

UPDATE ON CORE CITIES ACTIVITIES

Introduction

- 1 This report follows the Core Cities update to the Partnership on 19th July, in line with the Board's request for regular updates on Core Cities' activities.
- 2 The Core Cities work programme remains focused on economic competitiveness delivered through eight priority workstreams: climate change; culture & creative industries; finance & industry; governance & partnerships; innovation and business support; skills & employment; sustainable communities; and transport.
- 3 The Group continues to grow in influence with Government, and is increasingly being invited to help shape policy and its operation at the early stages of development.

Sub-National Review of Economic Development and Regeneration

- 4 The outcomes of this review were announced in July and reflect the Core Cities' emphasis on devolution of powers and resources to city-regions, streamlining regional structures, and new models of city-region working such as Multi-Area Agreements.
- 5 The Group is now working with CLG and the RDAs on how best to take forward the implementation of the review. The attached letter to the Minister for Local Government, John Healey, from the cities and RDAs sets out the main proposals (Appendix A). Key issues for the cities include:
 - A clear focus on economic development, supported by the prioritisation of investment in areas that have the greatest potential for growth.
 - The need to align priorities and delivery at regional, sub-regional and local level. City-regions must be full partners in developing the Integrated Regional Strategy.
 - Ensuring that promises of devolved powers and resources are realised, in particular, devolution from the regional to the sub-regional level.
 - Increased influence over the spend of national bodies such as the LSC, Homes & Communities Agency and Job Centre Plus, to ensure a better fit with local opportunities and needs.
 - The potential of Multi-Area Agreements to provide a mechanism for improved relationships and coordination with national and regional partners and a clear forward programme of investment.
 - Dealing with issues of accountability and risk, particularly within city-region / sub-regional partnerships.

- Ensuring that partners at all levels have the capacity and skills to develop, manage and deliver the emerging structures and policies, particularly in growth areas.
 - The continued involvement of a full range of partners (including SEEPs) in developing and scrutinising regional policy and delivery.
- 6 In conjunction with this work, the Core Cities have commissioned Price Waterhouse Coopers to research innovative ways of financing local infrastructure, for example, through hypothecated business rate retention and asset-backed vehicles. The results of this work will be published in the New Year and could be shared with West of England partners if of interest.

Other workstreams and joint work with government

Sustainable Communities

- 7 Bristol is the lead city for the sustainable communities workstream within the Core Cities Group, in recognition of its projected high growth in homes, jobs and population.
- 8 In September, the Leader of Bristol City Council signed a letter to the Minister for Housing, Yvette Cooper MP on behalf of the eight cities. In the light of government policy publications such as the Housing Green Paper, this sought commitment on several aspects of delivery. Most importantly, these include securing quality and sustainability as well as quantity of housing stock; appropriately phasing brownfield / green belt development; and ensuring early investment in infrastructure. The Core Cities have been invited to meet with Iain Wright MP, Parliamentary Under-Secretary of State at CLG in January to discuss these issues further.
- 9 In October, Core Cities Chief Executives met with the transition team from the Homes & Communities Agency. Although the Agency is still at an early stage of development, the transition team appeared committed to much of the Core Cities' agenda. Subject to the passage of legislation and other CLG guidance, they suggested that:
- The Agency will 'go with the grain' on Integrated Regional Strategies, not undermine them, and will devolve powers and funding where possible. They will sign up to MAAs and LAAs, if appropriate.
 - Brownfield regeneration should be prioritised above urban extensions.
 - Their aim is to move towards single-pot funding, once existing commitments come to an end over the next few years, with autonomy from other government departments to fund enabling infrastructure of up to £50m.
 - The Agency's Chief Executive is likely to be announced shortly after the second reading of the Bill to establish the Agency. A further meeting may be useful at this point.
- 10 Joint work will look at partnership models, performance frameworks, and funding and delivery mechanisms such as asset-backed delivery vehicles.

Transport

- 11 Following the publication of the Draft Local Transport Bill, the Leader of Bristol City Council attended a meeting of Core Cities Leaders with the Secretary of State for Transport. Issues raised included the potential role of Integrated (formerly Strategic) Transport Authorities, and increased influence for local authorities over decisions by agencies such as the Highways Agency.

Climate change

- 12 Climate change was a key theme of this year's Core Cities Summit in November, which included the launch of a Joint Commitment to Shared Action on Climate Change signed by Core Cities Leaders, DEFRA and CLG (attached as Appendix B).
- 13 At the Summit, Bristol was announced as one of three Core Cities benefiting from the £250,000 Low Carbon Cities Programme, supported by DEFRA, the Carbon Trust and Energy Savings Trust. This will be used to develop a city-wide carbon reduction plan with partners such as the PCT and universities.
- 14 In October a climate change 'hothouse' for Core Cities was held in Bristol, sponsored by the Commission for Architecture and the Built Environment (CABE) and CLG. The event provided a masterclass on climate change mitigation and adaptation within sustainable communities, with the aim of building capacity amongst key decision-makers. A web-based Manual for Sustainable Cities was launched, providing a useful tool for the sub-region in delivering its sustainable communities programme.
- 15 In early June next year several of the Core Cities including Bristol will hold climate change festivals, again with CABE support. These aim to raise awareness of the issues and encourage more action to combat climate change.

Employment & skills

- 16 The Core Cities have continued discussions with Learning & Skills Councils and the Department for Work and Pensions (DWP). These seek agreement on greater local discretion for LSCs and Job Centre Plus in working with strategic partners in cities and sub-regions to meet the skills requirements of employers and support adults in disadvantaged communities into employment. This fits with the implementation of the Leitch Review and a general push to improve coordination across government on economic development, spatial planning, housing and regeneration.
- 17 An event for Core Cities, regional LSCs, Job Centre Plus and government departments is proposed in January. This would consider how the changes above might be implemented through Multi-Area Agreements.

Health

- 18 Although not identified as a priority workstream for the cities, health is nonetheless an issue of strong shared interest. Bristol – with support from GOSW - is currently taking the lead on arranging a Core Cities event on this

theme to be held in the Spring. The Department of Health and partners from health agencies would be invited.

The West of England

Other Matters

Leaders' essays

- 20 An essay by the Leader of Bristol City Council and John Savage on Bristol's sustainable communities agenda, published as part of a collection on leadership by the Core Cities leaders and a range of partners, was launched at party conference fringe events in the autumn.

The Core Cities Summit 2007

- 21 A strong delegation from the West of England attended this year's Core Cities Summit in Nottingham. The Summit was attended by four government ministers and a range of other high-profile speakers. Speeches and presentations can be found at:

<http://www.corecities.com/dev07/Summits/summit07.html>

Terry Wagstaff. Jenny Ford
Bristol City Council

23 November 2007

Dear John Healey/Stephen Timms

CORE CITIES SUMMIT 2007 AND JOINT WORKING BETWEEN THE CORE CITIES, REGIONAL DEVELOPMENT AGENCIES AND GOVERNMENT

As you will know, the Core Cities Group and the RDAs worked closely with each other in the run-up to SNR and made a joint submission to government which we feel added significant value to the process. During the Core Cities Summit, the Chief Executives of Core Cities and RDAs met to discuss the potential for further joint work together with Government on issues related to the implementation of the SNR and the role that all English regions and cities will play in supporting this work. It is clear to us that there are a number of areas where the combined expertise of the Core Cities and RDAs could positively support Government in its work to implement SNR, and the paper appended to this letter aims to set out our views on how this might be taken forward.

In summary, we believe there are a number of key principles which should sit at the heart of SNR implementation:

- **Sustainable growth first, structures second** – improving the international competitiveness of our cities and regions is our collective ambition. Securing sustainable economic growth must therefore continue to be the overarching aim of SNR during its implementation; particularly in relation to the development of Integrated Regional Strategies and LAAs/MAAs. Structures and mechanisms should be designed to support this aim.
- **Focusing on functional economic areas capable of achieving regional growth; the right tasks at the right level** - focusing on the right geography, working across boundaries and functional economic areas to create and then capture growth for regions as a whole.
- **Roles, responsibilities and local variation** – different economic circumstances require different policy responses within regions. Government's SNR Implementation Plan should therefore set out broad national guidance, allowing regions, city regions and localities to develop their own tailored approaches to implementation which reflect their particular economic, political and institutional circumstances. Mechanisms which allow regions and cities to influence national investment plans, particularly through the RFA, will be essential in ensuring national policy is applied in a way which maximizes local circumstances.

We are also going to carry out further joint work in a few key areas:

- **Strategic integration** - Exploring connectivity between the variety of planning and investment strategies and instruments, aiming to set out how they might work to achieve common goals.
- **Delegation, governance and scrutiny** – Establishing principles to guide future activities

- **Capacity** - Examine likely future capacity and skills requirements and understand what supply shortages might occur so that new roles and responsibilities can be properly discharged.

We are keen to work jointly with government in supporting the implementation of the SNR. We would therefore very much welcome a short meeting with you to discuss the principles set out above, our planned joint work, and to discuss how future joint working with Government might be progressed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Murray', with a stylized flourish at the end.

Alan Clarke
Chief Executive
One North East

Chris Murray
Director
Core Cities Group

English Core Cities and Regional Development Agencies: Working together to implement the Review of Sub National Economic Development and Regeneration

1. BACKGROUND

1.1 The Core Cities Group and the RDAs previously collaborated on a joint submission to the SNR consultation. At the centre of this submission was the recognition that cities and regions have distinct yet interdependent roles to play in improving economic growth across England. The submission included a number of propositions in relation to: shared outcomes; roles and responsibilities; strategic integration; delegation; and ensuring 'the right tasks at the right level'. We have welcomed the fact that suggestions from this joint submission can be seen clearly outlined in the SNR final report.

1.2 The opportunity now exists for further joint work to support and help shape the implementation of the SNR. In order to achieve this, we have outlined below some key principles that we believe are important for successful implementation and have identified a small number of areas where further joint working between the RDAs, Core Cities and possibly other agencies, would be beneficial.

1.3 Timing is now a critical factor and our understanding is that additional work would need to take place almost immediately and certainly before Christmas. We are therefore keen to follow up this paper with a meeting in the near future.

2. KEY PRINCIPLES

2.1 The Core Cities Group and the RDAs are in agreement that the following principles are essential to the successful implementation of the SNR.

2.2 Sustainable growth first, structures second

2.21 The SNR places *sustainable* economic growth at the centre of its recommendations. Maintaining a focus on economic outcomes first, and structures that will achieve these second, is essential. Agreed structures and mechanisms are important, but form should follow function in accelerating growth sustainably and translating this into increased social cohesion.

2.22 Securing sustainable economic growth must therefore continue to be the overarching and shared aim of SNR during its implementation; particularly in relation to the development of Integrated Regional Strategies and LAAs/MAAs. Structures and mechanisms should support this aim.

2.3 Focusing on functional economic areas capable of achieving regional growth

2.31 Whilst every region does not contain a member-city of the Core Cities Group, the issues and principles set out below are equally important to all regions. The working relationship between central government, RDAs and other regional agencies, and primary urban areas capable of driving regional growth should be of paramount importance.

2.32 This means a tight focus on the right geography, working across boundaries and functional economic areas to create and then capture growth for the region as a whole.

- 2.33 It would be extremely challenging to the RDAs to maintain individual relationships and undertake delegations with large numbers of district authorities. Whilst in some cases a direct relationship between an RDA and a district would be meaningful – for example through a Local Area Agreement in a large or well-bounded urban area – relationships with collectives of authorities through, for example, Multi Area Agreements are more likely to achieve the intended outcomes of the SNR. Delegation of funding or other regional/local relationships may not exclusively be in the context of MAAs, but arrangements should safeguard the integrity of MAAs where they exist or are being developed. This effectively means that, in the context of functional economic areas, delegations would occur either directly to the larger urban local authorities with proven capacity or to partnerships including them.
- 2.34 A primary focus on areas that are capable of achieving the most sustainable economic growth for their region implies an evidence test of some description. Delegations and any concentration of resources should be driven by the rationale of delivering regional growth, resisting any temptation toward a more basic proportional allocation between districts that will not achieve the same, if any, growth.

2.4 Roles, responsibilities and local variation

- 2.41 Building on 1 above, it is clear that SNR must not adopt a ‘one size fits all’ approach. It is important that each region and sub region is able to define its own roles, relationships and delivery mechanisms; albeit within a broad national framework. However, the intention of the Core Cities and RDAs collective response is to balance this principle with the benefits of being able to speak with one voice to government where possible, outlining a ‘framework of principles’ in greater detail, rather than simply stating that everywhere is different.
- 2.42 Different economic circumstances require different policy responses within regions. Government’s SNR Implementation Plan should therefore set out broad national guidance, allowing regions, city regions and localities to develop their own tailored approaches to implementation which reflect their particular economic, political and institutional circumstances. There will, however, be important similarities between areas like the Core Cities, whose circumstances and geography share a strong resemblance and where greatest economic impact might be achieved.

3. AREAS FOR JOINT WORKING

3.1 Strategic integration

- 3.11 The inclusion of points from our joint submission to the SNR on this issue is welcomed and we collectively support the principle of the Integrated Regional Strategy. In order to make the IRS completely fit for purpose, some major challenges and questions now need to be addressed.
- 3.12 The IRS combines the statutory role and parameters of the Regional Spatial Strategy, including engagement with local authorities, with the broader strategic thinking previously contained within the Regional Economic Strategy. Whilst we are strongly encouraged by the move toward integration, the IRS will need to demonstrate the additional value of this approach. For example, a discussion on economic strategy runs the risk of being circumscribed in a limited

way from the beginning if there are clearly not enough resources available for any necessary infrastructure. Integrating the statutory and non-statutory elements of the IRS is a challenge we can work on together with government. The Core Cities Group are also currently undertaking research into funding major infrastructure investment, with Pricewaterhouse Coopers, and CLG officials have a place on the steering group for this work.

- 3.13 A further related challenge is to ensure that the IRS integrates 'vertically' with the range of spatially-focused strategies (e.g. City Region Programmes/MAAs/Integrated Transport Strategies) and delivery arrangements (e.g. CDCs and special purpose vehicles), and also supports 'horizontal' integration at all levels between different agencies and organisations (e.g. RDAs, local authorities, Learning and Skills Council, Homes and Communities Agency). There are other potential partners that should be considered in this context including: Department of Work and Pensions and Job Centre plus; Highways Agency; and Network Rail.
- 3.14 A tension is emerging between two views, one which sees the IRS as a kind of 'super Regional Spatial Strategy' with the potential to become dominated by the need for housing supply, and another that proposes a much more integrated strategic vision. Our shared view is that the latter is the only way in which the aims of the SNR can be achieved. In addition we would encourage maintaining a focus on seeing local authorities and collectives of authorities as partners in setting the priorities of the IRS and not simply as deliverers of it.
- 3.15 The IRS will be underpinned the Regional Funding Allocation, and RDAs and Core Cities strongly support the principle of a new, greatly expanded RFA round. However, it is not yet clear what the scope of the RFA will be. For example, ensuring that the work of the Learning and Skills Council, Homes and Communities Agency and Job Centre Plus are aligned to and integrated with the next generation RFA process is essential. This leads on to an additional issue about the complexity of potential regional relationships and how these are managed and integrated, for example through an MAA and duties to collaborate. We would be keen to explore this area in more detail.

3.2 Delegation, governance and scrutiny

- 3.21 Achieving integration in relation to delegations, programmes and governance arrangements is a real challenge for the success of the SNR. Core Cities and RDAs are in agreement that we want to move to a programme based approach to investment, with collectives of local authorities that include those in the top tier able to determine investment priorities and commissioning. This is likely to be through MAAs or other similar arrangements, although we have recognised previously in this paper that in some cases individual bilateral relations may be needed. Prioritisation should also be informed by private sector and other stakeholder requirements.
- 3.22 However, there needs to be a sensible limit to the unit-level for individual delegations. Our shared view is that the primary focus should be on functional economic areas that will achieve growth for the region, as opposed to a more proportional delegation not based on this principle. This is likely to require an evidence test of some description and we are happy to work with government on detailed proposals.

- 3.23 There should be a presumption in favour of delegation in these primary relationships.
- 3.24 Delegation would potentially be from a wide range of partners into these areas and the mechanism for achieving this in a coordinated way needs clarifying.
- 3.25 A key outstanding issue is that government will still need to join-up internally; currently the SNR implementation lead responsibility is with CLG, but the funding responsibility is spread much more widely across government.
- 3.26 Setting priorities at city-region level within a regional framework will help to ensure robust democratic accountability through local authority structures, but there is also the issue of a wider regional scrutiny, particularly for drawing up, approving and implementing the IRS. Discussions on regional scrutiny have focused to a large extent on the RDAs, but there is a concern that scrutiny arrangements will need to reflect the full range of partners that will be setting and implementing the IRS. Whilst some level of scrutiny of individual institutions is important, overall scrutiny should focus on the outcomes that have been jointly set in the relevant documents and progress on their achievement. This could include a broader range of social, economic and environmental partners.

3.3 Capacity

- 3.31 A new architecture and shift in roles and responsibilities creates issues of capacity, skills and resources for all the agencies concerned. This is not just in terms of building organisational capacity (e.g. in delivery, planning, strategic analysis or scrutiny) but also in terms of recruitment. A sudden high demand for skill-sets that are in short supply could leave some organisations with real capacity deficits that hinder all. In addition, rather than recreating the same skill-sets in every organisation, it may be possible to think about accessing resources in a different way.
- 3.32 The RDAs cannot necessarily judge where capacity exists and where it does not, as this can be a complex and specialised question to answer in each individual case. Our shared view is that a different approach should be considered as a matter of urgency, taking stock of skills and capacity needs, matching them to existing levels and drawing up plans for plugging any gaps. Cities and regions will take responsibility for developing the right capacity at the right levels, however there are a number of government funded agencies equipped to support them in this important piece of work.

3.4 Future joint work

- 3.41 There are three pieces of joint activity that potentially emerge from this paper, as follows.
- Exploring connectivity between the variety of planning and investment strategies and instruments, aiming to set out how they might work to achieve common goals.
 - Establishing the principles for delegation, governance and scrutiny.
 - Work to examine likely future capacity and skills requirements and to understand what supply shortages might occur so that new roles and responsibilities can be properly discharged.

We would welcome an early opportunity to discuss taking forward this work.