
PRE-BUDGET REPORT: DEVOLVING RESPONSIBILITIES TO CITY REGIONS

Responsible Cabinet Member - Councillor John Williams, Economy Portfolio

Responsible Director - Richard Alty, Assistant Chief Executive (Regeneration)

SUMMARY REPORT

Purpose of the Report

1. To seek endorsement of a bid for City Region pilot status, in order to achieve the objectives of the Tees Valley Multi-Area Agreement previously agreed by Cabinet.

Summary

2. This report summarises the progress made to date by Tees Valley Unlimited and Joint Strategy Unit in their discussions with Government over the Multi Area Agreement and the next steps.
3. An opportunity has arisen for Tees Valley to submit a bid for City Region pilot status which could help to achieve the ambitions set out in the Tees Valley Multi-Area Agreement. These are to accelerate housing provisions, regeneration, economic development and jobs, and transport schemes, through better organisational arrangement with government and agencies. To meet the Government deadline, a bid was submitted by the Chief Executive on 27 February, in consultation with the Leader and other Tees Valley Councils, on the understanding that it would be considered by Cabinet at the earliest opportunity.

Recommendation

4. It is recommended that :-
 - (a) Members are asked to endorse the development and submission of a City Region pilot bid for Tees Valley and a commitment to the development of new statutory arrangements if required to enable the devolution of additional functions, powers and funding from the centre that cannot be devolved under current legislation and that the Tees Valley authorities consider to be of benefit to the area.
 - (b) That any detailed proposals for the creation of new functions, powers or funding at the City Region level including any significant changes to the current governance arrangements and details of any proposed statutory arrangements be brought back to the Cabinet for detailed consideration.

Reason

5. The recommendations are supported by the following reason :-
- (a) This decision will enable further opportunities to be explored with Government to enhance the Tees Valley Multi Area Agreement and seek benefits for the Tees Valley Area in securing additional powers and facilities from Government that will improve our Economic Development as a City Region.

**Richard Alty,
Assistant Chief Executive (Regeneration)**

Background Papers

- (i) Tees Valley Multi-Area Agreement, report to Cabinet in June 2008
- (ii) Tees Valley Multi Area Agreement – Government approval in July 2008
- (iii) Members Seminar November 2008
- (iv) Pre Budget Report – November 2008

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S17 Crime and Disorder	No specific effects
Health and Well Being	No specific effects
Sustainability	No specific effects
Diversity	No policy or practice requiring an impact assessment is being proposed
Wards Affected	Not Ward specific
Groups Affected	If funding was expedited through this pilot, several priority groups may benefit
Budget and Policy Framework	No change to the budget or policy framework is proposed
Key Decision	This is a key decision by virtue of its potential to bring forward regeneration, housing and transport funding
Urgent Decision	No an urgent decision
One Darlington: Perfectly Placed	Achievement of the ambitions set out in the Tees Valley Multi-Area Agreement through this pilot bid would expedite the projects which form a key part of the Perfectly Placed priority in the Community Strategy

MAIN REPORT

Information and Analysis

6. In November 2008, the Pre Budget Report announced that:

“Building on the Sub National Review, and Multi Area Agreements in particular, the Government will support city regions to fulfil this role (driving regional and national prosperity and responding to new challenges) by agreeing, on a voluntary and tailored basis, a set of devolutionary proposals with local authorities in city regions, to increase further their ability to drive economic growth and contribute to sustainable development.”

“The proposals will be underpinned by new statutory arrangements for sub regional co-operation between local authorities, supporting strong local capacity, governance and accountability at the city region level.”

“New arrangements will be developed with the local authority city region leadership, in order to suit particular needs.”

7. Government sent a letter on 22 December 2008 to all upper tier local authority Chief Executives in England inviting them to submit an Expression of Interest in becoming a City Region pilot by 12 January 2009, and a full proposal by 27 February 2009.
8. The five Tees Valley Chief Executives together with the Chair of Tees Valley Unlimited (TVU) submitted a holding Expression of Interest letter. This briefly outlined Tees Valley’s interest in developing a new agreement with Government that would include initially:
- (a) a joint board between the city region, the Homes and Communities Agency and the Regional Development Agency (One NorthEast) to provide strategic direction of housing, economic development and regeneration spending; and
 - (b) joint investment planning with key partners, including greater flexibility over capital funding to support the more effective programme management of projects. TVU would initially wish to pursue a single capital programme with a long term funding commitment (on the 3+2 years principle) and in the medium term real delegation of funding (i.e. local approval of projects within the investment plan within the ‘Green Book’ limits).
9. In the medium to longer term TVU would also wish to consider:
- (a) a city region Employment and Skills Board, with strong employer representation and formal powers to influence provision in line with employer demand; and
 - (b) increased statutory responsibilities for strategic transport issues in accord with the recently published guidance on transport governance.
10. The proposal would be seeking pilot status that would enable, in the short term, the delivery of the fundamental ‘asks’ that cannot be delivered through the existing Tees Valley Multi Area Agreement (long term funding commitment and a single capital programme). The purpose of these ‘asks’ is to accelerate housing provision, regeneration, economic

developments and jobs, and transport schemes, to benefit people in the Tees Valley.

11. It proposes, in the medium to longer term, the consideration of statutory body arrangements at the Tees Valley level if these were considered to be necessary to achieve new legislation, powers and funding to be devolved to Tees Valley, and the new legislation, powers and funding were considered beneficial for the area by the Tees Valley local authorities. It does not commit any of the Tees Valley local authorities to the establishment of such arrangements at this stage.
12. The proposal is based on the principle that it is to achieve the devolution of functions, powers and funding down from central government to the Tees Valley level and not the passing up of functions, powers and funding from the Borough Councils.
13. Functions, powers and funding that would require new legislation and potentially statutory arrangements at the Tees Valley level might include:
 - (a) delegation of approval of projects for RDA and HCA funding,
 - (b) establishment of a Tees Valley Integrated Transport Authority, (were this to be felt to be beneficial at any future date),
 - (c) greater flexibility for Regional Social landlords (RSLs) to provide flexible tenures,
 - (d) ability to influence the Department for Work and Pensions (DWP) contracts, the Skills Funding Agency funding, the Young Peoples Learning Agency funding and the Business Link contract;
 - (e) designation of City Strategy status with the associated funding, and
 - (f) devolution of DWP funding and ability to commission activity within Tees Valley.

Financial Implications

14. There are no direct financial implications to the Council's budget from this recommendation. The proposals summarised within the extended MAA should lead to improved financial delegations of capital and revenue funding streams from Government to the sub-regional level over time.

Legal Implications

15. There are no immediate legal implications to this recommendation, however as negotiations and discussion with Government continue in developing both our and Government requirements under the pilot, legal considerations will become necessary to understand and contribute to the statutory changes needed for accountability and governance at the sub regional level.

Outcome of Consultation

16. Progress on MAA was covered in a presentation to members at a Members training session in November 2008.
17. The proposals have been prepared jointly with the other Tees Valley Boroughs, through Tees Valley Joint Strategy Unit and Tees Valley Unlimited.