

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

5TH FEBRUARY 2009

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

**Regeneration and Transport – Lead Cabinet Member – Councillor R Cook
Housing and Community Safety – Lead Cabinet Member – Councillor Nelson**

CITY REGION PILOT STATUS - EXPRESSION OF INTEREST

1. Summary

This report seeks to summarise 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.

2. Recommendations

1. 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.
2. 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.

3. Reasons for the Recommendations/Decision(s)

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.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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City Region Pilot Status - Expression of Interest

SUMMARY

This report seeks to summarise 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.

RECOMMENDATIONS

1. 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.
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DETAIL

1. 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.”

2. 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.

3. The five Tees Valley Chief Executives together with the Chair of Tees Valley Unlimited 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 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
 - 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).
4. In the medium to longer term TVU would also wish to consider:
 - a city region Employment and Skills Board, with strong employer representation and formal powers to influence provision in line with employer demand; and
 - increased statutory responsibilities for strategic transport issues in accord with the recently published guidance on transport governance.
5. 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).
6. 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.
7. 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.
8. Functions, powers and funding that would require new legislation and potentially statutory arrangements at the Tees Valley level might include:
 - delegation of approval of projects for RDA and HCA funding,
 - establishment of a Tees Valley Integrated Transport Authority,
 - greater flexibility for RSLs to provide flexible tenures,
 - 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,
 - designation of City Strategy status with the associated funding, and
 - devolution of DWP funding and ability to commission activity within Tees Valley.

FINANCIAL IMPLICATIONS

9. 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

10. 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.

RISK ASSESSMENT

11. This Pilot proposal is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.
12. As the proposed structure and powers included are further developed, risks will continue to be assessed on an on-going basis.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

13. The proposed enhancements to the MAA in the context of the City Region pilot proposals will primarily impact the Economic Regeneration and Transport, and Housing and Community policy areas of the Sustainable Community Strategy. The main driver and purpose behind the proposals is to improve economic performance at a local and sub regional level, and these changes are intended to provide the necessary flexibilities at the appropriate levels to enable improvements to be achieved.

EQUALITIES IMPACT ASSESSMENT

14. This report is not subject to an Equality Impact Assessment at this stage.

CONSULTATION INCLUDING WARD/COUNCILLORS

15. The subject of this report and progress on MAA and city region pilot proposals were covered in a presentation to members at the Members seminar and policy update session held on 23rd January 2009.
16. The Corporate Director of Law and Democracy has been consulted on these proposals.

Name of Contact Officer: Richard M Poundford
Post Title: Head of Regeneration and Economic Development
Telephone No. 01642 527024
Email Address: richard.poundford@stockton.gov.uk

Background Papers

Tees Valley Multi Area Agreement – Government approval in July 2008
Members Seminar and Policy Update – January 2009
Pre Budget Report – November 2008

Ward(s) and Ward Councillors

Not Ward specific

Property

At this stage there are no implications. However, as the proposed structure and powers included are further developed these will be re-assessed.