 North East local authorities. This is required by virtue of section 108 of the Local Democracy, Economic Development and Construction Act 2009 and section 82 of the Local Transport Act 2008. This review is now complete. It concludes that those functions would be improved by the creation of a Combined Authority. The Governance Review document and the Scheme have been approved by the Leadership Board of the 7 constituent authorities. It is now for the constituent authorities to consider and approve the Governance Review document and Scheme including the discharge of the relevant functions by the Combined Authority and determine whether the Governance Review document and the Scheme can be submitted to the Secretary of State. If the Secretary of State is satisfied that a Combined Authority would be likely to

improve the exercise of such functions and improve the economic conditions of the region, the Secretary of State can make an Order under section 103 of the 2009 Act creating a Combined Authority.

- 11.2 The executive of each constituent authority will receive this report on 24 June 2013. A report will be taken to the Council of each constituent authority on various dates during July 2013. Only when the constituent authorities are all satisfied that it is appropriate to submit the Governance Review and Scheme to the Secretary of State will the documents be submitted with a request that a Combined Authority is established.

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Governance Review

Undertaken in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009.

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Foreword

The LA7 Leadership Board shares an ambition to create the best possible conditions for growth in jobs, investment and living standards. We want to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure, and to enable all the people we serve to raise their skill levels and benefit from economic growth into the future. The North East is a distinctive and beautiful place with a host of opportunities for the people who live and work here. Economic conditions, structural changes and funding cuts have each prompted us all to review both what we do and the way we do it.

We have undertaken a review of the current position to see if the enhanced structures, owned by our local authorities but working on behalf of all of them could bring mutual benefits. The LA7 Leadership Board think the report is clear. There is a case for change that will bring benefits to all the people we serve and will help us to achieve greater economic prosperity for the North East.

We would like to thank colleagues for their work in undertaking this review and in the preparation of this report.



Councillor Mick Henry
Leader, Gateshead Council
Chair LA7 Leadership Board

Councillor Simon Henig
Leader, Durham County Council

Mayor Norma Redfearn
North Tyneside Council

Councillor Iain Malcolm
Leader, South Tyneside Council


Councillor Nick Forbes
Leader, Newcastle City Council

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Leader, Northumberland County Council

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Executive Summary

- There is compelling evidence that the LA7 Area (the area covered by the contiguous local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland) forms a functional economic market area. A review of the evidence detailing the economic structure of the region shows high levels of economic integration, in terms of the labour market (and travel to work areas), housing markets and a number of the Area's key sectors. Further it shows a direction of travel towards further integration in the future.
- Economic analysis from the OECD demonstrates that strategy integration across key policy domains can deliver economic benefits at the sub-national scale in terms of sustainable economic growth and employment. It emphasises the importance of institutional capacity at the functional spatial level, a level which would be consistent with the proposed LA7 Area. This is supported by the recommendations of the recent North East Independent Economic Review. In short, a combined authority with appropriate resources offers the most beneficial option to enhance the region's ability to address its underlying economic challenges.
- The Combined Authority (CA) should be a streamlined and strategically focussed body, appropriately resourced to ensure more effective and efficient delivery of economic growth, skills and transport functions across the LA7 Area. It will be underpinned by strong research, intelligence and advocacy functions. It will deliver Area-wide functions around the co-ordination of funding streams, seeking investment and collective resourcing and other responsibilities devolved from central government and other agencies. As a result of utilising resources already held in the LA7 and the LEP, set up costs will be lower and will not undermine efficiency arguments.
- Coordination of economic development and transport is a central rationale for the statutory basis for a CA, and therefore fundamental to its creation in the area. The CA will be ideally placed to provide leadership and area-wide voice on key strategic transport issues. A Local Transport Plan (LTP), integrated within our economic strategy, will allow strong representation from the area on topics such as High Speed Rail, the East Coast Main Line, franchising of local rail services, aviation connectivity and the role of our ports and strategic road network.
- Transport is recognised as key to affecting real improvements and change at a strategic level and will be a core function of a combined authority for the LA7 Area. The 7 local authorities are in a unique position in bringing together the existing Tyne and Wear ITA with Northumberland and Durham in a single new transport authority and transitional arrangements will therefore be required in the short to medium term. As an aid to long term integration, key transport powers transferred to the Combined Authority can be exercised – through a carefully designed integrated governance model by constituent authorities on certain key issues.
- A Combined Authority would give legal form to the close working relationships that already exist between the LA7 Authorities (at a range of different organisational levels). The Combined Authority will be contiguous with the area covered by the North East Local Enterprise Partnership (NE LEP) - Durham, Gateshead, Newcastle, North Tyneside, Northumberland South Tyneside and Sunderland.

- An integrated governance model would ensure long-term effective engagement with the business and other sectors. Engagement and integration with the NE LEP board is likely to lead to more effective interventions and an improvement in the realisation of economic objectives.

- A new combined authority will:
 - facilitate closer partnership working and is consistent with the recommendations of the recent North East Independent Economic Review.

 - through a co-ordinated approach to tackling the Area's priorities, increase the effectiveness and efficiency of the relevant functions and improve outcomes for local people

 - through stronger centralised evidence collection and analysis functions, improve the exercise of statutory functions.

 - lead to an improvement in the economic conditions of the Area.

1. Introduction

About this Report

This report has been prepared by the LA7 Chief Executives Group on behalf of the LA7 Leadership Board, which brings together the Leaders and Elected Mayor of the seven Local Authorities in North East England: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland (the **LA7**).

The report sets out the results of a review undertaken in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 (the **2009 Act**).

This report has been published as part of a consultation exercise with the area's key stakeholders and should be read together with the draft scheme included as an appendix to the report.

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Purpose of this Governance Review

In accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 a governance review in relation to a potential combined authority must address the effectiveness and efficiency of: (a) transport within the area covered by the review and (b) arrangements to promote economic development and regeneration within the review area.

The purpose of this review is to determine the following:

- Whether the area covered by the local authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland (the **Area**), can properly be seen as constituting a functional economic area for the purposes under consideration in the review.
(Please refer to section 2 of this report)
- Whether the existing governance arrangements for economic development, regeneration and transport in the area are effective or would benefit from changes.
(Please refer to section 3 of this report)

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- To examine the options available and in relation to each option, to evaluate the likely improvement in:
 - the exercise of statutory functions relating to economic development, regeneration and transport in the area;
 - the effectiveness and efficiency of transport in the area; and
 - the economic conditions in the area.

(Please refer to section 4 of this report)

Having examined these questions the report draws conclusions and makes some closing remarks about the nature of the Scheme the authorities might wish to consider.
(Please refer to section 5 of this report).

Context

Legal Context

Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 (the **2009 Act**) enables the creation of economic prosperity boards (EPBs) or combined authorities (CAs). These are new sub-national structures that have separate legal personality to the Local Authorities who come together to create them. The new bodies are available to support the effective delivery of sustainable economic development and regeneration and, in the case of CAs, transport.

The 2009 Act sets out the process for the creation of EPBs and CAs and establishes certain principles relating to their constitution and organisation. The legislation is not prescriptive however and the detail of how these bodies will operate and what their functions will be is left to be determined locally, subject to final approval by the Secretary of State.

Delegation of Additional Powers

The Localism Act 2011 (the **2011 Act**) contains powers for the Secretary of State to transfer powers between authorities¹ (including Combined Authorities²) and also to transfer ministerial functions to such authorities.³ Property, assets and liabilities relating to those functions can also be transferred.⁴ Notably, transfers and delegations of additional functions under this legislation can be made at any time and independent from the procedure to create EPBs or CAs.

Transport

A CA is differentiated from an EPB due to the inclusion of transport functions. There are intended similarities between Part 6 of the 2009 Act and part 5 of the Local Transport Act 2008 (the **LT Act**) which provides for Integrated Transport Authorities (ITAs). When a CA is established in an area where an ITA already exists, the ITA is dissolved and the CA assumes all the functions of the ITA for the Area.

Whilst there are differences, the process for review is broadly similar under both Acts. In preparing a scheme under the 2009 Act, regard must be had to the provisions of the LT Act as well as any guidance published by the Government relating to both pieces of legislation.

¹ Localism Act 2011 Chapter 4, Section 15

² *ibid*, Section 20

³ *ibid*, Section 16

⁴ *ibid*, Section 18

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The Three Steps to Creation of a Combined Authority or Economic Prosperity Board

The process for creating an EPB or CA involves 3 main steps:

- First, a review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to a conclusion that there is a case for changing these arrangements based on real improvements;
- Secondly, drawing up a scheme for the new body upon which the authorities are required to engage widely to seek common support amongst stakeholders. All constituent councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government;
- Finally, the Secretary of State will consider the scheme and undertake a formal consultation. If he is satisfied with the proposals a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution.

To approve a scheme the Secretary of State must be satisfied that (in accordance with section 91(5) (for EPBs) or 110(1) (for CAs) of the 2009 Act) that improvements are 'likely' if the scheme proposed is adopted.

Flexibility and Control

Once established both CAs and EPBs have wide general powers.⁵ However, the mechanisms by which those powers can be exercised, the functions to be discharged and the resources available will all be determined by the parent local authorities (with the consent of the Secretary of State) through the drafting of the Scheme, which sets out the legal framework specific to each CA or EPB.

A CA or an EPB is not a merger or a takeover of existing local authority functions. Instead they seek to complement local authority functions and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of decisions and information at a strategic level that are most frequently cited as the advantages of these statutory bodies.

⁵ See 2008 Act, section 113A (amended by the 2011 Act, section 13).

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Local Context - Our Ambition

The LA7 Leadership Board shares an ambition *'to create the best possible conditions for growth in jobs, investment and living standards, to make the north east an excellent location for business, to prioritise and deliver high quality infrastructure, and to enable all the people we serve to raise their skill levels and to benefit from economic growth long into the future'*.⁶

...a long tradition of working together...

The 7 North East Local Authorities have a pivotal role in stimulating economic growth and are committed to achieving this together. Building on a history of successful joint working we share strength of ambition and a desire to bring about a step change in the area's prosperity. The Heseltine review recognised that local leaders are uniquely placed to understand the opportunities and challenges in local areas and offers an opportunity to explore stronger local governance and infrastructure where this will deliver growth.

In recent months the local authorities have agreed strengthened governance arrangements for Newcastle International Airport, developed new arrangements for the prioritisation of local transport funding through a North East Local Transport Body, and work is now progressing on a Growth Plan to provide a framework for investment across the North East. The Leadership Board has developed a close working relationship with the North East Local Enterprise Partnership (**NE LEP**) and the area covered by the seven authorities is contiguous with the area covered by the NE LEP. As discussed more fully in Section 2 of this Report, the areas are seen as having linked economic geography. The urban and more rural parts provide complementary strengths for the benefit of both residents and visitors.

...a real appetite for change...

The North East LEP commissioned an independent review of the Area's economy. The North East Independent Economic Review (**NEIER**) was published in April this year. Lord Andrew Adonis, who led the independent review team, called the decision by the LA7 to pursue the idea of a Combined Authority as *'a breakthrough in vision. Capacity and dynamism to tackle future challenges in partnership'*.⁷ The LA7 Leadership Board recognise the significance of the NEIER in supporting the realisation of economic potential.

...improving governance...

The Government's response to the Heseltine Review cites the LA7's proposals to create a statutory body within the legislative framework of the 2009 Act and states *"the Government welcomes this development and looks forward to working with the new statutory body to devolve resources over time"*⁸

⁶ Creating the right governance for growth in the North East, LA7 Leadership Board, April 2013 p.2

⁷ North East Economic Review Report, North East Local Enterprise Partnership, April 2013 p.3

⁸ Government's response the Heseltine March 2013 p 48

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Methodology for the Governance Review

A review team has been formed drawing together some relevant experts from each of the constituent local authorities. The team works directly to the LA7 Leadership Board and the Board has appointed a project manager to lead the project.

The **discovery phase** of the project was undertaken through the following concurrent activities:

- Review of economic evidence was undertaken to test the rationale for working across the LA7 geography as a functional economic market area and to assess the economic conditions across the area
- Desk Research was undertaken of the current structures. Where necessary these were supported by technical interviews with users of the governance structures to test how these were used in practice.
- Workshops were undertaken to collect views and evidence from key stakeholders in each authority, considering the functions or activities that would benefit from strengthened collaborative governance arrangements
- One to One Interviews with key external stakeholders were undertaken by the LA7 Chief Executives or their senior leadership team. These interviews were to collect views on draft proposals. As a second part of these discussions, interviewees were also invited to consider options for change.

In the **Analysis Phase**, the team analysed the data collected during the discovery phase which led to the production of this Governance Review Report.

Based on this work the team then began work on the draft scheme and the other documents necessary to implement the recommendations of the review – as a **Design phase**.

Finally once a draft proposal is available an iterative process of consultation will commence with key internal and external stakeholders. The proposed scheme and the supporting paperwork will also be published as part of a more wide-ranging consultation. This will form the **Test phase** intended to ensure that key stakeholders are fully and properly engaged in the process with the opportunity to feed in their comments and ideas before any submission to Government.

2. The Area: Review of Economic Evidence⁹

Overview

An early step for the governance review was to underpin the case for change with the preparation of a detailed review of economic evidence. A report was produced and is summarised in this section to address the following key questions:

- How does local policy intervention contribute to securing sustainable economic growth at local level?
- What are the economic conditions in the Area and what is the rationale for policy intervention?
- Can the geography be understood as a ‘functional economic market area’?
- Is there policy commitment in the area to address economic issues through collaboration at this scale?
- What do examples from elsewhere suggest as key issues for potential models for collaboration, both in terms of governance and operational structure, and in priority areas for joint intervention?

The report, which is available separately to this Review highlights that there is significant national and international evidence available evidencing the potential of the sub-national scale to promote and support the search for economic growth and resilience. Whilst local growth derives from both national and local factors, successful regional economic development, focused on local sources of innovation and entrepreneurship, levels of employment, quality of local skills and on local environmental factors which can support and encourage investment such as transport, housing and the wider economic environment, can have a significant impact. The OECD estimate that whilst national factors have a crucial impact on regional growth, regional factors largely determine the regions international performance and that in those regions which had seen an increase or decrease in their relative GDP performance, regional factors had been responsible for about 25% of the overall change.

The importance of institutional capacity at the right level to co-ordinate across these key factors, capable of recognising and responding to the distinctive economic circumstances of an area, is clear and there is a growing consensus that the right scale should be at a level at which the economy ‘functions’.

One of the key functional scales is the labour market - which is the scale at which most day to day economic interactions take place and which lends itself to policy interventions in areas such as transport, housing and the provision of labour market support. But there is also recognition in the literature that there are other important forms and scales of functional economic linkage including the enabling of supply chains, the supply of natural resources, management of environmental risks such as flooding to parts of the economy, which also require co-ordination.

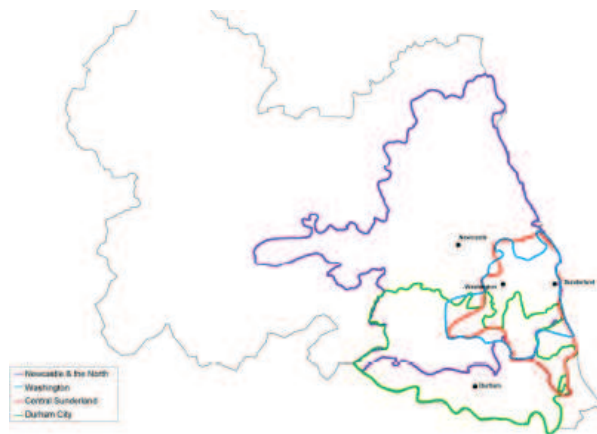
⁹The full review of economic evidence is available separately to this report. In using the terms ‘North East’ and ‘Region’ this paper is referring to the operational boundary of the North East Local Enterprise Partnership (NELEP) (and has the same meaning as Area, as used elsewhere in this report), unless otherwise stated

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The report goes on to assess the extent to which the LA7 can be regarded as a functional economic market area across a number of sectors of the economy. It concludes that whilst there is not a uniform pattern across all parts of the economy, including the labour market, the structure of industries and the supply of key enabling assets, these geographies have continued to evolve and there is compelling evidence that the geography functions as a 'functional economic area' with strong integration and connectedness in a number of these key parts of the economy. Further, it cites evidence suggesting that the direction of travel is towards more, rather than less, integration.

The Labour Market: Commentators have highlighted an element of polycentricity within the North East region as a whole. In their report for the Tyne & Wear City Region, EKOSGEN¹⁰ describe a region with 4 overlapping functional labour markets (see below), with the Newcastle labour market as the largest, and more localised systems around Durham City, Washington and Sunderland performing different industrial roles. The reports which have reviewed as part of this work anticipate increasing integration as the structure of the economy changes, with concentration of more service sector jobs and growing interaction across higher level and industrial jobs.



EKOSGEN Illustration of 4 overlapping functional labour markets

Housing Markets: Work for the Tyne & Wear economic review, demonstrates how these labour market flows interact with housing supply and employment demand. The region in total provides a varied offer as would be expected in an area with a diverse settlement pattern, and supports a complex and changing set of spatial, social and economic relationships with strong linkages across the region. Once again, the future is expected to be characterised by more complex and integrated patterns as urban environments and the structure of the region's economy changes, with economic mobility prompting housing markets to expand spatially.

Further, an assessment of the impact of these trends, in terms of economic benefits for people in constituent areas, is provided in the report. An analysis of the most recent employment data shows:

- employment opportunities in all parts of the area supporting different levels of employee and resident income
- that the urban centres of Newcastle and Gateshead supply employment opportunities for people living in the surrounding districts and counties
- that employment within these urban centres provides higher levels of earnings

¹⁰ Ekosgen (2010), Tyne and Wear City Region Economic Review: Economic Geography, Linkages and the Low Carbon Economy Executive Report

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District	Labour demand	Employed Labour force	Earnings (by employment)	Earnings (by residency)
Durham	177,000	221,300	437.40	458.00
Gateshead	96,000	84,600	482.70	465.20
Newcastle	187,000	133,700	484.50	469.70
North Tyneside	78,000	90,000	454.40	454.40
Northumberland	124,000	142,500	439.10	462.50
South Tyneside	48,000	66,900	425.30	450.10
Sunderland	119,00	124,500	442.90	424.00

The report also highlights that the majority of the new employment opportunities which will emerge through either jobs growth or replacement demand in the region over the current decade are likely to take place in those sectors which are susceptible to these concentration trends, meaning that over time these integration trends are likely to strengthen.

Sectors and supply chains: Looking beyond the labour market, the report provides evidence of both complementary and differentiated patterns in key economic sectors.

Automotive: Automotive is the largest manufacturing sub-sector in the North East as a whole. The report demonstrates that there is a network of tier 1 automotive suppliers spread across the North East Economic Area, illustrating the benefits of the clustering effects and providing significant export capacity nationally and internationally. The cluster also provides an opportunity for linked sub-sectoral growth with the positive experience of Nissan in Sunderland reportedly contributing to the decision of Hitachi to locate in County Durham, creating similar opportunities for tier 1 and tier 2 supply chain development and the building of a wider cluster effect, complementing a number of specialist rail engineering companies in the area. The strength of advanced manufacturing and engineering particularly around the A19 corridor and a new National Advanced Manufacturing Park has been recognised in the developing City Deal being put forward by Sunderland and South Tyneside, with considerable potential for regionally significant growth over the coming years.

Pharmaceuticals: The region is home to a small cluster of globally significant manufacturing companies who are amongst the most productive in the world. Whilst the sector presence is predominantly manufacturing, pre-clinical research and development, full scale drug-testing trials, pilot stage manufacturing and packaging and distribution are all present. Estimates suggest that this is a significant region-wide strength with the North East responsible for 33% of the country's GDP in pharmaceutical manufacturing.

Low Carbon Energy Generation: There are significant opportunities for offshore wind energy generation off the North East Coast, with the industry seen as a good long term investment. With the combination of the recent Energy Bill in December 2012, and the anticipation of a positive "strike price" announcement this summer, likely to create a positive investment environment will be created. The North East as a whole is well positioned to take advantage of this with a number of opportunities in the supply chain and the wider development of the industry through assets located across the region, and a number of ongoing support needs.

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Tourism and culture. The tourism and culture economy is a strong contributor, with an increasingly global reputation. It includes 10,000 businesses and employs over 60,000 people with significant assets including the World Heritage Sites of Hadrian's Wall and Durham Cathedral and Castle, the BALTIC Centre for Contemporary Art, the Great North Museum, Bede's World, a magnificent coastline and a host of other historic, natural, sporting and cultural attractions. Most of these assets are considered by Visit England as 'Day trip' sites so economic benefits from these attractions will derive from a clustering approach, combining the presence of sufficient critical mass of attractions and strong projection to incoming and indigenous visitors combined with a wider programme of cultural and sporting events based in the region as a whole. Events such as the Sunderland Air Show, Lumiere lighting events, the 2013 exhibition of the Lindisfarne Gospels, and sporting highlights such as the Great North Run and Test Cricket at Durham bring substantial visitor spend into the area.

Retail and Leisure. There is a strong concentration of retailing and leisure services in Tyne & Wear which service much of the North East and also draws in consumers from beyond. The main centres are the City Centre of Newcastle and the Gateshead MetroCentre, the only free-standing regional shopping centre in the North East Region. Retail patterns show significant flows to these two centres across the region, over and above the services provided by local high streets. In the area, Sunderland, Durham and to a lesser extent Hexham provide an alternative offer to the two main centres and more residents from the immediate area shop in these centres than travel.

Parallel patterns would be likely in industries not reviewed in this work. In health care and education, for example, the pattern is likely to be similar to those of other service sectors, but with key public sector assets spread across the region.

In summary, this review of evidence demonstrates that there are strong functional economic linkages in the regional labour market and across a range of key industries in the area. Whilst it is not a uniform pattern there are strong interdependencies across local authority boundaries.

Indeed, one of the key messages from evidence submitted to the NEIER is the increasingly complex structures and networks crossing traditional sectoral and spatial boundaries with crucial innovation opportunities likely to result through interactions across sectoral and spatial boundaries, as well as within them and a key role for public policy makers to seek to stimulate this type of development by creating opportunities for networking and on-going interaction.

The prospect of further autonomy for Scotland is stimulating a new interest in developing collaborations between the North East as a whole, Cumbria and Scotland. There certainly appears to be scope for joint approaches to economic growth based on both sector and place, and there are opportunities for policy co-ordination. There seem to be possibilities for the North East and Cumbria to come together to engage with the Scottish Government and other Scottish interests. There would be opportunities, too, for the North East, Cumbria and Scotland to develop a common 'voice' and influence the UK Government.¹¹

¹¹IPPR North on behalf of ANEC (2013), Borderlands: can the North East and Cumbria benefit from greater Scottish Autonomy?

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3. Current Governance Arrangements and the Case for Change

Introduction to this section

This chapter sets out the current arrangements in relation to the functions that are the subject of this review and seeks to establish if the formation of an EPB or CA to carry out these functions is **likely to improve**:

- (a) the exercise of the relevant statutory functions;
- (b) the effectiveness and efficiency of the relevant functions; and
- (c) regeneration and economic conditions in the Area.

In this context this chapter explores whether the opportunity of an EPB or CA is one that could lead to further improvement for the residents of the Area.

Current Arrangements

This is a natural economic area based on a distinct and complex geography with a population approaching 2 million served by **7 contiguous Local Authorities – the LA7**. The area is one of the largest ‘economic centres’ in the north of England and contains natural, cultural, historic and industrial assets of national and international repute.

The Area demonstrates a diverse pattern of settlements, capturing city locations and their hinterlands, and a network of towns and smaller settlements including post-industrial, coastal and remote rural communities. Our city and urban areas, clustered in and around the River Tyne and the River Wear, are key business and employment locations, and are complemented by a strong network of towns providing strategic economic, social and transport functions along strategic transport corridors and rural and coastal locations.

From cross-sector partnerships within local areas to thematic or spatial joint initiatives between authorities, good practice in joint working exists at all levels and there is a strong sense of a shared ambition to provide collective leadership and a unified voice across the area. The 7 Local Authorities work together on a number of strategic initiatives that contribute to the economic growth of the North East and collaboration at a strategic level is primarily governed through the following arrangements.

The **LA 7 Leadership Board** was established in December 2012 and operates under an established terms of reference, formalising the existing close relationship between the 7 local authorities. The Board is responsible for a wide range of joint initiatives including shaping the strategic direction of Newcastle International Airport and for agreeing local major transport schemes and has a particular focus on economic growth. This new arrangement enhances collaboration between the authorities ensuring the strongest possible contribution to the leadership and economic development of the region.

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The **NE LEP** was formed on 27th July 2011, in response to the local growth white paper¹² LEPs are voluntary partnerships between Local Authorities and the local business community. The North East LEP is contiguous with the LA7 Area. The Board consists of 18 members (9 business sector/ 2 HE/FE sector/ 7LA Leaders/Elected Mayor) with a business leader as chair. Sunderland City Council acts as accountable body to the NE LEP and all NE LEP employees are employed through Sunderland (although the LEP is supported by some employees seconded from other LA7 Authorities). The NELEP has a vision to rebalance the economy and create “Europe’s premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs” The key roles of the NELEP are:

- to lobby Government on issues of economic importance to the North East of England;
- to act as an advocate and champion for business and community interests;
- to provide strategic economic leadership and local accountability;
- to demonstrate added value and efficiency; and
- to commit to working across local administrative boundaries

The **Association of North East Councils (ANEC)** continues to bring together the 12 local authorities across the whole of the North East – an area covered by the NE LEP and the Tees Valley LEP - on issues that concern them all and the communities they serve. The Association acts as a strong and coherent voice for its members and protects, promotes and supports their interests to make a real difference to the well-being of people living in the North East.

The 12 councils share a commitment to creating the conditions for economic growth and the LEP geographies work to drive things forward so that the North East as a whole can build on its strengths and assets. Working together where it makes sense to do so, both LEPs have a vital role to play in driving growth in our economies. Areas of joint working have been identified including access to finance, key sectors and transport.

The objectives of ANEC are to:

- act as a strong and coherent voice for local government in the area;
- provide a forum for discussion by Representatives of the Constituent Authorities of any matters affecting the area or local government in the area;
- protect, promote and support the common interests of local government in the area;
- promote a high standard of public administration throughout the area;
- pursue issues of benefit to local government in the area;
- act collectively to represent the views of local government in the area at the regional, national and international levels including the Local Government Association, Government departments etc;
- facilitate the appointment of local authority Representatives to regional, national and international bodies; and
- secure, in pursuit of the above objectives, the maximum co-operation and co-ordination between Constituent Authorities.

¹² Local Growth: Realising Every Place’s Potential, Cm 7961 Dated 28 October 2010 and a joint invitation from the secretaries of state for Business Innovation and Skill and Communities and Local Government dated 29 June 2010.

Creating the right governance for Growth

The LA7 Leadership Board recognises its role in rebalancing the economy by creating the right conditions for sustainable economic growth and resilience, encouraging investment and promoting employment. The area is one of the largest 'economic centres' in the north of England, but with a distinct and complex geography. A wide range of issues must therefore be addressed across the area, recognising that activities and interventions need to respond to the specific characteristics and functional linkages within the economy.

As well as enhancing relationships between the seven local authorities, the strengthening of current arrangements for collaboration would provide an opportunity to clarify partner roles and functions within the existing architecture of organisations focused on growth in the North East as a whole. In particular, the LA7 Leadership Board is seeking to formalise an active and transparent role for private sector involvement through the North East LEP, alongside greater democratic legitimacy secured through local government leadership within a clear and coherent governance framework.

The review of existing arrangements has enabled the LA7 Leadership Board to consider the optimal arrangements to deliver its strategic objectives and to drive growth. This means bespoke arrangements that address the issues, challenges and opportunities that are particular to the North East.

Economic Growth

The 7 North East local authorities share an overarching ambition to deliver growth across the area. Although the long tradition of co-operation between authorities has brought positive results, the informal structures that support it have developed into a complex web of layered committees and groups. This reduces the capacity for effective decision-making, with a lack of clarity about roles and responsibilities. The OECD¹³ stresses the importance of strategy integration across key policy domains, emphasising the importance of institutional capacity at the right level to co-ordinate across key factors, capable of recognising and responding to the distinctive economic circumstances of an area.

A CA structure allows for a simplification of current structures, clarifying roles and aligning them with the CA's remit, powers and authority. This clarity and transparency will ensure a joined-up approach that will improve efficiency and effectiveness in delivering economic growth and transport functions across the LA7 Area.

Strategic Funding

Significant changes to the economic development landscape and funding regimes in recent years have reduced institutional capacity to coordinate and align funds around wider economic priorities. Despite impressive growth before the downturn the North East as a whole is currently suffering the considerable effects of the recession which must be addressed. The creation of the North East LEP has brought a greater focus to economic development and there have been significant projects funded by both Regional Growth Fund and Growing Places Fund, as well as through the Newcastle City Deal. However with new funding opportunities and policies on the horizon, including the Single Local Growth Fund and the EU Structural and Investment Funds 2014-2020, there is an added impetus to ensure the Area is maximising the use of these new funds alongside

¹³ OECD (2009), How Regions Grow

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existing local resources, together with our understanding of the strengths and challenges of our economy.

In its response to the Heseltine Report, the Government commits to a Single Local Growth Fund from April 2015.¹⁴ In the same document the Government agreed that the management of structural funds should be streamlined¹⁵ and that the resultant programme will be notionally allocated to the Area.¹⁶ The Government also commits to devolving resources and responsibilities where "...there is credible and compelling economic leadership".¹⁷

The creation of a CA with additional institutional capacity will allow the Area to demonstrate its capacity to take on more functions and responsibilities and provide the governance framework for a single approach to investment supporting economic growth across the 7LA geography.

The CA, working closely with the LEP, will take a strategic approach to funding in support of the economic growth ambitions of the NELEP area. A coordinated and efficient use of shared resources will deliver an economic intelligence and analysis function as a basis for strategic planning and coordination. In practice this will mean a seamless approach across all seven local authorities and the LEP for economic development spend and functions underpinned by a clear set of integrated priorities, an understanding of strengths and the area's competitive advantage and shared economic ambitions. A shared strategic multi-year plan for local growth will be developed with the NE LEP to take forward agreed economic priorities and the recommendations from the Adonis Review. A strong pipeline of projects will support the overarching vision and strategy. Investment decisions taken by the Combined Authority will fully reflect business views. These views, both in terms of shaping prioritisation and scheme design will ensure that public investment is targeted to maximise business benefit, which is key to economic growth.

Housing investment across the LA7 area will make a significant contribution to future prosperity and quality of life. The CA will collaborate on identification of strategic housing investment needs as a guide for HCA investment. The CA will work to ensure that future housing provision across the LA7 area fully supports the economic agenda.

The CA will utilise innovative financial mechanisms that can take forward a range of funding opportunities including Special Purpose Vehicles where appropriate to support additional borrowing, all helping to achieve the broad outcomes in the Adonis Review.

Outcomes

The proposed strategic approach will deliver a flexible, responsive and joined-up approach to funding opportunities across the Area in order to drive growth. This will be demonstrated by:

- improved efficiency and an approach that reduces internal competition through robust and objective mechanisms for allocating funding to priority projects based around added value to economic growth
- greater clarity and alignment of priorities, deliverables and funding contributions of partners, e.g. Skills Funding Agency, JCP, HCA, etc which are in support of the area's economic ambitions
- greater alignment and matching of disparate funding sources when managed as a single fund in support of agreed economic priorities, including EU funding and Single Local Growth Fund.

¹⁴ Government's Response to Heseltine, page 37 at 2.4

¹⁵ Ibid, page 50 (at 2.59 – 2.68).

¹⁶ Ibid, page 50, at 2.61

¹⁷ Ibid, at 2.5

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- greater prioritisation to support regionally significant projects and therefore effective use of reduced resources to support economic ambitions
- greater local determination and support of economic priorities
- Clarity on the role of strategic housing investment in supporting the economic development agenda across the LA7 area
- better forward thinking and confidence to pursue long-term projects as the approach provides funding stability to achieve those ambitions which are beyond the limitations of some current funding streams

Skills

In the recent Green Paper - Rigour and Responsiveness in Skills¹⁸ the government has highlighted its commitment to making the present skills system both simpler and more responsive both for the learner and the employer. The paper highlights:

“the changes we have introduced so far have laid the groundwork for rigorous and responsive training. However, there is still some way to go to create a system that through its very structure creates rigour, and ensures that provision responds to the individual and the employer.”

A comprehensive evidence review has recently been completed by Glasgow University to underpin the development of the North East Skills Action Plan

Whilst it recognises that over recent years there have been significant changes in the skills and funding landscape, with a shift in emphasis towards a more localised response, it describes the skills system in the North East as *“a complex interconnected web of institutions involved in designing, supporting, resourcing and delivering the improvement of skills”*.

It also suggests that the skills system *“remains overly complicated particularly for employers and learners”* and identifies that there are *“opportunities for better coordination of activities and initiatives to improve the information on which skills decisions are made, to get a better match between demand and supply”*.

The current system includes a wide range of organisations responsible for the development and implementation of policy and allocation of funding including the Skills Funding Agency, the Department for Business, Innovation and Skills, the Learning and Skills Improvement Service, the Higher Education Funding Council for England, Sector Skills Councils, the National Apprenticeship Service, the National Careers Service and the UK Commission for Employment and Skills. DWP funding for the delivery of employment interventions also contributes to this complex picture.

The skills system is predominantly driven by national policy and funding criteria. This centralised approach often inhibits the flexibility to respond to local priorities. There is little scope for strategic LA influence in the commissioning process and allocation of skills funding at a local level and no mechanism in place for local authorities to performance manage and monitor the effectiveness and impact of skills provision against agreed economic priorities;

There is no clear structure in place that allows employers to exert strategic influence on the skills system. This is a critical issue that needs to be addressed in order to develop a more effective demand led system.

¹⁸ Rigour and Responsiveness in Skills, DfE/BIS Green Paper April 2013

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The CA will provide a coordinated approach for skills collaboration that is underpinned by robust economic and labour market intelligence and places employers at the centre of design and delivery of the system. It will:

- Amalgamate all existing plans to develop one coherent skills plan. This will ensure that public funding for skills will be fully aligned with economic need;
- Be the accountable body for any agreed devolved skills funding, to ensure priorities are set based on economic needs, and focused on maximising impact and return on investment;
- Work with key stakeholders to co-design a skills commissioning framework to enable a stronger influence over how funding is allocated or awarded to providers delivering across the Area, including developing a local robust performance and quality management process¹⁹;
- Provide a simplified approach to long-term decision-making on the skills agenda - allowing clear investment decisions to promote sustainable economic growth across the North East.
- Develop a mechanism to support employers to articulate their current and future skills needs and ensure their engagement and influence in the design and delivery of the skills system;
- Ensure closer ties with the business community, utilising the private sector expertise within the NELEP Board to help champion the proposed new approach to skills and ensure an effective employer voice in the direction, design and delivery of future skills provision.

Outcomes

The CA proposition will deliver a coherent and effective skills system in the long term that will meet the needs of the North East economy, enabling investment in the skills that will deliver our growth aspirations. It will:

- Reduce ambiguity and overlap of roles and responsibilities through the development of one co-ordinated skills plan which will improve cost effectiveness and avoid duplication;
- Improve efficiency in the skills system by developing a co-ordinated and cohesive approach to delivery across the functional labour market;
- Create a more flexible incentivised system which encourages learning providers to develop new and responsive learning opportunities which will supply a skilled workforce to maximise economic growth;
- Develop a strengthened framework for improved choices by individual learners, ensuring that individuals have better access to information advice and guidance to make sound career decisions and have appropriate access to skills provision which reflects existing and future labour market opportunities;
- Significantly improve the involvement of employers in the design and delivery of skills programmes which will improve the articulation of demand, to ensure that current and future workforce needs help to drive up productivity and competitiveness;
- Stimulate employers investment in skills alongside publicly funded provision;
- Improve the rate of return of investment in skills for the individual, the employer and the economy.

¹⁹ This framework could then be utilized for any other devolved funding opportunities that the CA wants to influence and that may become available post April 2014 e.g. DWP funding.

Inward Investment and trade

Inward investment is of key importance to the North East Economy as a whole and the area has been successful in attracting both foreign and UK based inward investment over recent years. Working closely with partners in the Area, Local Authorities play a significant role on Inward Investment through a range of bodies (NGI (Newcastle and Gateshead), Make it Sunderland, Business Durham, Arch (Northumberland) Invest North Tyneside and Invest South Tyneside). NE LEP has established protocols in relation to UKTI enquiries from foreign investors however this is at an early stage.

The area has performed well in inward investment and undoubtedly has further untapped potential for growth. Sector strengths and opportunities for attracting further investments can be realised but those sector strengths very often cover a wider geographic area. In offshore and energy, for example, the 3 rivers can offer a complementary proposition in terms of supply chain linkages, skills and site suitability. Moving forward it will be important to co-ordinate and streamline the approach to investment enquiries across the area to ensure an effective response that converts investment leads into economic growth.

The area has renewed and strong challenges from neighbouring areas for mobile investment ie the Scottish offer has high profile, is well articulated and is very attractive. To the south the Tees Valley area is served by a single point of contact covering 5 Local Authority areas with some similar sectoral priorities.

There is a current gap in the information held across a wider view of an area - the inward investment business proposition and sectoral approach does need to be kept current and fresh. There is a lack of coordination and a variable quality of provision and level of service across the area leading to potential confusion for the client and missing of opportunities.

The proposal to coordinate inward investment activity through a CA will make the North East more competitive with other regions nationally and internationally.

The CA will provide an 'Investment Gateway' resourced within the CA and including a high quality website to handle and broker incoming enquiries and promote a key proposition for investors that has a clear focus on key sectors. It will support strengthened relationship/information flows with UKTI, including with national, international and specialist functions and operate a CRM system to link partner activity.

The 'Gateway' function will ensure co-ordination with and support for local authority Investor development and support teams, agents and business. It will facilitate information exchange about incoming proposals and harness Private Sector Market Intelligence.

As the model develops it will extend to pro-active lead generation, co-ordination with other key stakeholders and explore the case for public sector relocation. A co-ordinating role through the CA on trade and exporting is also being explored around an intelligence function and support for strengthened relationship and information flows between key partners.

Outcomes

The new approach will draw on the significant skills of the LEP through the ambassadorial and sector-led expertise of the business members of the Board. It would also enable all the key partners such as Universities, property agents, developers and other key intermediaries such as CBI, NECC, FSB etc to play a more significant role and engage with one point of contact and enable a more comprehensive offering with ease of access for clients.

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The new 'Investment Gateway' will add strategic capacity for enquiry handling and relationship building while playing to the strengths of the Local Authorities. The CA will collate wider demand and help local authorities to bring forward the right environment and infrastructure including skills – to support investment attraction.

Engagement with UKTI and other Government stakeholders will be more streamlined and efficient with clear accountability for responding to enquiries and articulating the area's inward investment proposition.

It will importantly allow a combined and more cohesive offer and promotion of the area, using our significant assets and strengths and avoiding duplication of effort.

Transport

“Good transport equals good economics. That’s how you generate growth and put people back to work. That’s how you make Britain’s competitive edge razor sharp.”

- The Rt Hon Justine Greening MP, Secretary of State for Transport, 18th January 2012

The LA7 Leadership Board recognises the importance of the link between transport provision and wider economic growth and views transport as a core function of a Combined Authority for the Area. Responsibility for transport functions across the area is currently divided between a number of different bodies outlined below. There is no single body with a strategic overview and responsibility for transport and the majority of transport functions are vested in a different body to those with responsibility for functions that drive economic growth.

The Tyne and Wear Integrated Transport Authority (the **ITA**) is a strategic and policy-making body acting for and on behalf of the five local authorities in the area it covers. The ITA is responsible for significant transport assets including the Tyne and Wear Metro System and the Tyne Tunnels and has been responsible for overseeing major development projects²⁰. The majority of the ITA's funding²¹ is generated from a transport levy on the five Tyne and Wear councils (based on population size). Newcastle City Council currently acts as lead authority for the ITA.

Nexus is the Tyne and Wear Passenger Transport Executive and administers funds and delivers services on behalf of the ITA. A proportion of the levy and income from advertising and ticket sales are invested in service delivery.

Durham and Northumberland (both Unitary Authorities) each have their own transport strategies and plans²² and are individually responsible for the delivery of services. All 7 local authorities have individual responsibility as highways authorities.

The 7 local authorities are the majority shareholder in Newcastle International Airport and the LA7 Leadership Board has a key role in shaping the strategic direction of the Airport agreeing a £300m

²⁰ Between them, the metro all change project and second Tyne Tunnel represent the biggest inward investment in transport infrastructure ever achieved in Tyne and Wear.

²¹ 2011/12 – 73.792M

²² Durham LTP3: http://content.durham.gov.uk/PDFRepository/LTP3_TransportStrategy.pdf and Northumberland: <http://www.northumberland.gov.uk/default.aspx?page=7846>.

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refinancing package in 2012. Earlier this year the Board also developed new arrangements for the prioritisation of local transport funding through a North East Local Transport Body.

The challenges in passenger transport service delivery are quite different in areas that have a diverse spatial geography (due the differing needs, distances, population densities and demographics) than those compared with the urban core, however Durham and Northumberland face similar challenges in relation to some of their transport issues. Stakeholders recognise that delivery at Local Authority level may be most efficient for many transport services, however, it is recognised that transport is a key driver of growth and the strategic alignment of transport within economic growth strategies emphasises a clear link between transport and skills, housing and economic prosperity.

A CA will ensure political leadership at the highest level on strategic transport planning, set within the context of the wider economic strategy for the area. It will provide the certainty to enable difficult decisions to be taken within a long-term investment programme and ensure the most efficient use of the combined transport resource across the LA7 Area.

The transport function within the CA will be underpinned by a joint Local Transport Plan for the 7 local authorities in order to co-ordinate and prioritise strategic transport investment, and best align with the area's wider economic development objectives. This joint plan will be discharged via the use of separate implementation plans delivered at local level.

The CA will be an Integrated Transport Authority (ITA), and assume all the statutory powers and functions associated with this role. The CA will therefore assume strategic transport responsibilities currently governed separately in Tyne & Wear, Northumberland and Durham. The Tyne & Wear ITA will be discontinued and replaced by a new ITA with a wider geographical footprint. Managing this transition is the key challenge in establishing the new body. New governance arrangements for transport need to be in place for the commencement of the Combined Authority in April 2014. Transition arrangements for finance and delivery will be necessary beyond this point, and will need to continue with some Tyne & Wear legacy functions embedded within wider Combined Authority governance for all seven local authorities; particularly those related to the Tyne & Wear metro. In addition the final scheme for a combined authority will devolve appropriate transport functions to Northumberland and Durham to enable local delivery arrangements to continue during the period of transition.

Whilst recognising the challenges in bringing together transport arrangements that include established delivery structures, differing levels of local infrastructure and the associated costs and levy, the overall strategic co-ordination under the direction and oversight of the CA board from its inception will ensure that local needs and interests will not be overlooked during the consideration of opportunities for enhancing economic prosperity of the Area as a whole.

Outcomes

Coordination of economic development and transport is a central rationale for the statutory basis for a Combined Authority, and therefore fundamental to its creation in the LA7 Area. The Combined Authority will be ideally placed to provide leadership and a region-wide voice on key strategic transport issues. A Local Transport Plan (LTP), integrated within our economic strategy, will allow strong representation from the area on topics such as High Speed Rail, the East Coast Main Line, franchising of local rail services, aviation connectivity and the role of our ports and strategic road network. This will form the basis for engagement with others including Tees Valley.

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Internally, greater co-operation will allow improvements to the region's public transport network, including possible changes to the regulatory regime for bus services, increased opportunity to address congestion on the local road network, and a step change in information and ticketing provision for the travelling public. The inclusion of Northumberland and Durham within an Integrated Transport Authority will provide particular benefits for cross-boundary transport, including commuter routes into our primary urban centres.

A CA provides the best framework to maximise, and manage, devolution of transport funding from central government. Aligning the geographical footprint of transport governance across a functional economic area will improve the efficiency of the transport system, and create a framework for more effective decision-making on transport in the context of wider economic objectives.

Other issues and improvements

Being Seen and Heard

Institutional capacity across the Area will inevitably increase the visibility of the area to governments in the UK and EU as well as potential inward investors. It will allow the Area to engage directly with key decision makers for the benefit of the Area. A smaller number of priorities designed to have the greatest transformative economic impact can be presented with greater effect. The Area can engage directly with the EU, the devolved administrations and other national bodies.

This is also true of national bodies. The CA would have a much stronger voice in discussions with bodies such as the Highways Agency, the Homes and Communities Agency, the Skills Funding Agency, Department for Transport and other Whitehall departments.

Sourcing and Shared Services

There is already a clear call for enhanced institutional capacity with centralised research, intelligence and advocacy functions.²³ There are also a number of informal arrangements in place across the Area in connection with the sourcing of specialist goods and services. The new body would retain flexibility to explore formalising these arrangements in future.

The Relationship with the NE LEP

The LA7 are committed to working with the NE LEP for the benefit of the Area. Through the integrated governance mechanism discussed in the concluding chapter, the LA7s relationship with business can be cemented into a long-term partnership to focus on the area's needs and economic growth. This governance arrangement can ensure those connected with experience of the challenges facing business are able to use that experience to ensure that initiatives will work in practice and are delivered effectively.

Duplication and set up costs

Combined authorities are designed to enable local authorities to deliver improvements in economic growth and transport across the area. Better coordination of interventions under a shared strategic approach to growth will reduce duplication across the constituent local authorities and ensure greater efficiency and effectiveness in delivery. A core principle in establishing a combined authority for the LA7 Area is that any costs incurred in establishing new arrangements would be offset by efficiency gains achieved through the new body can be met through existing resources

²³ NEIER p.14

and utilising the skills and capacity that already exist within the constituent local authorities. The following measures can be considered to ensure efficiency is maintained:

- all functions will be discharged by the CA utilising existing capacity within the constituent local authorities
- a service ethos will be maintained at all times. The CA is not intended as a superior body instead it is a streamlined centralised function – focussed on communicating the benefits it brings to the constituent functions
- the CA could take over responsibility for other area-focused activities (that are currently delivered on a portfolio basis) where efficiencies can be demonstrated by doing so

Summary - The Case for Change

In each of the functional areas considered above there is a strong case that co-ordinated action against agreed priorities across the Area will bring improvements. This is particularly the case when the public and private sectors work together in design and implementation. With a detailed understanding of our local areas, their opportunities and challenges, the 7 local authorities are uniquely placed to shape the strategic direction as well as support delivery of the key interventions that will deliver growth and prosperity. The proposal to create a Combined Authority across the Area would provide a stable and accountable platform for devolution of resources and powers from central government.

Economic data, the recent North East Independent Economic Review and the Government's response to the Heseltine Report provide a strong evidence base in support of the case for single, co-ordinated strategic approach through a combined authority.

The current arrangements for collaboration across the LA7 area are based on a strong but informal partnership between the seven local authorities. Establishing the LA7 Leadership Board was an important step in formalising these arrangements, however recent experience of establishing the Local Transport Body has illustrated their limitation. Only by the establishing statutory arrangements for collaboration will the LA7 Leadership Board be able to fully achieve its shared ambition for growth.

The overarching benefits that would be delivered by a Combined Authority over alternative governance arrangements are considered below:

- Strong and visible collective leadership of the Area recognised by government with greater democratic accountability and transparency
- A unified and influential voice to have a single conversation with government, national agencies and business leaders in the development of local growth policy, strategic interventions, securing a greater share of national resources and influencing national decision making
- Alignment of decision-making on transport, skills and economic growth at a strategic level under a coherent strategy and investment programme, maximising the opportunity of all available levers to assist growth
- A stable and accountable platform underpinned by statutory powers to access significant devolved powers and funding delegated from central government to enable locally devised interventions that are delivered in a coherent and planned way. A single politically accountable body will take a holistic view of the area and the likely economic impact of decisions for greatest impact across the Area.



- A more robust governance framework to make decisions, manage risk, set strategy, manage delivery, assess performance and report on progress giving confidence of a strong advocate for the area and effective local leadership in driving economic growth
- An integrated governance model that formalises an active and transparent role for private sector involvement through the North East LEP
- An opportunity to draw together a range of funding sources including EU funds and a devolved single local growth fund, enabling a holistic approach to tackling shared priorities and driving growth
- Closer working across the wider public sector on integrating functions and services and providing innovative solutions to the challenges of reduced budgets
- Strengthened capacity through a combined and co-located resource supported with better information and analysis will improve effectiveness. Addressing issues once rather than multiple times will be more efficient.
- Reduced potential ambiguity, duplication and overlap of decision-making in relation to strategic functions. The strength of shared intelligence and analysis will provide a basis for more efficient and robust decision-making.




4.Options Analysis and the Anticipated Improvements

Introduction to this section

This section analyses each of the options available

Options Analysis:

Option	Evaluation Reasons
<p>1. Do Nothing</p>	 <p>Doing nothing fails to create the institutional enhancement most likely to address the underlying economic needs of the Area. It leaves the LAs with dispersed and inadequate research, intelligence gathering and advocacy capacity. The Area remains less visible to National and European Government and is less able to co-ordinate, prioritise and seek funding.</p>
<p>2. Create and/or Enhance Informal joint working arrangements</p>	 <p>Quite sophisticated joint working arrangements already exist. They cover strategic joint working (on issues such as this review); the sharing out of lead (accountable body) responsibilities for Area-wide initiatives and operational issues, such as co-ordinated procurement, aggregated sourcing and sharing of best practice. Establishing more formalised partnership arrangements such as a Joint Committee of the seven local authorities and the ITA (Under Section 101 of the Local Government Act 1972) would further strengthen the position however the functions, duties and powers which the constituent members are able to delegate to a Joint Committee would remain limited with a requirement to refer key decisions in many cases back to the individual authorities to authorise.</p> <p>Enhancements made would fall short of being a single body acting solely for the benefit of all the parent bodies and would effectively add, rather than remove, another layer of bureaucracy. Opportunities for funding and additional functions would also be missed. The issues of national and European visibility remain unaddressed.</p>

<p>3. Establish an Economic Prosperity Board for the LA7 Area</p>		<p>Establishing an EPB does address many of the structural benefits of having a single, legally constituted body and would enable co-ordination at a strategic level on transport. The implementation of a new transport authority to include Durham and Northumberland could be addressed in the longer term. This option would improve on existing arrangements but misses the opportunity to fully achieve real and transformative economic benefits - as transport linkages are significant for the proper functioning of the economic area. Strategic co-ordination of economic growth and transport functions would enable significant enhancements for residents and visitors alike. The Area has strategic priorities which are less likely to be 'heard' or addressed unless they are included in a CA.</p>
<p>4. Establish a Combined Authority for the LA7 Area</p>		<p>A Combined Authority creates the institutional enhancement most likely to address the underlying economic needs of the Area. It does this by providing a stable, legally independent and accountable body for devolved powers and funding. It will enable strategic decision-making that aligns economic growth and transport to happen in once place, and is better informed through shared information and analysis. It allows the creation of single expert functions, which all authorities can draw upon, increasing effectiveness and capacity and ensuring better strategies for the co-ordination of initiatives. Through some shared services and operational co-ordination, efficiencies may also be achieved.</p>
<p>5. Seek additional functions for either an EPB or a CA over time</p>		<p>The ability to directly link transport decisions to economic development, skills and regeneration initiatives gives the opportunity for real, transformational change, improving access to economic, skills and employment opportunities and creating improved links for leisure and tourism.</p> <p>Consistent with the government's commitment the CA should seek devolution of responsibility for the allocation of a Single Local Growth Fund and act as the accountable/receiving body or potentially seek ITI status in relation to the EU SI Funds Growth Programme for the Area from 1/4/2015, taking a transfer of asset, resources (and liabilities). This will ensure funds deployed from all sources, strategy and the local authority resources and delivery are aligned to create the greatest economic impact for our Area.</p>

Immediate

from 1/4/15

5. Conclusions and Closing remarks

The creation and operations of a statutory body for the Area offers significant opportunities to accelerate the economic development and effectiveness of the North East. Bringing together key functions and legal powers and allowing full, meaningful involvement with all leaders - regardless of sector and specialisms - can bring expertise and resources and create real change to advance the interests of the Area and its people. Put most simply, everything we do together will be coordinated to aid economic growth and prosperity. The new body would allow a co-ordinated, sustained, long-term attack on economic challenges in the determined pursuit of growth.

A Combined Authority

The value of the public and private sectors working together is clear. There are also clear benefits in bringing transport functions, together with the other proposed functions into the body, to create a Combined Authority. The inter-relationships of skills, transport, economic growth funding and inward investment are clear. The fact that the Area operates as a functional economic market area is also clearly established through the evidence base.

The 7 local authorities are in a unique position in bringing together the existing Tyne and Wear ITA with Northumberland and Durham in a single new transport authority, and this challenge cannot be underestimated. The transport needs in areas with a diverse spatial geography are quite different to those of the densely populated urban centres. The ownership and operations of the Tyne and Wear Metro and the second Tyne Tunnel are particular issues to be addressed in practical implementation alongside the differing methods of delivery across the Area. However, the opportunities created by including transport with the other functions and powers that can aid economic growth and prosperity are significant.

It is likely that, as the bodies become more familiar with working together, they will naturally wish to integrate further. As such the governance arrangements that the CA puts in place should allow the relationship to evolve over time.

Having reviewed existing governance arrangements in the context of the shared vision and ambition of the LA7 Leadership Board there is a clear case for strengthened governance. A range of potential options have been considered, however establishing a Combined Authority will be the most beneficial to address the areas needs and strategic ambitions. A new combined authority is likely:

- to facilitate closer partnership working and is consistent with the recommendations of the recent North East Independent Economic Review
- through a co-ordinated approach to tackling the Area's priorities, to increase the effectiveness and efficiency of the relevant functions
- through improved strategic planning and decision-making based on stronger centralised evidence collection and analysis functions, to improve the delivery of the relevant statutory functions
- to lead to an improvement in the economic conditions of the Area.

An Integrated Governance Model

The Area's governance is simplified and clarified if the functions come together in single legal body – the combined authority. To achieve this the LEP board joins forces with the Combined Authority through an integrated governance model.

The Governance arrangements should also be designed to ensure that the business (and other sectors) can be engaged with effectively over the long term. The CA gives us the opportunity to design a governance structure that creates a stable relationship, where all sectors can constructively engage. It works on this, simple premise:

- The public sector is the right place for public assets to be held and managed. Elected members must play a key role in scrutiny and decision making to reflect the ultimate beneficiary, the public. Similarly, the government must have trust and confidence that the assets are being managed in a manner that is consistent with national obligations and plans.
- The business sector needs to have the influence and opportunity to input knowledge and expertise into designing the solutions and how they are implemented on the ground.

The governance, designed correctly, will enable strong and positive engagement recognising the skills, needs and interests of both sectors underpinned by appropriate powers and responsibilities to achieve and maintain an effective and sustainable balance. These same governance constructs can help the CA to overcome some of the difficulties in the integration of the Transport functions.

Section 90 of the 2009 Act specifies that a CA must be controlled by its members, a majority of whom must be elected members. The key to creating an effective governance model for an LA7 Combined Authority is to recognise that there can be a distinction between where the powers are held and who has the rights to exercise those powers.

Detailed governance arrangements will be contained in a comprehensive set of standing orders which can only be changed with the consent of all members. In accordance with the standing orders the powers held by the CA may be exercised only on the recommendation or with the consent of various bodies.

The detail of the integrated governance model can be agreed between the authorities after the submission of the scheme to government in line with a high level set of principles agreed before submission.

Appendix 1: Scheme for the establishment of a combined authority

Section 1 – Intention to Establish Combined Authority

Establishment of Authority

1. A combined authority (CA) will be established pursuant to section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”). It shall come into existence on 1 April 2014.

Area of Authority

2. The CA’s area shall be the whole of the following seven local government areas:-

Durham
Gateshead
Newcastle
North Tyneside
Northumberland
South Tyneside
Sunderland

Each of the above authorities will be the CA’s “constituent authorities”.

Dissolution of Tyne and Wear Integrated Transport Authority

3. The Tyne and Wear Integrated Transport Area and the Tyne & Wear Integrated Transport Authority (TWITA) will be dissolved pursuant to section 91 of the Local Transport Act 2008 (LTA)

Name of Authority

4. The name of the CA will be the **North East Leadership Board**¹

Membership of the Authority

5. Each constituent authority will be represented by one member of the executive who will be the Leader or Elected Mayor.
6. The executive of each constituent authority will appoint another of its members (“substitute member”) to act as a member of the CA in the absence of the member appointed under paragraph 5. The substitute member must be drawn from the executive of the constituent authorities.

¹ Within this scheme ‘North East’ refers to the area covered by the 7 local authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

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7. Each member will act in the best interests of the North East as a whole, taking into account all relevant matters. Any substitute member will have the same decision-making authority and voting rights as the person whose place he/she is taking.
8. The executive of each constituent authority may at any time terminate the appointment of a member or a substitute member appointed by it to the CA, save for the elected Mayor.
9. Where a member, or substitute member, of the CA ceases (for whatever reason) to be a member of the constituent authority which appointed them, the member will cease to be a member of the CA, and the executive of the constituent authority will appoint a replacement member as soon as possible.
10. The CA will appoint a Chair and Vice Chair from amongst its members.
11. The CA may co-opt additional, non voting representatives onto the CA. Any decision to change the membership or co-opt representatives must be a unanimous decision of the CA itself.
12. An independent panel will be established to examine existing and future Special Responsibility Allowances, travel and subsistence, in order to determine what is appropriate.

Voting

13. All constituent members of the CA will have one vote. The Chair and Vice Chair will not have a second or casting vote and members will not be able to abstain from a vote.
14. Subject to the provisions of any enactment the CA will aim to reach decisions by consensus. If, exceptionally, it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided by a simple majority of the members of the CA present and voting.
15. The following matters will require the unanimous support of all 7 members of the CA for approval:
 - Adoption of growth plan and investment strategy
 - Adoption of local transport plan
 - Approval of the CA's annual budget
 - Setting of the transport levy
 - Allocation of local transport plan funding to the individual constituent authorities
 - Approval of key growth schemes including the local major schemes devolved funding
 - Approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the CA
 - Agreement of functions transferred to the CA
 - Such other plans and strategies as determined by the CA
 - Approval of specific proposals for individual co-optees to the CA
 - Use of the general power of competence beyond the powers provided within the Local Democracy Economic Development and Construction Act 2009

Executive Arrangements

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16. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the CA. However, the discharge of the functions of the CA will be subject to scrutiny arrangements set out in paragraph 19.

Transport

17. A new model for transport will be established that takes in both ITA (policy) functions and executive (PTE) functions, fully integrating transport strategy and operations across the 7 LAs. The model would, however, devolve the creation and implementation of public transport solutions to the local areas, working within an overall strategic framework for the LA7 area.
18. The Combined Authority will fulfil the role of a Transport Authority for each of the seven local authorities, replacing the existing Tyne & Wear Integrated Transport Authority. Individual authorities will continue to exercise some delivery functions, for example in respect of highways management, but will operate within an agreed framework and plan established through the Combined Authority. The Passenger Transport Executive will continue during a transition phase, working on behalf of the Tyne & Wear authorities, but within the context of the Combined Authority. Following the conclusion of a transition phase, delivery arrangements will be established which operate across the geography of the Combined Authority as a whole, recognising the distinctive needs of urban, suburban and rural communities.

Scrutiny Arrangements

19. The constituent authorities of the CA will establish joint overview and scrutiny arrangements to exercise scrutiny functions over the CA and any sub-boards and structures. The CA may co-opt additional representatives to the joint overview and scrutiny arrangements as necessary.

Section 2 - Functions, Powers and Duties of the CA

Functions – Economic Growth

20. The primary focus of the CA is to manage a significant programme of investment in transport and economic infrastructure, and to influence and align with government investment, in order to boost economic growth. The related interventions will have differential spatial impacts across the CA area but should aid delivery of key growth projects in the emerging and future local plans of constituent councils. Having regard to the duty to co-operate, effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration will be a key aim.
21. By virtue of sections 99 and 102A of the Local Transport Act 2008 (LTA) the CA will have broad well-being powers to promote economic growth which can be exercised in conjunction with the general powers granted to it by section 113A of the LDEDCA (as amended by the Localism Act 2011).
22. Unless otherwise stated, these powers will be exercised by the CA on a concurrent basis i.e. no powers have been ceded to the CA from the constituent authorities. It is proposed that the CA will be focused on economic growth issues that could include, but are not restricted to, functions such as:

- Setting the growth plan and investment strategy for the North East
- Economic intelligence and analysis as a basis for strategic planning and coordination
- Acting as the accountable body for a range of devolved funding e.g. local major transport schemes, Single Local Growth fund, EU Structural & Investment funds, Skills Funding Agency funding
- Strategy and decision-making on the skills agenda across the North East
- Coordinating inward investment activity through an 'Investment Gateway' working with local authority economic development teams

23. There may be further advantages in also securing the use of the General Power of Competence under Section 1 of the Localism Act 2011 which will enable maximum flexibility in dealing with economic development and regeneration issues. Accordingly the CA requests that the Secretary of State exercises his power and to provide that the CA has been delegated General Power of Competence under section 1 of the Localism Act 2011.

24. In addition to the above, the CA will have the following specific powers exercisable concurrently with constituent authorities. These are viewed as complementary to the broader powers to address economic development and regeneration identified above:

- The duties under section 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
- It is considered appropriate that the CA is designated a local authority for purposes of section 84(2) of The Apprenticeships, Skills, Children and Learning Act 2009 (duty of the Chief Executive of Skills Funding to co-operate with local authorities in relation to apprenticeship training).
- The Power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities).
- The duty under section 69 of the Local Democracy, Economic Development and Construction Act 2009 (duty to prepare an assessment of the economic conditions of the local authority's area).

Functions - Transport

25. All the functions of TWITA and the Local Transport Authority functions of Northumberland and Durham will be transferred to the CA. All functions conferred or imposed on TWITA by any enactment relating to functions of Tyne & Wear Passenger Transport Executive will be exercisable by the CA in relation to its executive body.

26. The following operational transport functions will be devolved to Northumberland and Durham to enable local delivery arrangements to continue during a period of transition.

- Information Provision
- Infrastructure Delivery
- Commissioning/procurement of subsidised bus services
- Concessionary Travel

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27. The CA will exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

Section 3 - Funding, Transfer of Property, rights and liabilities.

28. The CA as a levying body under section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise of its functions relating to transport.
29. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The Combined Authority will issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear.
30. The core principle is that the total contribution from each authority of funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.
31. The costs of the CA that are reasonably attributable to the exercise of its functions (including start up costs) will be met by its constituent authorities. Such costs shall be apportioned between the constituent authorities in equal shares. The CA will agree an annual budget for the purpose of expenditure.
32. On the abolition of TWITA its property, rights, assets and liabilities will be transferred to the Combined Authority. These would be ring-fenced under the terms of the Combined Authority agreement to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

Section 4 – Substructures and Internal Scheme of Delegation

33. The CA will be the local transport authority for the area and act as the strategic decision making body. The CA and the constituent councils will establish a joint committee under section 101(5) of the Local Government Act 1972 to be called the Transport North East Board. The Transport North East Board will be a sub-committee of the CA providing advice on transport policy matters and will be responsible for the discharge of specified transport functions delegated by the CA.
34. The CA may establish further joint committees or sub-committees and delegate powers and functions as considered by it to be appropriate.

Engagement with NELEP and Wider Business Community

35. The establishment of a Combined Authority represents a major opportunity to have a strong, shared voice for the region and to make a step change in our collective efforts to drive the economic prosperity of the area. Effective engagement with the NELEP and the wider business community is critical to the delivery of this ambition.
36. The relationship between the LEP and the Combined Authority will be seamless and will engage the wider business community, ensuring that all partners play to their strengths in contributing to a wider ambition for more and better jobs.
37. The Leaders/Elected Mayor of the seven constituent authorities are members of the LEP and the Chair of the LEP will have observer status on the Combined Authority.
38. A shared economic strategy will be developed and agreed building on the findings of the North East Independent Economic Review.
39. Investment decisions taken by the Combined Authority, for example major transport schemes, will fully reflect business views. These views, both in terms of shaping prioritization and scheme design will ensure that public investment is targeted to maximise business benefit, which is key to economic growth.
40. The CA and the LEP will ensure that executive and staff resources are used in the most effective way to deliver the shared economic strategy.
41. The Combined Authority will act as the Accountable Body for the LEP.

Appendix 2 - Glossary

A	
2009 Act	The Local Democracy, Economic Development and Construction Act 2009
2011 Act	The Localism Act 2011
ANEC	The Association of North East Councils, representing the 12 Local Authorities In the North East and Tees Valley LEP areas: Darlington, Durham, Gateshead, Hartlepool, Middlesbrough, Newcastle, North Tyneside, Northumberland, Redcar and Cleveland, South Tyneside, Stockton, and Sunderland
Area	The area covered by the contiguous local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland
B	
BIS	The Department of Business Innovation and Skills
C/D	
CA	a combined authority as defined the 2009 Act
E	
EPB	Economic Prosperity Boards as defined by section 88 of the 2009 Act
F	
FoIA	The Freedom of information Act 2000
G	
Government Response to Heseltine	The Government's Response to the Heseltine Review, March 2013 Cm 8587
H	
HEFCE	Higher and Further Education Funding Council for England
Heseltine Review	Report entitled "No Stone Unturned- in Pursuit of Growth', The Rt Hon the Lord Heseltine of Thenford CH, October 2013
I, J, K	
ITA	The Tyne and Wear Passenger Integrated Transport Authority (http://www.twita.gov.uk)
ITI	Integrated Territorial Investment (ITI) is a new flexible tool/mechanism to deliver territorial strategies with structural funds, introduced by the Commission under the regulations for the Common strategic Framework (CSF) funds 2014-2020.
L	
LA 7	The Local Authorities for Durham, Gateshead, Newcastle, North

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LA7 LEADERSHIP BOARD

	Tyneside, Northumberland, South Tyneside, and Sunderland
LA7 Area	The area covered by the contiguous local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland
LT Act	The Local Transport Act 2008
M, N	
NEIER	North East Independent Economic Review Report (April 2013) commissioned by NE LEP
NE LEP	North East Local Enterprise Partnership
North East Economic Area	The functional economic market area covered by the LA7 local authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland
O, P, Q, R	
OECD	The Organisation for Economic Co-operation and Development http://www.oecd.org
S, T, U, V, W, X, Y,Z	
SAP	Skills Action Plan
SFA	The Skills Funding Agency

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Improving economic Governance in the North East Local Enterprise Area**Summary of Consultation Responses – June 2013**

1. Consultation Process

The LA7 Leadership Board has been clear about its commitment to embed collaborative working arrangements in a statutory form and has engaged with key stakeholders throughout the process.

The partners engaged with as part of the consultation exercise included the North East LEP and Tees Valley LEP; business and sector representative organisations such as the CBI, the North East Chamber of Commerce, the FSB, Developing Consensus and G9; the Tyne & Wear ITA and Passenger Transport Executive – Nexus; Newcastle International Airport; the regional ports; Universities; FE Colleges; the SFA; SEMTA; the trade unions; relevant government departments and agencies; and of course MPs, MEPs and Lords.

These stakeholders have been sent information at key stages throughout the process and the LA7 Leadership Board have invited the views of partners and stakeholders on the draft proposals and the on-going engagement on the partnership approach to be established in the long run.

Following the publication of the draft proposals and the invitation for written responses, the LA7 Leadership Board also hosted two stakeholder engagement events, where partners together with a wider range of stakeholders, were encouraged to share their views on the draft proposals. All of the key stakeholders have also been assigned a key point of contact to discuss the proposals in more detail, with a clear view that engagement will be maintained moving towards establishment of the Combined Authority to finalise all the practical details. All of this activity has been supported by a comprehensive communications plan including press releases and detailed information available on all local authority websites. Complementary stakeholder engagement has also taken place with each local authority taking a lead on updating and consulting with staff, local union representatives, members and key local partners.

All of the consultation responses including written responses, key points raised at the stakeholder events and any points raised from one to one discussions with key stakeholders so far have been considered and addressed as appropriate in the final iteration of the Governance Review Report and the Scheme.

2. Responses

There is overwhelming support from stakeholders in favour of creating a Combined Authority for the North East. Stakeholders are welcoming the agreement by the seven local authorities to strengthen collaborative arrangements and set up a stable and long term governance structure for the wider area which is democratically accountable and has a clear focus on enabling economic growth. Stakeholders have noted that the turmoil of economic governance at the subnational scale in England has put the North East at a disadvantage and that the Combined Authority in conjunction with the North East LEP and a number of key partners can create the right framework to harness the energy of all involved to take advantage of

opportunities in the area. Stakeholders feel that the case for the CA being established focusing on skills, transport and economic growth is clearly set out and these are the right priorities in the current climate.

The LA7 leadership board has discussed the emerging proposals with stakeholders and has asked for partners to consider the correct framework that needs to be put in place for the combined authority in the areas of strategic funding, inward investment, skills and transport whilst also recognising that further work with key stakeholders will be needed over the coming months to transform this framework into the detailed working arrangements that need to be put in place.

Specific points that have been raised in regards to funding, inward investment, skills, transport and the wider partnership arrangements are summarised below.

2.1 External Funding

- The proposal to deliver a flexible responsive and joined up approach to funding opportunities by providing greater clarity and alignment of priorities is widely welcomed.
- A small streamlined management tier focusing on key issues like transport and having close control over the allocation of funding makes a great deal of sense in the current climate.
- The ability to obtain private sector funding is critical to the successful economic development of regions, independent access to funds and the availability of these funds for a prolonged period is necessary.

2.2 Inward Investment

- The unified voice of the CA will be extremely important for strategically positioning the North East, both nationally and globally.
- There are existing and upcoming opportunities that will be better targeted by a single inward investment body.
- The role of destination marketing and regional branding for the North East fits naturally with economic growth priority and this should include tourism
- A strong push is needed to market the region globally to drive demand needed for economic growth and jobs and the CA provides a good opportunity to make this happen.

2.3 Skills

- Colleges operate in a complex environment and feel they are 'fit for purpose.' There is commitment by providers to engage in a strategic conversation and joint action plan with local authorities and other partners to bring about the outcomes outlined in the draft proposals.
- The Colleges would in particular welcome the CA taking responsibility for providing robust market needs analysis and would find this useful in underpinning dialogue with students and key stakeholders as well as supporting college business plans. Additionally the CA should focus on addressing investment and information asymmetries.
- Welcome the opportunity to build upon existing employer relationships to increase the number of apprenticeships, tackle youth unemployment, create work experience opportunities and widen access to higher level skills by

collectively driving demand through existing channels using flexible and innovative models of delivery. This process is already taking place through the collaboration between the AoC Ne Skills Group and the North East LEP.

- New freedoms and flexibilities afforded to Colleges should not be reduced as a result of adding another layer of regulation through the proposed LA7 commissioning process.
- Colleges have been critical on proposals regarding commissioning and funding, highlighting that detailed engagement with providers will be needed to work out the details.

2.4 Transport

- An integrated transport system is welcomed with particular support for coordinating and prioritising strategic transport investment through a Joint Local Transport Plan.
- Any further development which will encourage the accessibility of the region both nationally and internationally is widely welcomed.
- It is essential that the LA7 operate as a Combined Authority with economic development and transport forming the central rationale with a focus on aviation, roads, ports and rail within an overall economic strategy.
- The infrastructure needs of the area need to be planned and developed over a sensible time scale with effective funding in place, the development of road and rail infrastructure together with investment in the ports and airports of the region are important and need to be addressed.
- The Combined Authority could lead to the 5 regional ports working better together on certain projects for the benefit of all.
- A CA with oversight of transport over the 7 LA areas has the potential to get a better appreciation and focus on the role of transport in the region's economy, and investment and service priorities than the current arrangements.
- The current consultation document and scheme provides the high level basis for an informed debate as to how the CA should practically take forward transport, but there are a wide number of important issues of detail which need to be considered and these should be addressed through a process over time.

2.5 Partnership working and practical arrangements

- The proposals which give the North East a strong collective voice and forum for addressing clear priorities are welcomed.
- The good work that is happening in the region at the moment should not cease whilst the CA is established.
- Delivering a coordinated stance towards the delivery of services, local leadership and sharing resources is exactly what the area needs.
- It is essential that there is a consistency of approach and a credible leadership. A three year appointment on an elected basis should be considered.
- The CA must form part of a wider structure which also secures key leadership functions for the business community and properly resourced LEP.

- The business community widely endorse the NEIER findings, in particular the proposed institutional arrangements setting out the key responsibilities for the CA and the LEP
- Keen to see the business voice in the North East inputting into the CA strands of activity. Having the NELEP chair as an observer on the CA board is welcome but it is vital there are clear mechanisms in place for a strong business voice on all thematic sub-groups and committees.
- The relationship between the CA and the LEP will be crucial moving forward.

Appendix C – Local Transport Powers and Duties

Local Transport and Local Passenger Transport Services

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
Transport Act 2000			
Transport Act 2000 Section 108 (As amended by Local Transport Act 2008)	To prepare a Local Transport Plan (LTP) and in developing this and carrying out functions to taken into account Government Policies and have regard to any guidance issued by the Secretary of State relating to climate change and the protection or improvement of the environment.	Combined authority	Council / Executive Council to adopt plan
Transport Act 2000 Section 109	To keep consult when preparing the LTP and keep it under review, replacing the LTP every 5 years	Combined authority	Executive
Transport Act 2000 Section 112 (As amended by 2008 Act)	To have regards to any guidance issued by the Secretary of State and the needs of elderly or disabled persons when developing the LTP.	Combined authority	Executive
Transport Act 2000 Section 114 (As amended by 2008 Act)	To have regard, in considering whether to make a Quality Partnership Scheme (QPS), to the desirability of making a scheme jointly with another authority and to cooperate with other authorities when carrying out functions relating to QPS.	Combined authority	Executive
Transport Act 2000 Section 115 (As amended by 2008 Act)	To give notice of proposal to make a QPS and to consult with specified bodies	Combined authority	Executive
Transport Act	To give notice of the	Combined authority	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
2000 Section 116 (As amended by 2008 Act)	scheme not later than 14 days after it is made		
Transport Act 2000 Section 117 (As amended by 2008 Act)	To give notice and consult specified bodies before deciding to postpone the QPS for a period not exceeding 12 months	Combined authority	Executive
Transport Act 2000 Section 118 (As amended by 2008 Act)	To provide the specified QPS facilities not later than the date specified and throughout the operation of the scheme	Combined authority	Executive
Transport Act 2000 Section 120	Power to vary or revoke QPS	Combined authority	Executive
Transport Act 2000 Section 123	To have regard to any guidance issued by the appropriate national authority concerning the carrying out of functions in relation to the QPS	Combined authority	Executive
Transport Act 2000 Section 124 (As amended by 2008 Act)	To have regard, in considering whether to make Quality Contract Schemes (QCS), to the desirability of making a scheme jointly with another authority, to co-operate with the other authorities and to keep under review the extent to which their quality contracts are complied with.	Combined authority	Executive
Transport Act 2000 Section 125	To give notice of a proposal to make a QCS and to consult with specified	Combined authority	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
(As amended by 2008 Act)	bodies		
Transport Act 2000 Section 126 (As amended by 2008 Act)	To apply to the appropriate national authority for approval for a QCS	Combined authority	Executive
Transport Act 2000 Section 127 (As amended by 2008 Act)	To make the QCS if approved by the appropriate national authority	Combined authority	Executive
Transport Act 2000 Section 128 (As amended by 2008 Act)	To give notice and consult specified bodies before deciding to postpone the QCS	Combined authority	Executive
Transport Act 2000 Section 129 (As amended by 2008 Act)	To invite tenders within a specified period of the QCS being made	Combined authority	Executive
Transport Act 2000 Section 130 (As amended by 2008 Act)	To invite tenders generally and individually and to give the Traffic Commissioner notice of the nature and duration of the resulting contract	Combined authority	Executive
Transport Act 2000 Section 131A (As inserted by 2008 Act)	To comply with procedure for continuation of QCS	Combined authority	Executive
Transport Act 2000 Section 132 (As amended by 2008 Act)	Before deciding to revoke a QCS to give notice and consult specified bodies	Combined authority	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
Transport Act 2000 Section 132C (As inserted by 2008 Act)	To invite tenders for the provision of a replacement service as soon as reasonably practicable after an old service Ceases unexpectedly	Combined authority	Executive
Transport Act 2000 Section 134A (As inserted by 2008 Act)	To have regard to any guidance issued by the national authority concerning the performance of their QCS functions	Combined authority	Executive
Transport Act 2000 Section 135 (As amended by 2008 Act)	Duty regarding Ticketing Schemes (TS) to co-operate with other local transport authorities and in considering whether to make a TS to have regard to the desirability of making a scheme jointly with another authority	Combined authority	Executive
Transport Act 2000 Section 136	To give notice of a proposal to make a TS and to consult with specified bodies	Combined authority	Executive
Transport Act 2000 Section 137	To make the TS and give notice of it within 14 days after it is made	Combined authority	Executive
Transport Act 2000 Section 139 (As amended by 2008 Act)	To consult on and determine what local bus information should be made available to the public and the way in which it should be made available	Concurrent	Executive
Transport Act 2000 Section 140	To make information available where satisfactory arrangements for information provision cannot be made with the operators	Concurrent	Executive
Transport Act	Duty regarding ss 139 and	Concurrent	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
2000 Section 141	140 to have regard to economy, efficiency and effectiveness, to the desirability of carrying out those functions jointly with another authority and to co-operate with other authorities		
Transport Act 2000 Section 143	Power to obtain information relating to specified matters from operators of local services	Concurrent	Executive
Transport Act 2000 Section 145A (As substituted by Concessionary Bus Travel Act 2007)	To issue permits indicating entitlement to travel concessions to elderly or disabled residents who apply for one (England National Travel Concessionary Scheme)	LA	Executive
Transport Act 2000 Section 149 (As substituted by 2007 Act)	To reimburse the operator for providing travel concessions (ENTCS)	LA	Executive
Transport Act 2000 Section 150	To publish the proposed arrangements for reimbursing operators (ENTCS)	LA	Executive
Transport Act 1985			
Transport Act 1985 Section 63(1)	Duty to secure the provision of such passenger transport services as the Council considers appropriate to meet any public transport requirements which would not otherwise be met	LA	Executive
Transport Act 1985 Section 63(5) (As inserted by	Power to enter into an agreement providing for service subsidies for the purpose of securing any	LA	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
2008 Act)	service		
Transport Act 1985 Section 63(6)	Power to take any measures that appear to be appropriate for the purpose of or in connection with promoting the availability and operation of public passenger transport services other than subsidised services	LA	Executive
Transport Act 1985 Section 63(7) (As amended by 2008 Act)	In exercising their power to promote availability of public passenger transport services, to have regard to a combination of economy, efficiency and effectiveness	LA	Executive
Transport Act 1985 Section 63(8) (As amended by 2008 Act)	In exercising their power to promote availability of public passenger transport services, to have regard to the needs of elderly or disabled persons	LA	Executive
Transport Act 1985 Section 81 (As amended by 2008 Act)	Power to provide, maintain and operate bus stations	LA	Executive
Transport Act 1985 Section 82 (As amended by 2000 Act)	Duty not to discriminate when exercising powers in relation to provision or operation of bus stations in relation to charges to be made for the use of any accommodation at a bus station or of any associated facilities	LA	Executive
Transport Act 1985 Section 93	Power to establish a travel concession scheme for blind and disabled persons, children, persons over 60 and others specified in	LA	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
	regulations		
Transport Act 1985 Section 95 (As amended by 2008 Act)	To publish particulars of the scheme and reimbursement arrangements for service operators	LA	Executive
Transport Act 1985 Section 96 (As amended by 2008 Act)	To admit eligible service operators to participate in travel concession schemes	LA	Executive
Transport Act 1985 Section 97 (As amended by 2008 Act)	To impose obligation to provide travel concessions on any operator (participation notice)	LA	Executive
Transport Act 1985 Section 98 (As amended by 2007 Act)	Further provision in relation to participation notices	LA	Executive
Transport Act 1985 Section 99	Power to release an operator from compulsory participation in travel concession scheme	LA	Executive
Transport Act 1985 Section 101	Power to enforce participation in travel concession schemes	LA	Executive
Transport Act 1985 Section 103 (As amended by 2008 Act)	Subsidies for travel concessions	LA	Executive
Transport Act 1985 Section 105 (As amended by 2000 Act and 2007 Act)	Power to provide travel concessions on services provided by local authorities	LA	Executive

Appendix C – Local Transport Powers and Duties

Legislation	Duty / Power	CA/LA/Shared/Concurrent	Council or Executive Function
Transport Act 1985 Section 106 (As amended by 2008 Act and Local Democracy, Economic Development and Construction Act 2009)	Power to make grants to assist the provision of transport facilities for the disabled or to support revenue expenditure incurred in providing services other than those for which a PSV licence is required	LA	Executive
Traffic Management Act 2004			
Traffic Management Act 2004 Section 16	Duty to manage road network to secure the expeditious movement of traffic and to facilitate the expeditious movement of traffic on other Authorities road networks	Shared	Executive
Traffic Management Act 2004 Section 17	To make arrangements for planning and carrying out action to be taken in performing network management duty including the appointment of a Traffic Manager.	Shared	Executive
Traffic Management Act 2004 Section 18	To have regard to any guidance issued by the appropriate national authority in performing network management duty	Shared	Executive

Cabinet

24 June 2013

**County Durham Partnership Update
Report**



Report of Corporate Management Team

Lorraine O'Donnell, Assistant Chief Executive

Councillor Simon Henig, Leader of the Council

**Councillor Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods
and Local Partnerships**

Purpose of the Report

1. To update Durham County Council's Cabinet on issues being addressed by the County Durham Partnership (CDP) including summaries from the Board, the five Thematic Partnerships and all Area Action Partnerships (AAPs). The report also includes updates on other key initiatives being carried out in partnership across the County.

Summary

2. Over the next few months many parts of the partnership will be undertaking reviews and refreshes. As well as the Sustainable Community Strategy (SCS) being renewed, the majority of the thematic partnerships will be undertaking light touch reviews on how they continue to deliver against the priorities set out in the SCS. Also, throughout April, all 14 AAPs recruited public members of the AAP to take up places where existing public representatives have come to the end of their four year term of office. In the majority of cases AAPs have seen a complete refresh of public representatives. The collective drive and commitment of the outgoing representatives has been very important in establishing AAPs as a key engagement, action and consultation mechanism for the Council and key partners. Thanks have been extended to them and it is hoped that many will continue to take part in forums and task groups.
3. AAPs are developing their new work streams for 2013/14 following the ratification of their priorities. As with previous years these projects and initiatives will contribute towards the high level priorities set out in the SCS and will look to draw in additional funding from partner agencies and other sources of funding.
4. Durham County Council, with partners, continues to highlight the economy as its top priority and will be working with the North East Local Enterprise Partnership, to look at the North East Independent Economic Review (NEIER) report which was published in April 2013. Within its priorities it offers an agenda for the North East Local Enterprise Partnership and its partners. There is a focus within the report on the proposed Combined Authority and it sets out a framework for the region to accelerate economic growth. Combining "more and better jobs" within the area's economy is at the heart of the agenda and the highlighted themes and the recommendations support this outcome.

Key CDP links

Voluntary and Community Sector

5. As agreed by Cabinet earlier this month, the Voluntary and Community Sector Strategy, developed between partners, is now in place and work on implementing the action plan has

begun. The initial focus is to ensure that the lead partnership groupings build on the actions identified and develop specific targets to achieve the desired outcomes. The Action Plan identifies a range of outcome focussed actions under each objective, which include:

- a. Create a forward looking and adaptable VCS to ensure it is fit for the future
 - b. Enable all partners to be well informed, responsive and collaborative
 - c. Increase the range of volunteering opportunities across all sectors
 - d. Facilitate individual choice and self-determination to enable individuals to be resilient and better able to adapt to change
 - e. Ensure the VCS has a strong strategic voice
6. A new partnership of Citizens Advice Bureaus (CABs) and other Advice Service Providers in County Durham has been awarded £336,593 as part of the national Advice Services Transition Fund. This two year project is designed to make existing service provision more effective by designing a joined-up service that is accessible at over 70 face to face locations throughout County Durham as well as by website, e-mail and telephone. Clients will be given access to general self-help information as well as specialist advice in the areas of welfare benefits, debt, employment and housing. The main partners involved are: Age UK County Durham; County Durham Citizens Advice Partnership; Durham Rural Community Council; Durham and Chester-le-Street MIND; and Sedgefield and District Citizens Advice Bureau.
 7. The launch of a Compact e-learning tool for employees and volunteers is one of the main achievements of the Compact Implementation Group for 2012-13. Both the VCS and public sector have taken up the e-learning offer which will aid in the understanding of the guiding principles. Another positive outcome is the acknowledgement of Compact commitments in both the Corporate Strategy for Commissioning and Procurement and the Sustainable Commissioning and Procurement Policy.
 8. Two events focusing on the 'Altogether Greener' theme stimulated reflective dialogue between Members, officers and local faith communities. A breakfast seminar held in County Hall on 22 May, considered 'Greener Communities – What prospect in a time of austerity?' A second event, to coincide with World Environment day 5 June, considered ethical issues, fair trade and the practical actions individuals and communities can take to live more sustainably. Both events build on the partnership work between the Council and the Churches' Regional Commission.

Local Councils

9. Joint working with local councils continues to take place across the county to meet the AAPs' local priorities. In response to public feedback, Spennymoor Town Council are working in conjunction with Spennymoor AAP and local DCC Councillors to provide a skatepark facility for residents and visitors to the Spennymoor area who use items such as skateboards, scooters, BMXs, in line skates etc. The facility will be maintained by Spennymoor Town Council.
10. This new asset for the area will be located in Jubilee Park Spennymoor and will be of a suitable size to provide adequate provision not only for the young people who currently use their scooters etc in and around the town centre but also for residents of the satellite villages and communities of the AAP area. Extensive consultation will be undertaken with young people and local residents to ensure that the facility is as far as possible the best and most suitable design for the needs of the users while also being suitable and aesthetically compatible with other facilities within the park. At present a funding package of £115,000 has been secured and it is hoped that over the coming months this amount will have increased to £150,000. It is then envisaged that other partners will be engaged prior to liaising with developers to discuss designs for the skatepark.

Welfare Reform

11. An event has been arranged for Friday 26 July in order to harness the positive and widespread practical support and advice available on welfare reform across the county. This event will bring together service providers, partners and the voluntary and community sector in order to build a good understanding of the impact of welfare reform across the county and share information on what is known to be taking place to minimise the adverse impact of the various changes and to seek other good examples of activities. It will also identify any gaps and look at opportunities on how these may be filled.

AAP Strategic Working

12. AAPs continue to support the priority themes of the County Durham Partnership and in 2012/13, under Area Budget, this has meant 206 projects being processed. For the same year under Neighbourhood Budget funding, 729 projects have been, or are being processed. Almost £1.4M of Area Budget was invested in 2012/13 with a further £950,000 committed. Additional to this, from Neighbourhood Budgets, over £2M has been invested with a nearly a further £2.4M committed. It is important to remember however that funding can be rolled forward year on year.
13. Proposals for the current year are to amend the capital/revenue split allocated to Elected Members to reflect current spending patterns so that Members have the same overall funding allocation of £22,000 per annum. The same principle of subdividing capital and revenue spend to AAP Area Budgets will be applied but Members and officers will be asked to be slightly more challenging in the way they apply it i.e. not to simply reflect current spend practices. This will then aim to achieve a saving to the Council's revenue budget through administrative changes that would leave Members and AAPs with the ability to continue developing initiatives in line with previous spending patterns.
14. Throughout April, all 14 AAPs sought to recruit Public Members of the AAP to take up places where existing public representatives have come to the end of their four year term of office. Existing public representatives could reapply for an AAP Board position if desired, but the selection criteria were clear that if shortlisted candidates' skills and experience for the role were equally matched, then preference would be shown to new candidates who had not previously been involved in a Board role. In the majority of cases AAPs have seen a complete refresh of public representatives which was encouraging as it shows that interest in being an active member of the AAPs remains high. The collective drive and commitment of the outgoing representatives has been very important in establishing AAPs as a key engagement, action and consultation mechanism for the Council and our key partners. Thanks have been extended to them and it is hoped that many will continue to take part in forums and task groups.
15. The AAP Funding Team, following the local election, supported the Member Induction days in order to brief members, new and existing, on the Neighbourhood Budget element of AAP related funding, alongside colleagues from Highways and Member Support who covered the Local Area Measures Allowance and Members Initiative Fund. A further offer was extended to members to meet with the team to talk in more detail about funding if required. Some new members have requested details of grants previously allocated in their divisions in order to help them to familiarise themselves with community activity and funded work in their area.
16. In addition to the regular funding allocated by AAPs, the **Bishop Auckland and Shildon AAP** has been busy supporting and working in partnership with the Big Lottery and the Community Development Foundation for external funding to benefit areas in the Bishop Auckland and Shildon area. These are exciting community initiatives which benefit and complement the work being carried out by the AAP in the area.
17. 'Big Local' in South West Bishop Auckland is a ten-year programme that aims to achieve lasting change in 150 areas in England. It will provide a mixture of funding, finance and

support. This will enable local people to build on local talents and aspirations to identify and act on their own needs, to make their areas better places to live, now and in the future. Local communities will drive Big Local in their area. The programme will support, challenge, train and encourage people to develop and take ownership of Big Local in their local area. There will be a unique programme of activity in each area based on local needs but sharing the Big Local programme outcomes. It will support communities to identify issues and plan and develop solutions. This will provide a sustainable approach to long-term issues and ultimately create better places to live.

18. At least £1,000,000 will be awarded by Big Local in Bishop Auckland to achieve the outcomes in six communities, to make a positive and lasting difference over a period of ten years. Big Local aims to make these communities even better to live in. How the money is spent depends solely on the wishes of the people who live, work or study in the following communities:
 - a. Cockton Hill
 - b. Henknowle
 - c. St Helen Auckland
 - d. Tindale
 - e. West Auckland
 - f. Woodhouse Close
19. The AAP team has supported the establishment of an Interim Development Group (IDG) made up of residents who are active in these communities. It is important to work in a way that draws on all the excellent work conducted by local people and organisations in the area to date and the BASH team has worked hard with communities to gain a great deal of knowledge about the issues that they wish to see improvement on in their area.

Participatory Budgeting

20. On Tuesday 23 April the Council held a successful visit by senior representatives from the United States (US) to discuss our approach to Participatory Budgeting (PB). The visit was co-ordinated by Church Action on Poverty and we were one of a small number of organisations the delegates chose to meet (others including the Scottish Minister for Local Government) to discuss how lessons could be learnt between our joint experience of piloting this innovative form of public involvement. The visit was timely as Durham had recently held three PB events in February and early March which attracted over 5,900 people and allocated £848,000 towards community based projects.
21. The US delegates were made up of: Josh Lerner who has developed a number of PB exercises across the USA and Alderman Joe Moore from Chicago who has utilised his "Councillor Budget" of \$1.3 million to hold an annual PB exercise within his ward.
22. Whilst it was established there are a number of common issues in organising PB exercises wherever the location, the model used in Chicago highlighted a potential way of providing greater strategic direction for PB exercises. The overall conclusion from the event was that PB as a means to involve large numbers of local people in decision making is attractive and is something we will need to continue to develop.
23. **East Durham Rural Corridor (EDRC)** AAP has utilised Participatory Budgeting (PB) as a tool to support 23 projects across all of its priorities, such as funding much needed equipment for a local Boccia Group. Boccia is a sport people with disabilities, their carers and their families can take part in. Since receiving the funding and utilising the equipment a 21 year old young man has taken part in trials for future Olympics. Other examples include funding a Learning Project, delivered from a local community centre providing accredited and non-accredited courses on a variety of subjects, and a project to create and maintain a wildflower meadow, using volunteers from the community, allotment holders and the local Junior School in order to encourage bees and other pollinators to the area.

24. Projects such as the Sports Apprenticeship Scheme were showcased in an innovative way at the EDRC PB event, as the apprentices based at the Active Life Centre @ Coxhoe where the day was held carried out fun activities with children, young people and their families, as well as promoting how to become an Apprentice via the AAP. Partners who have either been funded by the AAP, or worked in partnership in some other way, also took part in the day including health colleagues giving out water bottles for cycling/ walking etc, Football Activators for Durham County Council Sport and Leisure who provided activities and supplied information on local clubs, and provision of Chlamydia testing for Young People.

Altogether wealthier

25. The North East Independent Economic Review (NEIER) report was published in April 2013 and within its priorities it offers an agenda for the North East Local Enterprise Partnership and its partners. There is a focus within the report on the proposed Combined Authority and it sets out a framework for the region to accelerate economic growth. Combining “more and better jobs” within the area’s economy is at the heart of the agenda and the highlighted themes and the recommendations support this outcome. In addition to strongly emphasising the potential of a Combined Authority for the North East, key actions for NELEP, its partners and Government focus on; access to finance; an integrated approach to investment and funding; innovation; inward investment; transport; skills; apprenticeships; strengthened governance and institutional capacity.
26. The reaction to the NEIER has been positive across the **County Durham Economic Partnership** and its partners have been positive across the public, private and community sectors. The LA7 Leadership Board has welcomed the opportunity presented by NEIER and confirmed its intention to move existing collaborative arrangements onto a statutory basis. Key areas for further review include; Transport North East, Skills North East and North East International. Any further statutory arrangements as a result of a Combined Authority would not replace the North East Local Enterprise Partnership.
27. The County Durham Economic Partnership will continue to work with partners to promote opportunities and influence the agenda for growth across the County and NELEP. Durham County Council’s Regeneration & Economic Development Service Grouping is also providing a further detailed report on the reviews findings, the Combined Authority and next steps for consultation which will be circulated before the summer. At the February 4 Board, it was agreed there was a clear need for the partnership to reconsider its core function and priorities. On 16 April a consultation workshop was held with CDEP Working Groups Chairs to collectively review the baseline position and consider the key questions arising from the individual consultation sessions. This has been the subject of further discussion at the CDEP Board on 13 May.
28. The CDEP Board agreed that there should be some key principles on how the Partnership and Board approaches its activity to ensure the partnership continues to consider that ‘*we are doing the right things, in the right places and in the right ways.*’ It is therefore agreed that the partnership should adopt the following principal ways of working and therefore the partnership’s role would be to provide a forum for:
- a. Information and market intelligence
 - b. Setting the strategy and strategic focus for actions
 - c. Collaboration on key economic issues
 - d. Exploiting opportunities
 - e. Influencing
29. The next phase of the review will consider and develop:
- a. Size, membership and core functions of the Board
 - b. Number and functions of Working Groups to tackle key economic issues

c. Governance arrangements and level of support offered by the secretariat.

30. A £17m project to turn Auckland Castle into a major heritage site and visitor destination has received initial funding of £1m from the Heritage Lottery Fund (HLF). A first-round pass with development funding of £1m means that the Auckland Castle Trust moves one step closer to securing a grant of an additional £9m from the HLF at a later date, to redevelop the 800 year-old Bishop's Palace located in the historic market town of Bishop Auckland. The Auckland Castle project will turn the largely unknown private dwelling, now under the ownership of the Auckland Castle Trust after being saved by philanthropist Jonathan Ruffer last July, into a heritage site and visitor destination attracting about 120,000 visitors in five year's time.
31. The initial funds will secure the development phase of the scheme, which will involve the appointment of key personnel, further research into the site, and the procurement of an architectural team to drive the project. The HLF's investment would ensure the long-term sustainable future of Auckland Castle, and would also have an impact on the economic prosperity of Bishop Auckland and the surrounding area.
32. The Durham Housing Triage Procedure sets out what is expected as good practice to support those customers who are affected by the changes brought about through Welfare Reform. The overall aim of the procedure is for both Registered Social Landlords and Durham County Council operating in Durham to work consistently to ensure that residents receive the help and support they require, to address the issues which may put them at risk of losing their home. The support and advice they receive will aim to improve their current circumstances and/or assist the customer into more suitable and affordable accommodation. If a customer advises they are struggling financially and are unable to pay their rent or mortgage or wishes to apply for Discretionary Housing Payment, the Officer who receives the request must ensure the Triage Process is followed. The customer will be referred to one of the partner agencies and receive advice and support with the following: Employability/Employment Options; Debt and Welfare Advice and Support and Housing Needs.
33. Any customers who are struggling financially and it is having an impact on their current housing situation should first speak to their landlord or for more support and advice they can contact the Housing Solutions Service at Durham County Council.
34. AAPs continue to address the County's top priority of Altogether Wealthier. There are a small number of well-established schemes that continue to be developed and adapted across the County by AAPs.
35. The **Derwent Valley AAP** has now launched its new Consett Traders Association in partnership with BSupplied Ltd (a retail and franchise development agency) and colleagues in Economic Development. The need for a Traders Association was identified under the AAP's employment and regeneration priority and aims to provide a collective voice for local traders to help improve the town centre and its facilities. The Association recently held its inaugural meeting attracting over 30 businesses and it is currently working with the AAP to develop the programme of town centre events.
36. Previous reports have highlighted the Employability Skills Fund which is **Great Aycliffe and Middridge AAP's (GAMP)** biggest project to date. The aim of the project is to have two funds designated to supporting any unemployed person over the age of 16 in the Great Aycliffe and Middridge area. The two funds are: an 'Employability Skills Fund' aimed at responding to specific training needs and a 'Discretionary Fund' aimed at removing barriers that prevent clients from accessing training.
37. One example of the training delivered is the Employability and Essential Skills Course. The One Point Service submitted a group discretionary application on behalf of a number of learners who wanted to attend this course. The application was to cover the cost of the

course fees (£23), for learners who were not entitled to fee remission; the course was delivered by through Bishop Auckland College via their commissioning contract with Durham County Council. The learners were predominantly mothers who had undertaken no means of learning since they had their children, and who had low esteem and confidence issues. To start their learning process and to help address confidence they had already undertaken a five week programme, which included self-awareness, listening skills etc and were now ready to move onto a more specific employability course.

38. GAMP and Durham County Council's Employability Team have come together to offer local firms the chance to offer apprenticeship opportunities in the Aycliffe area. The project will support businesses to create 20 engineering and manufacturing specific posts for young people living in the Great Aycliffe and Middridge area. The aim of the project is to tackle the high levels of youth unemployment in the area by encouraging and supporting businesses to create employment opportunities that would not otherwise have existed.
39. The introduction of the National Apprenticeship Service Initiative, an apprenticeship grant for employees aged between 16 and 24, has given the council the opportunity to complement available funding to develop a new programme to help small and medium size businesses. A total grant of £2,500 is available to businesses. The programme will create opportunities that will last a minimum of 15 months with an incentive being paid at the end of month 15. GAMP has dedicated £10,000 from its Area Budget to the project with a further £10,000 from the Neighbourhood Budget of the late Cllr Enid Paylor. In addition £30,000 has been secured from the National Apprenticeship Service.
40. GAMP and South Durham Enterprise Agency (SDEA) are working in partnership to provide a package of training and business development grants for new business within the GAMP area called Step into Business. Funded via Area Budget (£20,000), Councillor's Neighbourhood Budget allocation (£15,000) and funding from SDEA (£9,000), the project aims to provide a series of business related workshops and a package of grants for business start-ups. The initiative is managed by SDEA with its business advisors engaging and supporting potential clients wanting to start their own business.
41. **Spennymoor AAP** is one of the AAPs driving forward the Durham County Council Employability Scheme project. This will engage clients providing specialist support to help individuals into employment, as well as mentoring and progression support that will be delivered by a Mentoring Officer. The principles of this local model are to co-ordinate a programme of pathways into employment that lead to sustainable employment, enable workless people to access opportunities and build the skills that lead to sustainable employment and to work with local employers to identify staffing needs to help fill vacancies in the Spennymoor AAP area.
42. To achieve the objectives it is proposed to carry out the following:
 - a. Grass root engagement of clients providing initial individual engagement and specialist support to help individuals wishing to undertake volunteering as a pathway to employment
 - b. Mentoring and progression support - Delivered by the Mentoring Officer
 - c. Financial incentives to break down barriers to employment - The project will provide financial incentives for both the employer and the employee in an effort to break down barriers to employment.
43. The **Three Towns AAP's** Employability Project has been very successful. The first year of this part time partnership project which is aimed at local unemployed residents who are actively seeking work in the Three Towns Area has seen 59 people progress into employment thanks to the support and training received. By helping to remove barriers to employment, 119 clients have been provided with one to one confidential and impartial advice, guidance and support resulting in 30 gaining employment, 19 starting up their own businesses and 10 apprenticeships being placed.

44. **East Durham Rural Corridor (EDRC) AAP** is working with 'Young Enterprise' the United Kingdom's largest business and enterprise education charity. Every year they help 250,000 young people learn about business and the world of work in a classroom environment under the guidance of volunteers from 3,500 companies. Their mission statement is "to inspire and equip young people to learn and succeed through enterprise." Its guiding principle is to do this through 'learning by doing.' Their programmes cover a whole range of topics exploring the world of work, saving, earning, decision making, teamwork, presentations, skills needed for certain jobs, interview techniques, entrepreneurship and raising aspirations.
45. Nine primary schools and one secondary school within the AAP area will be able to take part in this project as a result of the AAP working in partnership with 'Livin' and securing funding from them along with £21,000 worth of volunteer time, School funds and £3,000 worth of Young Enterprise Local Funding. All schools within the AAP area were approached and all of those willing/ able to take part have been included. By providing quality materials and volunteers from the local community to deliver the programmes, the students will engage in fun interactive sessions that will help them achieve employability and key life skills that they will need in later life.
46. The AAP Co-ordinator and Community Development Project Officer have volunteered to be trained and teach some of the sessions, as has a public representative Board Member; all Board Members will have the opportunity to go along and spectate at sessions. The AAP Co-ordinator and public representative have now started teaching the session, and feedback is excellent. Pupils have engaged and have certainly learnt from the sessions, one particular positive outcome is the engagement of an autistic child who does not normally engage in lessons.
47. EDRC funded the Sports Apprenticeship Scheme and Apprenticeship Bursaries in 2011/ 2012 to help young people take a step closer to the world of work. These schemes have continued to operate through providing new activities for children and young people free of charge in schools and community centres, in Saturday morning and after school clubs, and supporting businesses in the area. The AAP gave £31,005 to the sport apprenticeship scheme, which brought in a further £84,615 of external funding, and £21,000 to the bursary scheme for which Durham County Council also secured an additional £18,900. The money is subsidising wages and covers tutoring, fees and materials. There has been a reduction in the number of young people not in education, employment and training within the AAP area since the projects were implemented. As well as linking with Altogether Wealthier this links with Altogether better for children and young people, as the Sports Apprenticeship scheme supported the other AAP priorities of activities for children and young people, and supporting the community and voluntary sector (by providing apprentices for Active Life@ Coxhoe, and holding sessions in local Community Centres).
48. The sport apprenticeship scheme is equipping young people with the necessary skills, qualifications and experience to seek jobs in the sport and leisure industry. The 16-week course, which was been extended to a year by attracting other funding, includes football coaching and leadership awards, employment awareness and key skills; trainees can extend it with customer care qualifications. Of the 45 spaces available, four are available currently, and work is ongoing to secure places with the training provider leading on the project, with a view to taking the young people on permanently at the end of the placement; their role will be as mentors for long term unemployed seeking work. One day a week is spent on a course work file and four days on placement with youth clubs, sport venues and schools including Coxhoe Junior and Deaf Hill Primary Schools. To gain practical experience, participants are also running youth activities in villages across the AAP area.
49. Three sport apprentices are also working at the former Durham County Council run Coxhoe Leisure Centre which has reopened as community venture Active Life @ Coxhoe. The apprenticeship bursary scheme is supporting fourteen young people placed within eleven

small and medium sized firms within the AAP's area. This scheme aims to match businesses looking for a trainee with 18 to 24-year-olds wanting to work in a particular field and vice versa. This has resulted in a trainee accountant, mechanic, green keeper at a golf club, child care assistant at a nursery, animal care, florists, engineers, horticulture and agriculture and business administration.

50. **Teesdale Area Action Partnership (TAP)** is working with Councillors and communities in supporting a number of projects that will develop the economic impact of the area as well as supporting those most affected by the current economic down turn. These include supporting CAB Outreach work in Evenwood and a new foodbank which has been established for the Teesdale area. The Rural Employability Project continues to support individuals who are struggling to find work, sometimes because of complex needs. This project has forged links with local employers such as Glaxo Smith Klein and over 25 people have found work with the support of the employability mentors. A similar number have accessed training whilst others have been getting valuable experience through volunteering.
51. However TAP's main thrust on economic development comes through its work on tourism, which is once again a priority for this year. Discussions have already taken place with Weardale Action Partnership on potential joint work after the success of the joint advert in the Durham Pocket Guide. It is hoped TAP can build on the national exposure the area has received through the 'This is breathtaking, this is Durham' campaign. On a practical level TAP has supported several small organisations through its tourism small grants fund. This has helped to better promote local events to a wider audience and also help local events to add something different that enhances what they have to offer people. Again working with Councillors and communities other organisations such as Teesdale Ski Federation Barney Guild have been supported to develop their offer to the visitor.
52. TAP Members continue to take a keen interest in Broadband and are keeping abreast of new developments like the Rural Community Broadband Fund. There is a strong desire in the Teesdale area that communities are not left behind when it comes to new technologies and are keen to work with the Council and partners to ensure that every household in Teesdale and County Durham will have access to super-fast broadband in the future.
53. Linked to the tourism agenda, **Stanley AAP** Board Members recently approved an Area Budget Application for a Brass in Stanley 2013 Project. The project is part of BRASS: Durham International Festival 2013 which is the annual celebration of internationally acclaimed brass artists featuring outdoor arts, new commissions, challenging collaborations, outreach work and the very best of contemporary brass playing, taking place in July. The Area Budget and Neighbourhood Budget funding granted to the Brass 2013 in Stanley Project will deliver a bespoke package of activity that will contribute to the AAP's Regeneration of Stanley and its Villages, and Opportunities and Activities for Young People priorities.
54. The project will involve Durham County Council's Arts Team working with Stanley AAP to develop an outdoor family event in Stanley Town Centre. The event titled the Big BRASS Bash will take place on Saturday 20 July and will feature French theatrical street band Zic Zazou who will tell the magical story of an abandoned bandstand brought back to life. Hilarious and unpredictable, the enchanted 'Kiosque' blends circus tricks and music box sounds, leading musicians and audiences into a mad parade through the streets. The outdoor family event will also feature Trundlehonk, a keen member of the local brass band, whose extremely wilful horn simply refuses to play along, the North East's favourite professional Bboy and break dance company, Bad Taste Cru who will bring their unique brand of explosive footwork and awesome moves to the bash, performing alongside fantastic BRASS international street bands.
55. To complement the town centre activity, local children will be given the opportunity to see International performers in their school and to build excitement for the Big BRASS BASH

event. 15 schools in the Stanley AAP area will host performances from international street bands from the 9th - 20th July.

Altogether better for children and young people

56. A review of the **Children and Families Trust (CFT)** is underway to take into account recent policy developments, the new NHS landscape and the interface with the Health and Wellbeing Board and with schools and education. The remit is to ensure the composition; terms of reference and remit of the Trust remain fit for purpose. The review will be completed by August 2013.
57. In tandem with the review of the CFT the Children, Young People and Families Plan (CYPFP) will be reviewed to ensure it captures any changes to policy, the new NHS landscape and takes into account views of children and young people. "Agenda days" were led by Investing in Children with children and young people in March 2013 relating to the priorities in the CYPFP. In total 62 young people took part ranging in age from 10 to 16 years old. Recommendations were provided as part of the discussions from children and young people and will be considered as part of the review.
58. All agencies have signed up to a Think Family Partnership Agreement and developed an action plan which outlines how they will implement the programme as well as change the way that services are delivered within their own agencies. These action plans will be monitored through the Think Family Board.
59. There is significant interest from the Government's Troubled Families Team in the mentor model which is in place within Durham, as well as the commitment from partners to develop a sustainable model which changes practice and which will have the capacity to continue following the three years of the government's Troubled Families programme.
60. A Sex and Relationship Education (SRE) framework is being developed for implementation in June 2013 as a pilot in some schools and youth settings. The framework aims to provide practitioners based in schools, colleges and youth settings with a consistent approach to the delivery of SRE in County Durham. The framework 'sets a quality standard' for the delivery of SRE, which responds to the views of children and young people who consistently tell us that they would like SRE to be delivered on a regular planned basis, by confident and knowledgeable practitioners.
61. AAPs have continued to support the Altogether better for children and young people priority theme since their inception and have allocated nearly £5M from Area Budget and match funding to this priority.
62. The **EDRC AAP** 'Youth Workers in Training' project has a rolling programme available to train six local people from the AAP area to Level 3 Youth Work status, to enable them to deliver youth work across the whole area. All of the places are full at the moment, and as well as being employed as Workers in Training throughout the duration of the course, therefore adding value to existing provision, the workers are also equipped with the necessary skills, qualifications and experience needed to continue with a career in this field. They are all progressing and passing assignments, and have attended a weekend of training which looked at the practical and theoretical side of running a youth club.
63. The **Three Towns Partnership** Youth forum, one of the first projects set up under the priority of Children and Young People in 2009/10 has been formally recognised for their hard work and achievements in enhancing the life of their community by being awarded the Prestigious High Sherriff's Shrievalty Award 2013 at an event at Durham Castle. The Young People aged between 10 and 16 have organised two Youth Awards events themselves to recognise the achievements of and to promote a positive image of young people in the Three Towns Area as well as managing a grants pot for other children and

Young Peoples groups to bid into, being active community volunteers and for their consultation work with other Children and Young People.

64. Two Young People from the Three Towns Youth Forum have been successful in being selected to be AAP Board members as Public representatives for the area, the Two Young People aged 16 have been involved in a wide range of projects as Youth Forum members for the past three years and will now use the skills and knowledge they have gained to play a full and active role as members of the Three Towns Board.

Altogether healthier

65. The first meeting of the **Health and Wellbeing Board**, not in Shadow form, is due to be held on 21 June and its first item of business was to agree and endorse the Health and Wellbeing Strategy Delivery Plan which includes work to ensure that there is synergy between the CCG commissioning intentions, the CCG three local priorities, and the delivery plan to ensure a coherent forward plan of action.
66. The Strategy will be reviewed annually including indicators and targets, to ensure that any significant changes and developments are identified and included within HWB performance arrangements, in line with the review of the Joint Strategic Needs Assessment.
67. **Derwent Valley AAP** has been successful in its application to take part in the 'Our Big Gig' national music event which will be taking place across the country between 11 and 14 July. Only 27 'Big Gigs' will be held regionally and the AAP has been selected to host one in Consett and will receive funding and publicity materials to bring the project to fruition. The project is supported and sponsored by the Arts Council, Department for Communities and Local Government and Superact which is a not for profit arts organisation aimed at using creativity and music to improve the health and wellbeing of local communities.
68. A successful AAP funded project that has continued following the cessation of AAP funding is the **EDRC AAP Cycle/ Walkway Project** which had the primary aim to provide a series of walkways and cycle routes linking the whole of the AAP area, with the main aim being safe routes to work and school. However, there are also obvious health benefits and this project will help to reduce carbon emissions and traffic congestion across the area. Following on from the completion of phase one (NETPark, Sedgefield to Fishburn – funded from 2010/11 Area Budget and other sources), work is ongoing to commence phase two (Fishburn to Trimdon Village) not funded by the AAP but following partnership working with Transport colleagues at Durham County Council and Darlington Borough Council. Part of this work involves looking at opportunities to link with the Bike It initiative and the Living Street Officers for a limited period to encourage behaviour change and promote new facilities in schools, such as the bicycle storage racks at Sedgefield Community College (Specialist Sports College).
69. The Healthy Hubs project aims to build strong, resilient, sustainable communities through increasing confidence, motivation, knowledge and skills. Using asset based community development approaches (focusing on a community's strengths/ assets not deficits) engagement will take place with local people (including young people), community needs will be explored, additional provision in communities will be established and local residents skills will be increased. Preliminary work has already commenced in Bowburn Community Centre, including linkages with Wellness on Wheels (WOW) which was based at the Centre, and further updates will be provided as the project progresses.
70. **Three Towns AAP** is another Partnership that has invested in the Altogether healthier priority. The 'Fit n Fun' club has been developed through ideas from the children as they want to increase the variety of activities offered in the village. These children wanted to encourage their peers to become more active as they felt they spent too much time playing on their computers. 'FUNdamental' skills sessions will provide children with a core set of skills. The project will create a new after school activity at Hunwick Primary School to

promote health and fitness. Pupils from the school will become accredited 'Junior Sports Leaders' and be able to deliver 'FUNdamental' skills sessions to their peers. The activity will be supported by a member of school staff but child-led in terms of the activities offered which will include obstacle courses, cheerleading and circus skills. Funding will purchase a range of equipment as well as fees for DCC coaches to provide coaching sessions and deliver the accreditation.

Altogether safer

71. The **Safe Durham Partnership (SDP)** continues to address a number of key areas that support the objectives and areas for improvement in the Safe Durham Plan. The Integrated Restorative Practice Strategy was agreed by the SDP Board in March 2013 and a steering group has been established, chaired by Gill Eshelby, to drive this work forward work. The associated action plan will be developed and will cover Training, Delivery, Communications, and Performance Management. To support this initiative over 400 police staff have received restorative approaches training to date. This approach will be piloted in the Durham LMAP and future actions will include bringing together 'training champions' from each service (Children's Care, County Durham Youth Offending Service, Police, Probation) to agree a common understanding and standard; Incorporating Restorative Approaches as an element of the Anti Social Behaviour (ASB) escalation process; Integration into the 'Think Family' agenda working closely with those would benefit from restorative training such as officers within the One Point and Family Intervention services.
72. Success in tackling drug addiction, alcoholism and acquisitive crime was evident at the recent 'Blessing of the Banner' event held in Durham Cathedral. Durham has many ex drug users in early recovery who want to inspire others and stimulate hope by helping their peers achieve and maintain long term recovery and to stop offending. People who have gone through recovery want to contribute back into society. However, due to a long history of drug abuse and offending their job prospects are poor. To try to tackle some of these issues it is proposed to develop a self-sustaining social enterprise and partners (including DCC, Police, Probation, and Health) will provide ongoing support. The Recovery Community will pursue a programme to get people into work while partners will assume an arm's length governance role. The Recovery Community has also recently set up the first self-governed Recovery House, based in Chester-Le-Street. It is based on the Oxford House programme, which operates across several states in America. Members of the recovery community live in shared accommodation and support each other to help prevent relapse, stop offending and enhance community reintegration.
73. ASB remains a top priority for all partners involved in the Safe Durham Partnership and it is important to monitor how local communities perceive the work being carried out. Whilst the percentage of people who perceive that the Police and County Council are dealing with concerns of ASB and crime stands at 57.6% (Q2 2012/2013) against a target of 58%, perceptions do not fluctuate far from this figure, despite significant falls in crime and ASB. The Chief Constable has made it his priority to tackle low level ASB and recent Police surveys show that issues such as dog fouling, litter and graffiti and speeding vehicles continue to be of real concern to local residents. A small group of partners has come together to focus on tackling these issues in order to impact on people's perception. A community pilot is underway in Langley Park to tackle environmental ASB. The Council issues more Fixed Penalty Notices concerning environmental issues than any other Authority in the region and, while this is often necessary, we need to use alternative approaches as existing ones have still not impacted on perceptions sufficiently.
74. The Safe Durham Partnership ASB Team and Tees Esk and Wear Valley NHS Trust have developed a joint protocol on Mental Health and ASB which has been implemented as a three month pilot from April this year. It will then be evaluated during and, if positive, will then be adopted permanently. The protocol has been developed to establish a co-ordinated approach between the teams when dealing with ASB cases where either the perpetrator or the victim may have mental health problems. The aim is to improve

information sharing and joint risk assessment, leading to the development of joint victim and perpetrator action plans to reduce the risk from ASB and mental health and improve access to services.

75. Commissioning of a countywide domestic abuse outreach service is progressing and the service is expected to be in place by the summer. A marketing campaign was launched recently and focuses on raising awareness of the signs of domestic abuse on women over 40; a group known to be at greater risk of domestic abuse but less likely to report it. The campaign sign-posts people to support services available within County Durham. Local Domestic Homicide Review guidance has been developed in line with the national guidance and the Chair of the SDP has recently instructed the review of four domestic homicides which are underway. A further two have recently been completed with action plans and overview reports about to be published. Actions plans will be monitored and governed through the existing structures of the SDP to ensure that any lessons learned are acted upon quickly and efficiently.
76. Two years ago DCC lent its support to the police to modernise Neighbourhood Watch (NHW) and developed a strategy to increase membership and help people get active. Today, County Durham has a higher percentage of households in a NHW scheme than any other area in England and Wales. Some significant projects have been undertaken by NHW coordinators supported by police, the council and partners. These are covered in the refreshed NHW Strategy that was discussed at the SDP Board in May. As part of this drive to bring Neighbourhood Watch to more people a greater number of young professionals have been encouraged to become involved and the Junior Neighbourhood Watch Scheme has involved 900 primary school children. The Business Watch Scheme has a membership of 298 businesses while Wear and Tees FarmWatch was crowned 'Best Community Scheme' at the 2012 National Country Crime Fighters awards. A new initiative will see some Neighbourhood Watch Coordinators vetted to Police Volunteer status and, with the help of Durham County Council, will be part of a programme to deliver crime prevention advice to those in their scheme that need it most.
77. **Mid Durham AAP** has championed road safety as a priority theme for the last couple of years. Their Road Safety task group will have seen the implementation of its Gateways and Road Safety Promotional Scheme during the spring. These two schemes alongside the ongoing community speedwatch programme and school/youth club/local businesses Road Safety Educational Programme (delivered by Durham County Council's Road Safety team) will provide a package of support that will start to address the speeding and road safety concerns highlighted by residents. The task group have recognised a need to develop a number of different types of approaches to reducing speed that collectively will make a stronger impact, with education and driver culture being at the forefront. The overall aim of this package is to reduce the speed of vehicles travelling through the villages throughout Mid Durham but it is recognised that this will also have an impact upon the aims of the Altogether Safer Thematic Partnership and their need to develop a 'safer highway, free of accidents and free of the fear of accidents'.

Altogether greener

78. The **Environment Partnership** has delivered a themed week of activities and events surrounding World Environment Day on 5 June 2013. This is annual event raises the profile of the work of the Partnership as well as encouraging county wide participation in Environmental projects. The theme for 2013 was 'Think before you **eat** and help **save** our environment!' The theme centred on anti-food waste and food loss campaign that encourages people to reduce their 'foodprint'. According to the UN Food and Agriculture Organization (FAO), every year 1.3 billion tonnes of food is wasted. This is equivalent to the same amount produced in the whole of sub-Saharan Africa. At the same time, one in every seven people in the world go to bed hungry and more than 20,000 children under the age of five die daily from hunger. This year's campaign encouraged people to take action from their homes and then witness the power of collective decisions made to:

- a. reduce food waste,
 - b. save money,
 - c. minimise the environmental impact of food production and
 - d. force food production processes to become more efficient.
79. The partnership delivered a week of activities linked to each of the five themes (Climate Change, Waste, Pride, Natural and Built Environments) and encouraged pro environmental behaviour via engagement with schools, community groups, stakeholders and the general public. During this week various activities were carried out which included:
- a. Free seeds to schools
 - b. 'Slam Dunk the Junk' Litter picks in the North of the County in partnership with the Derwent Valley Area Action Partnership
 - c. Riverbank and Spring Clean Ups
 - d. Twinning litter pick activity with County Durham in Western Australia and Durham City North Carolina
 - e. Climate Change Stakeholder Event involving the faith communities and the Durham Fair Trade Partnership
 - f. Food Waste Reduction public event held in Durham Market Place showcasing demonstrations from Love Food Hate Waste, the Durham Master Composters, Fair Trade, Feeding the 5000, Groundwork and the Environment Agency.
80. The Environment Awards were opened for entries on 28th May 2013 and work is underway to maximise publicity and ensure engagement with media partners. Judging will take place over the summer and The Environment Awards ceremony will take place in October, 2013.
81. Registration for the 'Big Spring Clean 2013' was opened on March 6, with the activities running from 18 March to 12 May 2013. This campaign resulted in 75 community groups registering and delivering community clean ups.
82. Consideration is also being given to the key actions of focus which the Environment Partnership will deliver in future years in line with the Sustainable Community Strategy refresh.
83. The completion of the Satley play site in the summer will see the majority of **Mid Durham AAP** villages provided with excellent quality outdoor fixed play provision. Since 2009 the AAP has been involved in funding and supporting the development of seven new play sites and three refurbishments acting upon local residents (young and old) requests to provide quality outdoor play space for the children and young people of Mid Durham. This action is also closely linked to the shared aims of Altogether Safer, Altogether Healthier and Altogether Better for Children and Young People.
84. **4 Together AAP** has started work on the Chilton Rebuild. The main outcome for this project will be to combat fly tipping within backyards, anti-social behaviour and the general tidy up of the Ford and Raby Terrace Streets in Chilton, to raise the community aspiration of the currently disheartened residents in the this particular area of Chilton. This is a multi-agency approach including Safer neighbourhoods, S&D Training, Neighbourhood Watch, selective licensing team, Housing Regeneration, Neighbourhood Services, private landlords, Livin and the residents of Chilton, in order to address the many local issues that have been raised via LMAPS, Neighbourhood Watch and to the AAP. 22 properties will benefit from the replacing of rear gates and/or rebuilding rear walls which have been left to deteriorate since the previous regeneration scheme ceased. 90 properties will benefit directly overall, including paint works. These works will be carried out by apprentices, overseen by S&D Training and managed by Safer Neighbourhoods.
85. The training and skills learnt from this project will go towards their qualifications, and a valuable source of work experience, each apprentice will each receive their own basic tool kits, as an incentive. Polycarbonate windows will be fitted to the void properties, as these

premises have been an easy target of thieves in recent times, taking copper piping, boilers, lead flashing, metal gates and fences. As a result houses have been left in a bad state of disrepair, and have caused both concern to the residents, and the general appearance of the area was rated as "appalling". The polycarbonate windows and door screens will improve the aesthetics of the buildings and the surrounding area, and provide effective security.

86. This is phase two of the project as a whole, the first part being the installation of five street light columns, "let there be light", which was part funded by Neighbourhood Budget and Housing Regeneration. The full costs of the projects are £45k, of which 4 Together and Elected Members contributed £16k. The task group members continue to monitor the project as it develops and the multi-agency approach remains vital, as problems are ongoing in relation to fly tipping in the yards that have yet to be made secured, it proves to be an ongoing battle. It is envisaged that covert cameras will be installed as soon as possible to catch the culprits, as currently "clean ups" have taken place in the rear of the yards in order for works to be carried out, but are quickly re-filled with rubbish by fly tippers. Residents are already reporting the difference the project has made to date, and appreciative of the works taking place and the Crime and Community Safety Task and Finish Group continue to explore ways to address all issues as they occur across the whole AAP area.

Area Action Partnerships Update

87. The AAPs continue to deliver against their 2012/13 priorities whilst also preparing to begin work on their recently agreed 2013/14 priorities. All of the work carried out through the work and support of AAPs at a local level links directly back to the strategic priorities and objectives of the County Durham Partnership. Some early project ideas for the forthcoming year include local community surgeries across the Derwent Valley area, alcohol free youth events in conjunction with local health providers and a Newcastle Falcons rugby engagement schools project. Other proposed projects may also looking at broadening the support provision around welfare reform as well as a project to address self-esteem issues within young people.
88. Within communities, partners and AAPs are focusing on working with people in need of support and advice and tailoring their initiatives accordingly. Partners are addressing needs such as housing support, benefit changes and supporting credit unions.
89. The **Three Towns AAP** supported a Citizens Advice project based in Willington which will give support to those struggling to cope with the benefit changes that have occurred and that are due to occur over the next year. It is recognised that residents are facing great hardship as a result of the changing system and advice services are experiencing a sharp increase in requests for help and support. Referrals to the food banks and emergency sources of help have increased dramatically but it is longer term advice and support that people will require to stop these problems reoccurring. As the benefit system changes clients are becoming increasingly confused about what they are and are not entitled to. This project will try to increase the knowledge of the general population and thus empower individuals to help each other and those who can to act on their own behalf. At the same time it will be able to provide advocacy for the most vulnerable when dealing with the new systems. This project will employ a worker for ten hours a week for one year.
90. **East Durham AAP** is implementing a range of actions to address community issues relating to the impact of Welfare Reforms with one of the projects being Welfare Reforms Champions. Locally based volunteers will be trained and supported to provide an accessible, frontline advice and signposting service, within the setting of a specific locality. The volunteers will be trained and given specific information on a range of potential signpost destinations and issues, including: Welfare Reform/Benefit Changes; Credit Union; Illegal Money Lending Unit; Welfare Rights; CAB; Priority/Non Priority Debt; Emergency Interventions (e.g. Emergency Food Parcels). The project commenced in April

2013 and is being delivered by East Durham Trust and funded by the AAP. Phase one of the project was initially to recruit and train 15 volunteers, however there have been 21 volunteers trained to date. Within the first two weeks of the project, 100 sessions have been delivered.

91. Also linked to the welfare reform agenda is the increase in need for Credit Unions and the need in East Durham was evident through the reports from the community of Loan Sharks and high interest legal money lending. A Development Worker was employed to assist in the introduction of a Credit Union (Durham County Credit Union) and to date 50 volunteers have been trained to staff the 16 collection points across East Durham with 799 accounts opened. Having strived unsuccessfully for many years to establish a Credit Union in East Durham this outcome is rightly seen as an achievement, but with East Durham having a population of more than 92,000 residents, this represents an uptake of less than 1%. Current share holding amounts to £82,582, but with £45,000 having been withdrawn in the weeks before Christmas 2012, the savings figure recently topped £125,000. 177 loans have been advanced amounting to £74,102.
92. Over 50% of members are over the age of 65 with members under 30 making up only 10%. However, the AAP is working closely with the Association of British Credit Unions and Experian to produce a comprehensive report on the members' circumstances, needs, behaviours and preferences. The Experian report (Customer Segmentation) will formally capture knowledge in a more consistent way and entails dividing the population into distinct groups that are distinguishable from each other based on their demographics and lifestyles. It is hoped to have the report in June/July 2013 and it will be used to drive phase two of the project.
93. The **EDRC AAP** Board agreed at a recent meeting that two thirds of Area Budget would be allocated to a PB event for projects in relation to the top two priorities, and the remaining third would be allocated via a Task Group for more targeted/ strategic work around Employment and Job Prospects. It is important to note that, although this process will hand the final decision on funding allocation over to the community, the criteria will be developed strategically to ensure the needs and wants of the community are addressed. This will take place following consultation at Forums, and other events such as Parish Planning and also what is highlighted in the AAP Statistical Profile.
94. In addition to the Big Local mentioned earlier in the report, the **BASH** team are also working closely with partners in Shildon on the Shildon Communities First Project. Community first is an £80m government-funded initiative that will run for four years, until March 2015. The programme will help communities come together to identify their strengths and local priorities to plan for their future and become more resilient. It will fund both new and existing community groups. Through this fund the Shildon West Electoral Division has been allocated £33,910 over four years to spend on new and existing community projects.
95. Within this area the programme will: support local projects that improve the quality of life for local people; promote a sense of ownership not only of problems but of local opportunities and resources; start more neighbourhood groups and revitalise existing groups and Introduce a new approach to funding projects – leveraging time, money and other resources – helping neighbourhoods play a leading role in regenerating their area.
96. The amount of funding allocated to the Shildon West ward is £33,910 and covers the full four years of the Community First Programme. This allocation is split by: year one £5,624; year two £8,489; year three £8,488; and year 4 £11,309. Funding for the years one and two has been secured on seven community projects ranging from cycle initiatives to support for the local CAB.
97. Rural employability continues to be a focus for the **Weardale AAP**. Working with a multi-agency team combining the statutory and voluntary sector organisations the success stories

of this project to date have been received by the Employment and Job Prospect group. A total of 360 clients in 2012/13 have engaged with the project via a multitude of referral mechanisms.

98. 80 of these clients have been supported into employment or pathways that would lead to employment. The breakdown is impressive, with 45 clients gaining employment via the following route: 11 into apprenticeships, 21 into full time employment, five into part time employment, and eight into self-employment. Building on this success, the project will be intensifying the support to one full time worker. Also working via the task group we are currently designing a be-spoke training and employability programme; relevant to the expanding industry of tourism and activity led pursuits that will support the economic growth are the area.
99. Working with a local resident a collection of poetry inspired by the landscapes and people of Weardale will be published. The book titled: No Random Loving, is published utilizing the expertise of local residents and a not for profit organisation namely Vane Women. This collection of will be utilized as a tool to promote Tourism and the culture of Weardale. Also, by working with another local resident based in Witton Le Wear, the WAP team have supported the publication of: Witton Warriors 1914-1919 memories, both in narrative and photographs. Witton Warriors is the story of Witton le Wear during the Great War. It gives insight into the men who left home to fight for their King, country and freedom, the camaraderie of the war and the changes those that did return home faced.
100. To further promote Weardale as an activities destination, the open round of this year's Premier Calendar Cycle series is now a two day biking event which makes it the highest-ranking stage race in the county outside of the Tour of Britain. The course utilised the area around the Derwent Reservoir, making an arduous race around the picturesque villages of Weardale i.e. Edmondbyers. A marketing specialist suggested that the addition revenue brought into the area from the race, would be in excess of £100k.
101. **Chester-le-Street & District AAP** has been working closely with Durham County Cricket Club and local partners through an Ashes Planning Group to build up a package of related projects to celebrate the Ashes in August. A range of projects have been supported including the concept of creating 'Ashes Makers' to support the festival and provide an interface for visitors who are new to County Durham and Chester-le-Street in particular. This initiative will be launched by the Cricket Club over the coming weeks. The AAP has also worked with Visit County Durham to produce a revised Town Map and Information Guide that highlights places of interest for visitors including routes into the Town centre to ensure people can link with the many businesses and amenities that the Town has. The Cricket Club will post out a copy of this Town Map and Information Guide with all of the expected 75,000 tickets. Further event based projects will be firmed up by working with the Council's Events Team over the coming months to ensure a robust and vibrant offer is given to both visitors and local residents.
102. The Chester-le-Street Skate Park has been formally opened. This project which was designed in direct response to local concerns raised around the amount of skaters and BMX users in the Town was supported by a range of funders including Cestria Community Housing, local Councillor Neighbourhood Budget contributions, local fund raising from the Rotary Club, Section 106 planning monies and designated funds from the Youth Service. A local group 'Ride4Chester' was formed to engage with young people on the design and the final choice of which tender design was built was made by young people through a public vote. The park has been tremendously well used since it was completed. Leisure Service supported the implementation of the project and the Skate Park will be a welcome addition to the offer available to visitors to the Riverside Park.
103. **Durham AAP** rounded off another year after submitting 46 Neighbourhood Budget projects allocating a total of £458K during the year and drawing in £2.2M of potential match. The

Area Budget supported 18 schemes and brought in match funding worth £600K. Most Neighbourhood and Area budget schemes were under the heading of activities for children and young people.

104. Following discussions at the AAP presentation in December there are now concessionary tickets to be made available for the Lindisfarne Gospels exhibition. Thanks to AAP funding the Brass festival will now replicate an event that is featured in Prague when the Market Place will host 'BRASS Windows' which is a series of musical performances from the windows of the buildings surrounding the square on the 6th and 20th of June.
105. Since last report the AAP has backed a scheme subtitled 'So you've seen the cathedral what next?'. This involves cashing in on the success of the Durham Pointers to enhance their service with a dedicated meet & greet for coaches during the summer and both will be supporting a promotional campaign aimed at highlighting other hidden gems such as the Botanic Gardens, Crook Hall, DLI Museum, Oriental Museum that might encourage visitors to think about coming back or extending their stay.
106. Work on six play areas supported through Neighbourhood Budgets has commenced or is about to commence across the AAP alongside plans to develop Low Burnhall Trust.
107. Children and Young People continue to be a priority for **Teesdale Area Partnership (TAP)** and projects from last year will be monitored and supported throughout this year. Small Neighbourhood Budget supported schemes include the creation of an archery club at Ramshaw School and the continued support of the very successful work in the Gaunless Valley area. TAP are keen in 2013/14 to look at how children and young people can become more directly involved in the work of the AAP and will be working with partners on this. A workshop has been planned to help TAP focus on the key issues for children and young people in the area.
108. Although Crime and Community Safety is not seen as a high priority for TAP it is not being ignored. For young people especially it came out top of their concerns so TAP will be looking at this issue as part of its work with young people. Smaller individual projects funded through Councillors Neighbourhood Budgets are being taken forward and TAP are working with the local police on the development of projects including a project that is looking to reduce the number of fuel oil thefts in the Teesdale area.
109. Following on from an update given to Cabinet in February where one of the achievements listed was 'progressing to phase two of the Sedgfield GP Consortium Social Prescribing Initiative, with the project being assessed as having countywide potential.' This initiative, which is a Sedgfield Locality Commissioning Intention, as reported at the February Sedgfield Health Network meeting under the Clinical Commissioning Group (CCG) update, has now been launched.
110. Stray dogs that had faced the bleak prospect of being put down are helping people live happier, healthier lives under this pioneering initiative designed to boost well-being. They have been given a brighter future and new purpose by being used in the Social Prescribing Initiative with the NHS. Anyone at risk of developing mental health issues, such as depression and anxiety, is being encouraged to visit the centre based in Coxhoe to take a dog for a walk in the countryside boosting their mental and physical health. The scheme is open to anyone referred by their GP who wants to increase activity levels in an enjoyable way.
111. Dog walkers can tackle a host of local routes including Limestone LinX which the AAP have supported, with just a dog, or with a volunteer which the AAP have funded or anyone else using the scheme. This is a prime example of how working in partnership, with support from the AAP Board, Co-ordinator and staffing team can lead to excellent opportunities for the well-being of local people.

Recommendations and reasons

112. Cabinet is asked to note the content of the report.

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Appendix 1: Implications

Finance - Area and Neighbourhood budgets are utilised and delivered through the 14 AAPs and ensure the Council (and AAPs) receive improved information on the outputs achieved through use of locality budgets.

Staffing - None

Risk - None

Equality and Diversity / Public Sector Equality Duty - The actions set out in this report aim to ensure equality and diversity issues are embedded within the working practice of AAPs.

Accommodation - None

Crime and Disorder - Altogether safer is the responsibility of the Safe Durham Partnership.

Human Rights - None

Consultation - The County Durham Partnership framework is a key community engagement and consultation function of the Council and its partners. The recommendations in the report are based on extensive consultation with AAP partners and the establishment of a Sound Board to progress the recommendations and will continue this consultative approach.

Procurement - None

Disability Issues - None

Legal Implications - None

Cabinet

24 June 2013

**Neighbourhood Planning –
Council Procedure**



Report of Corporate Management Team

**Ian Thompson, Corporate Director Regeneration and Economic
Development**

**Councillor Neil Foster, Cabinet Portfolio Holder for Economic
Regeneration**

Purpose of the Report

1. To agree a formal procedure for the way that the Council handles the various aspects of Neighbourhood Planning introduced by the Localism Act.

Background to Neighbourhood Planning

2. Members may recall that the Localism Act was considered at a Cabinet Meeting last year, when the changes to planning brought about by the Act were set out, with Regional Plans abolished, Local Development Frameworks replaced by Local Plans and Neighbourhood Planning introduced.
3. Neighbourhood Planning as introduced by the Act includes three components: Neighbourhood Development Plans (or Neighbourhood Plans), Neighbourhood Development Orders, and Community Right to Build Orders. More detail on each of these follows in the report. To support their implementation the Government has now published the regulations on how they are to be prepared – The Neighbourhood Planning (General) Regulations 2012 (Statutory Instrument 2012, No. 637), which came into effect on 6 April 2012. Although they are to be prepared by the local community, the Council, in its role as local planning authority has a statutory duty to support and enable the process. Nationally the Government invited Local Councils to develop “front runner” neighbourhood plans to kick start the process, and although none were established in the County, some 126 went ahead elsewhere although to date only one, The Upper Eden Valley Neighbourhood Plan (in Cumbria) has been completed, perhaps indicating that this is not a straightforward process. Indeed the Dawlish Neighbourhood Plan in Devon failed at Inquiry as it had not been prepared in accord with the Local Plan in that area.

The components of Neighbourhood Planning

4. The following provides a brief explanation of what the three components of Neighbourhood Planning are then sets out how the Council will meet its statutory duty to support their preparation.
5. **Neighbourhood Development Plans (or Neighbourhood Plans)** will form a statutory part of the planning system, carrying weight in planning decision making, with the County Durham Plan and a Neighbourhood Plan being the “Development Plan” for that area. They are to be prepared by Neighbourhood Forums, which in parished areas will be Town or Parish Councils (Local Councils) but in unparished areas the Act makes it clear that they must be formed by an organisation or body “established for the express purpose of promoting or improving the social, economic and environmental well-being of an area”. They have to comprise a minimum membership of 21 – including individuals who live in the area, individuals who work there (whether for businesses carried out there or otherwise) and individuals who are elected members of the County Council (whose area falls within the neighbourhood area concerned). Within the County four of our main towns are unparished: Chester-le-Street, Consett, Crook and Durham City. Should bids to set up forums in these unparished areas be submitted, the Council is expected (as required by the Act) to assess whether the body applying has secured (or taken reasonable steps to attempt to secure) that its membership includes individuals falling in the three groups set out above, whose membership is drawn from different places in the area and different sections of the community, and whose purpose reflects the character of the area. It will be important that the Council carries out this duty of the Act with rigor to ensure that Forums that don’t reflect the intentions of the Act are not designated.
6. One of the key intentions of Neighbourhood Plans is to allow local communities to make their own decisions on how their towns or villages change or develop but they are required to conform with the strategic policies of the County Durham Plan. If, for example, the County Durham Plan determines that a settlement should have a certain level of residential development, the Neighbourhood Plan cannot reduce that amount. They can potentially influence the location of the development and can specify more development if they wish, but not less. Whilst this would appear to undermine the localism agenda it is understood that the Government’s intention is to prevent Neighbourhood Plans becoming a “Nimby” charter.
7. The area that a Neighbourhood Plan can cover is open to local choice, so they can cover the whole or part of a parish, or can extend across parish boundaries. The County Council is the arbiter of the area and forum’s need to formally submit the area they wish the plan to cover to the Council. It is also important to note that plans are not mandatory, so a Local Council does not have to prepare one. Officers from the Council have already engaged with many Local Councils and community groups to brief on the emerging neighbourhood planning agenda and one of the

messages that is being given out is to consider what the issues are for the area. Once that is established the community can decide the best approach to address those issues or they can rely on the County Durham Plan.

8. **Neighbourhood Development Orders (NDO)** are prepared by a forum set up in the same way as for a Neighbourhood Plan. They are a tool that can allow certain types of development in certain locations, without the need to submit a planning application to the Council and can apply to all of a Neighbourhood Plan area, part of it or to a particular site within the neighbourhood. They can also be prepared as an alternative to a Neighbourhood Plan.
9. Their purpose is to simplify the planning system in a specified area, for example, by allowing changes of use that would normally need permission or by allowing certain types of built development that would normally need permission. As this is a new concept it is difficult to brief Members in more detail on specific uses that may be covered by an NDO but there is a formal preparation procedure for their creation, the Council has to approve them, and they are also subject to an examination by an independent person. As such, they will be carefully vetted to ensure that they are used in a responsible way. The establishment of the forum is governed by the same requirements as for Neighbourhood Plan forums set out at paragraph 5 above.
10. **Community Right to Build Orders**, are a mechanism for delivering community Right to Build, and are a specific type of Neighbourhood Development Order. They allow a local “community organisation” to bring forward a small development, which might include proposals for new homes, business premises and/or community facilities, but it must be small scale in comparison to the size of settlement. A community organisation, not just a parish or town council or a neighbourhood forum, is able to develop a Community Right to Build Order, including in parished areas, however, to be eligible, at least half of the community organisation’s members must live in the neighbourhood area to which the Community Right to Build Order will apply. The organisation must also exist for the express purpose of furthering the social, economic, and environmental well-being of individuals living or wanting to live in a particular area. The process for preparing and adopting a Community Right to Build Order is broadly the same as that for a Neighbourhood Development Order.
11. As with an NDOs these Orders are a new concept so there are no examples with which to brief members, but the likely scenario would be that they will relate to a specific small site where the Order permits a specific use so that if a developer proposes a development on that site that accords with that permitted by the Order then a separate planning application will not be needed. Again, the Council is closely involved in the preparation process and they are subject to independent examination so this should ensure that they are delivered in a responsible way. The

Council will also need to be rigorous to ensure that any Community Organisation submitting an Order meets the requirements of the Act.

Proposed County Council approach to meeting its statutory obligation to support Neighbourhood Planning

12. The three elements to neighbourhood planning described above are a formal part of the planning process and the regulations are quite specific, with the Council having particular functions to carry out. As it is a new element to planning we have no procedures in place that set out how we will handle the various stages that we are required to address. As such the following approach is proposed and this is subject to recommendations for Members' consideration at the end of this report.

Defining a Neighbourhood Area and Defining a Neighbourhood Forum

13. The regulations require neighbourhood areas to be defined as the first part of the process and the Council has specific roles to carry out when a body submits an application to us. The regulations also guide how an application for a Neighbourhood Forum should be dealt with. The two processes are very similar so the approach below applies to both, with the slight variations highlighted. In Parished areas the Parish/Town Council qualifies as the Forum so a specific application is not required.
14. ***Is the application acceptable?*** To determine this, officers of the Spatial Policy Team in RED will assess it. If unacceptable, those officers will write to the applicants to set out what the issues are and how they could be addressed.
15. ***Publicising an application:*** If it meets the requirements of the regulations it is then publicised for 6 weeks. To meet our obligations it will be published on the Council's website, we will issue a press release, liaise with the forum applying for the designation to have a notice published in the local parish/town council newsletter (if this is not possible we will publish a public notice in the local free paper), inform the portfolio holders for Economic Regeneration and Neighbourhoods and Local Partnerships and the local Members, and will display the details in the closest Council office or library or other suitable premises.
16. ***Designating a neighbourhood area/neighbourhood forum:*** When the consultation is completed officers from the Spatial Policy Team will assess the responses to see if there are any reasons that the application should not be permitted. If there are issues they will be explained to the applicant via a "decision document" (for Neighbourhood Area Applications) or by a "refusal statement" for Neighbourhood Forum Applications) and these will be publicised in the way outlined at paragraph 15 above. If the proposal is acceptable the Council will proceed to designate the neighbourhood area or the neighbourhood forum as follows: The Head of Planning and Assets in consultation with Portfolio Holders for Economic Regeneration and Neighbourhoods and Local Partnerships and local Members will issue a

letter to the applicants informing them that the application has been successful.

17. **Publicising the designation of a neighbourhood area or a neighbourhood forum:** The Council will publish notice of designation in the same way as outlined at paragraph 15 above. In cases when the Council considers that the area or forum should not be designated the approach is set out at paragraph 16 above following consultation between the Head of Planning and Assets and the Portfolio Holders for Economic Regeneration and Neighbourhoods and Local Partnerships and local Members.
18. It should be noted that to meet our obligations the above process may require public notices to be placed in the press if the proposal cannot be advertised in a parish news letter or the like. Such notices will have cost implications for the Council.

Preparing a Neighbourhood Plan, a Neighbourhood Development Order or a Community Right to Build Order

19. There are a number of stages that have to be carried out in order that a Neighbourhood Plan, an NDO or a Community Right to Build Order is prepared to accord with the regulations. They can only be produced within a designated area and by a designated forum. The process for all three is similar so the following applies to all, with variations highlighted as necessary. The Council has a statutory role in this process and an approach to how it will meet these obligations is set out here:
20. **Publicising the “submission” of a proposal:** In accordance with the regulations, when receiving a proposal from a forum at the Submission stage (i.e. the revised proposal resulting from changes made after the “pre-submission” consultation carried out by the forum) the Council has to publicise the submission. To achieve this, the Council will: place the document on our website, publish a press release, place copies in the nearest local council office or library or other suitable location, liaise with the forum applying for the designation to have a notice published in the local parish/town council newsletter (if this is not possible we will publish a notice in the local free press), and notify the relevant consultation bodies as set out in the regulations. The proposal will have already been through a consultation led by the forum so the Council will also consult those who have already made comments to the forum as well as informing the portfolio holders for Economic Regeneration and Neighbourhoods and Local Partnerships and local Members. The consultation on the “submission” proposal allows interested parties to make representations. In the case of a Community Right to Build Order, the Council will also notify by letter those whose property abuts the area covered by the Order
21. **Appointment of the independent examiner:** Once the consultation of the submission proposal is completed, the proposal will be the subject of an examination by an independent examiner and it is the Council’s role to appoint the examiner. Unlike planning appeals or examinations into Local

Plans, the examiner does not have to be an Inspector from the Planning Inspectorate, but does need to be independent of the Council and the forum. The approach to appointments will vary and develop as the process evolves. It is proposed that the Head of Planning and Assets makes the appointment on behalf of the Council. It should be noted that the Council is expected to fund the examiner's fee and any other costs associated with the examination, so there are potential cost implications for the Council.

22. **The examiner's report:** The report on the proposal will follow the examination. In the case of Neighbourhood Plans it will contain one of three recommendations: proceed to referendum, proceed to referendum subject to certain amendments, or not proceed. It is for the Council to assess the report and decide whether the recommendations should be followed. In the case of an NDO of a Community Right to Build Order the Council has to decide whether to accept the recommendations in the examiner's report.
23. Officers of the Spatial Policy Team on behalf of the Head of Planning and Assets will make these assessments in consultation with the Portfolio Holders for Economic Regeneration and Neighbourhoods and Local Partnerships and also Local Members. The Council then publishes a "decision statement", including its reasons for the decision, and details of where the decision can be inspected and a copy of the report made by the examiner. A copy of the statement is also sent to the forum. The publicity will be carried out by the method described at paragraph 20 above.
24. **The referendum:** Once the examination report and the decision statement by the Council have been completed and publicised, in cases when the proposed content is acceptable, a referendum is carried out with the local community. The national guidance on this part of the neighbourhood planning preparation was published by the Government in August 2012 – The Neighbourhood Planning (Referendum) Regulations (SI: 2012, No. 2031). The Regulations are technical in nature, setting out the details of the referendum process and procedures that the Council would have to follow. It is the responsibility of the Council to organise and fund the referendum, and this has potential cost implications, for example, a referendum for a parish with an electorate of 3-4,000 electors of which 1,000 are postal voters is likely to cost about £8,000-£9,000. If several Plans are brought forward each year the costs to the County Council could move towards £100,000 per annum or more if some of the larger town councils come forward. See also, however, the section below on a Government funding stream.
25. The acceptance of the proposal through the referendum requires a simple majority (over 50%) of those who voted to support the proposal. If the proposal is rejected the forum need to consider how to proceed but if the referendum shows support for the proposal it can proceed to adoption in the case of a Neighbourhood Plan (and become part of the development

plan) or in the case of an NDO or a Community Right to Built Order it can be made.

26. ***Adopting (or Making) the proposal:*** If the proposal is supported through the referendum it can be adopted by the Council. The Council's Constitution states that the adoption of plans or alterations that together form part of the Development Plan (of which the Neighbourhood Plan is a part) is a function for Full Council. As such, the final version of the plan will be presented to Full Council to seek Adoption. In the case of an NDO or a Community Right to Build Order, although not part of the Development Plan, the nature of the Orders warrants the same approach as in effect the Orders supplement the provisions of the Development Plan in their specific areas.
27. Once the proposal has been adopted the Council has to publicise this decision. This publicity will follow the format outlined at paragraph 20 above.

How the Council will and is supporting local councils and local groups wishing to do neighbourhood planning

28. The neighbourhood planning process requires adherence to a specific process as set out above. In order to support local communities who decide to prepare a plan or an order, the County Council is preparing a "Neighbourhood Planning Toolkit" that sets out the procedures and how it can help. This work is ongoing but officers have already engaged with a number of Local Councils, indeed at the time neighbourhood planning was announced two parish councils came forward and were treated as informal pilots: Bishop Middleham & Mainsforth PC, who set up a steering group and carried out public consultation on issues in the parish with support from Council officers and are considering their next steps; and also Sacriston PC, who held a series of meetings but at the moment are not progressing the project.
29. Officers have also been involved in providing and inputting into general workshop and advice sessions to groups of Local Councils and the County Durham Association of Local Councils (CDALC) to brief on neighbourhood planning, but also visiting individual Local Councils to advise. The level of interest has been steady, with Great Aycliffe Town Council and Gainford and Langton PC now having their Neighbourhood Areas approved, applications for Neighbourhood Areas have been received from Sedgfield Town Council, Monk Heselden PC and Midldridge PC, whilst Shotton PC is in the process of applying. In addition, officers have responded to requests from several AAPs the following Local Councils and partnerships to brief on the process: Bishop Auckland TC, Brandon & Byshottle PC, Bowburn Partnership, Parkhill Residents Association, Coxhoe PC, Dipton Partnership, Durham City Residents Groups, Eldon PC, Lanchester PC, Newfield PC, Pitlington PC, Rokeby, Brignall & Eggleston PC, Seaham TC, Stanley TC, Tow Law TC, Trimdon PC, Waldrige PC, West Auckland PC, Witton Gilbert PC and Witton Park Community Association.

30. The neighbourhood planning process has created growing local interest in planning matters and the procedure described above keeps local Members involved throughout, but Members should note that the regulations encourage their involvement in the neighbourhood forums. Officers will carry out briefings as required and will provide all Members with a copy of the Toolkit.

Funding Neighbourhood Planning

31. Members will note that the Council has a statutory duty to support the process and that this has cost implications for the Council through placing potential press notices and the funding of the examination and of the referendum. Given the scale of the County this could have major cost implications – as set out at paragraph 24 above, depending on the success or otherwise of bids to the Government’s funding stream.
32. Guidance from the Government on funding for Neighbourhood Planning has been slow to emerge but in December 2012 details were published of £17m available over two years to fund plans. Starting in 2013 Local Planning Authorities will be able to bid for up to £50,000 to help 10 communities get going with their plans (£5,000 each on designation of the neighbourhood area) and from April quarterly bids can be submitted for an annual pot of £100,000 to help kick start up to 20 plans in the area. If successful, the County would then receive a further £25,000 for every plan that gets through successful examination. This clarification is to be welcomed. It will be for the County Council to manage any successful bid funds on behalf of the neighbourhood and importantly this will contribute to the Council’s costs for the examination and the referendum. Neighbourhood Forums will also (from 1st May 2013) be able to bid directly for grants through the Locality/Community Rights support service (funded by DCLG) – the Supporting Communities in Neighbourhood Planning programme - with £9.5m available and Forums able to apply for grants of between £500 and £7,000.

Conclusions

33. The introduction of Neighbourhood Planning through the Localism Act gives local communities the opportunity to develop plans and orders with real planning powers. Such an approach is to be welcomed but communities have to work within the framework of the County Durham Plan. As such, the Council, in preparing that Plan, must work to get community support in order that communities can develop their proposals in a framework that they support. Equally, those seeking to create a forum in unparished areas must abide by the requirements of the Localism Act and the Council will need to assess applications carefully to ensure that a forum’s membership and constitution reflects the requirements of the Act

34. Neighbourhood Plans are not mandatory and the Council will encourage local communities to consider the best approach for them rather than go straight towards the Neighbourhood Plan as the only option. This is not an attempt to undermine the emerging system but aims to reduce unnecessary costs to Local Councils and also potentially to the County Council which, with an area encompassing over 100 parish councils and four large unparished areas, could be a considerable expense depending on the success or otherwise of funding bids.
35. The nature of the Referendum follows that of a formal election procedure so this has staff resource implications regardless of the success of funding bids.
36. The delivery of Neighbourhood Plans has staff resource implications. The Council will continue to work with partner organisations, including the County Durham Association of Local Councils, the Durham Rural Community Council and Area Action Partnerships and others to maximise joint resources and to share good practise.
37. The overriding conclusion to be drawn is that the Neighbourhood Plans provides a real opportunity for local communities to engage in planning their areas but the concern is how they are to fund it and how the County Council is to fund its obligation under the Localism Act to support the process should funding bids to DCLG or Locality not be successful.

Recommendation

38. Members are asked:
 - 1) To note the contents of this report explaining the components of, and concept of, Neighbourhood Planning and in particular the financial implications for the Council
 - 2) To approve the process set out in paragraphs 13 to 27 of this report as Durham County Council's approach to meeting its obligations to support the preparation of Neighbourhood Plans, Neighbourhood Development Orders and Community Right to Build Orders

Background papers;

Neighbourhood Planning (General) Regulations (SI 2012 No. 637)

Contact: Gavin Scott Tel: 03000 261918

Appendix 1: Implications

Finance –

The Council has a statutory duty to support neighbourhood planning and, as set out in the main report this could be in the region of £100,000 per annum with staff time commitment as an additional resource although this is dependent on the success or otherwise of funding bids to DCLG. Should funding bids not be successful then for the short term, the use of planning reserves could be utilized to meet these costs, although over the longer term an ongoing MTFP revenue pressure will exist for the RED service that will need to be addressed.

Staffing –

With over 100 town and parish councils in the County, four large unparished areas and a duty for the Council as Local Planning Authority to cooperate by supporting Forums to prepare Neighbourhood Plans or Orders, there are potential staff resource implications. The 2012 RED restructure included an Area Planning Team within the Spatial Policy Team, and one of that team's functions is to support neighbourhood planning. The process is wider than just RED involvement and officers from ACE, notably AAP and Parish Liaison officers and electoral staff also have involvement and time commitments.

Risk –

None

Equality and Diversity –

Neighbourhood Plans may be subject to Equalities Impact Assessment. Council officers will be able to advise the forums on this matter.

Accommodation –

None

Crime and Disorder –

None

Human Rights –

As a part of the statutory development plan, Neighbourhood Plans will need to respect Human Rights legislation.

Consultation –

None

Procurement –

None

Disability Discrimination Act –

None

Legal Implications –

The Council is required to adopt procedures to process neighbourhood plans and the Constitution Working Group will be asked to consider the delegations proposed in this report and recommend any necessary changes to the constitution for the approval by Council.

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Cabinet

24 June 2013

**Proposed ICT Services Collaboration
between Durham and Sunderland**



**Report of Corporate Management Team
Don McLure, Corporate Director Resources
Councillor Jane Brown, Cabinet Portfolio Holder for Corporate
Services**

Purpose of the Report

- 1 To advise Cabinet of the strategic proposal to deliver a collaborative ICT service for Durham County Council and Sunderland Council from a single joint organisation in conjunction with a commercial partner.
- 2 To seek approval to develop a full business case for the proposal.

Background

- 3 The ICT managers of the North East LEP authorities meet regularly to discuss common issues as part of the North East ICT group (NEICT). Each authority is grappling with the same problems of reduced budget against a background of increasing ICT service demands and usage.
- 4 As part of these discussions a proposal was put forward to work more collaboratively and share service delivery across the region where practical, by each authority taking responsibility for the delivery of functions across all authorities rather than just their own. For example one authority might provide email services, another payroll services etc.
- 5 This proposal has been considered and developed further by Durham and Sunderland authorities with a view to the possible collaborative merging of the two ICT services.
- 6 The concept and practicalities of a collaborative merging of the two ICT services has been agreed in principle by the two Corporate Management Teams of both authorities.

What opportunities would this present?

- 7 Following several strategic meetings and workshops between the two ICT Management Teams, the benefits of a combined service approach would be:
 - (a) A significant reduction in overall cost, ensure sustainability and deliver better value for money ICT services in both authorities
 - (b) A retention of the necessary skills to support ICT across the authorities and the ability to respond to change to support transformation, maintain

operational performance levels and respond to new service requirements

- (c) Retained public sector ownership of their ICT by each authority.
- (d) Provide a common platform to support new models of public service delivery including future shared services between the participating councils
- (e) A common regional ICT infrastructure strategy, including networks and data centres
- (f) A review of how applications are licensed and supported across the councils with a view to driving down costs
- (g) Economies of scale in infrastructure provision not only for local public services but also for small businesses, mutuals, community groups and other emerging service delivery models

Existing ICT Business

- 8 Together, the two ICT Services have a turnover of between £35m and £40m per year, revenue budgets of around £18m per year and directly employ 400 ICT staff. Approximately 250 are directly employed in core ICT Services who would be affected by the proposed collaborative working service. The actual numbers will be verified as part of the business case.
- 9 There is a good synergy between the two ICT Services. Each provides similar functions to its respective authorities and both have specific areas in which it can demonstrate particular expertise.
- 10 Combined working groups have been set up to look at joint working in the areas of:
 - Providing ICT support to schools including remaining new capital schemes within the Building Schools for the Future programme (BSF);
 - 'digital inclusion';
 - business continuity planning (BCP);
 - server storage;
 - networks;
 - security;
 - European funding opportunities;
 - customer relationship management (CRM) and
 - ICT procurement.
- 11 As well as internal customers, the ICT Services' sections also provide services to external customers in the learning and children services (including

schools and academies), community services, regeneration and businesses, adults and social care, corporate services, housing, emergency services, the community and private sectors.

- 12 This leads to the possible additional benefits of following a combined model including:
- (a) Grow external relevant business income to help maintain jobs in the public sector
 - (b) Develop a single ICT organisation which attracts high ICT skills to the region
 - (c) Acts as a catalyst to develop ICT employment throughout the region built upon the joint ICT Services' cloud infrastructure and expertise.

Activities to be undertaken

- 13 A considerable amount of additional work would be required in order to prepare a full business case. This would include:
- (a) Defining the project fully with project management arrangements, work streams, defined stages, benefits realisation and project plans etc.
 - (b) Baseline the two services to get a true picture of the financial positions, assets, key technologies, skills etc.
 - (c) Consider people and culture issues and identify plans and processes to address these.
 - (d) Define the overall required outcomes of the combined ICT Services and the two authorities.
 - (e) Consider the options for future governance and business operating model.
 - (f) Define the role and requirements for an external commercial partner within the final organisation.
 - (g) Plan joint communications, consultation and engagement plan to prepare both organisations for this strategic change.
- 14 A possible grant is available through the Department for Communities and Local Government's Transformation Challenge Award to cover external assistance in developing the business case. The department is looking to provide support under a major multi-authority awards scheme, for radical innovations involving two or more local authorities combining their operations across all or a major part of their service delivery.
- 15 Subject to Cabinet approval, it is our intention to make an outline submission for funding ahead of the required deadline of 23 July 2013.

Key challenges

- 16 A combined delivery approach would highlight some key challenges in areas including: technology; leadership; governance; people; assets; processes; culture; customer; growth.
- 17 Both organisations will need to be fully committed to the strategic outcomes of the combined ICT Services and have the willingness and ability to deliver the necessary changes.
- 18 There is an existing mismatch between the size of the two organisations and governance arrangements will need to reflect this and allow decision making to be equitable, consistent and reflect the financial positions of both organisations.
- 19 The combined organisation would have an increase in the diversity of its customer base and there would undoubtedly be some customers that do not fit into the emerging business model. In addition, both parent authorities will need to put in place a robust and intelligent client function in place to ensure that each authority receives the service that it expects from its private sector partner.
- 20 Management of risk, existing liabilities and contract obligations will have to be handled sympathetically and decisions will be required over how support services to the combined organisation are provided such as HR and financial support.
- 21 The new arrangement would have to deliver the designated savings targets for both authorities and will need to demonstrate on-going value for money; future cost avoidance and improved returns on assets employed.
- 22 The collaborative service process of change has the potential to be disruptive and will require strong leadership, management and will demand a high availability of skills such as business analysis. All the change will need to be considered against a backdrop of maintaining a high quality delivery service to meet the 'business as usual' requirements of both authorities.
- 23 Consideration will also need to be given to the proper legal standing to ensure sustainability and avoid possible market challenge.

Key opportunities

- 24 A combined delivery approach will provide opportunities to deliver better quality and lower cost services. These include:
 - (a) Economies of scale leading to improved sustainability and overall cost reduction.
 - (b) A convergence in the strategic direction leading to technical synergies, better contingency and use of all resources as well as improved staff development.
 - (c) Improved and new capabilities through an expanded service catalogue and an increased reuse of existing work leading to an enhanced reputation.

- (d) A platform to deliver services in new and innovative ways to the emerging service delivery models, changing customer and market expectations.

Financial implications

- 25 Bringing the two ICT Services to work together in a more collaborative way will lead to a significant reduction in the overall cost of service provision.
- 26 In addition, by combining the trading strengths of both ICT Services there is a greater possibility of growing income for both Councils.
- 27 Detailed savings estimates will be made as part of the business case.

Current Governance Arrangements in Both Councils

- 28 Each Council has a governance process in place to manage the ICT Services. Each has its own management team, asset management process, quality model and project management framework.
- 29 Durham County Council has a Strategic ICT group that is responsible for the overall use of ICT within the authority which is supported by regular surgeries with ICT Services and its customers.
- 30 Sunderland Council has a network of ICT Relationship Managers working across the organisation and a central ICT 'Design Authority' which defines ICT solutions for the organisation.
- 31 The collaborative working proposal is to consider the options for governance mechanisms building on the recognised strengths of each organisation's approach.
- 32 Until the full governance model is determined a Project Governance Board will be jointly agreed.

Recommendations

- 33 Cabinet is requested to:
 - (a) Authorise the management of the two ICT Services to develop a full business case to create a single ICT Service to cover both authorities and to bring a further report to Cabinet in October 2013.
 - (b) Support the general direction on the collaboration work so far and commit to the general direction of closer integration, leading to a joint communications plan.
 - (c) Approve the consideration of a submission of an outline application for funding from the Transformation Challenge Award.
 - (d) Agree to the appointment of an external project manager, using an existing procurement framework, to assist on the development of the business case.

Contact: Phil Jackman 07775 025096

Appendix 1: Implications

Finance – The collaboration between the two services will deliver financial savings for both Councils. The forecasted sum to be saved will be finalised as part of the development of the full business case. Any saving generated will contribute to the council's Medium Term Financial Plan savings.

Staffing – The proposal is expected to have an effect on the combined numbers of people employed. Any implications will be addressed in the business case.

Risk - Implications will be addressed in the business case.

Equality and Diversity / Public Sector Equality Duty – An Equality Impact Assessment will be carried out by both authorities as part of the business case development.

Accommodation - Implications will be addressed in the business case.

Crime and Disorder - None

Human Rights - None

Consultation - Implications will be addressed in the business case.

Procurement - Implications will be addressed in the business case.

Disability Issues - None

Legal Implications - Implications will be addressed in the business case.