

# **Tyne and Wear City Region Multi Area Agreement**

**July 2008**

**TYNE & WEAR  
CITY REGION**



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## 1. Executive summary

1.1 The Tyne and Wear City Region lies at the centre of the economic and cultural life of North East England. Its economic footprint is in essence based on the travel to work area for the Tyne and Wear conurbation. The City Region encompasses the five Tyne and Wear local authorities – Newcastle, Gateshead, Sunderland, North Tyneside and South Tyneside – and spreads out into the neighbouring counties of Northumberland and Durham. The City Region has a population of 1,650,000, of which 1,000,000 are of working age.

1.2 The Tyne and Wear City Region Multi Area Agreement (MAA) represents a unique opportunity to build upon the existing City Region partnership in order to delivery the priorities that are essential to the economic well-being and success of people and businesses in the City Region. Our approach reflects the growing reality that cities and city regions are once again seen as the drivers of national and regional economies, and are places where community development, social cohesion and cultural identity can be harnessed. Our MAA will add value as it will enable 'clusters' of local authorities, such as those in our City Region, to draw up new agreements with Central Government that are based on implementing a series of solutions to help narrow the economic gap between the City Region and other places.

1.3 Although our City Region remains the 'engine' of the regional 'economy', it continues to face new challenges from national and international competitors, and this requires the City Region to raise its game in tackling economic underperformance and strengthening the key assets and drivers of the economy.

1.4 We are convinced that the focus of the first Tyne and Wear City Region MAA, which concentrates on the major issues that all partners, and especially the business community, recognise as being fundamental to the growth and prosperity of the City Region; namely employment, skills and transport, is the correct approach. All the available evidence suggests that the City Region, if it is to grow in a sustainable economic manner, needs:

- To expand the numbers of people in employment.
- More of our current and future workforce to be equipped with, and to be able to use in the City Region, higher level skills to drive innovation, business creation and competitiveness.
- Our transport infrastructure to support sustainable economic growth, and contribute towards stronger integration between places in the City Region and enhanced connection with external markets.

1.5 Overseen by the City Region Executive Board, which brings together local authority leaders/elected mayor, and the private and voluntary/community sector, our MAA is a new contract between the City Region and Government that commits both parties to work together in order to deliver agreed priorities. We welcome the fact that Government has accepted the rationale for our case, and has expressed a desire to strengthen its partnership with us in order to introduce the reforms that are necessary to help drive the economic performance of the City Region.

1.6 The MAA forms part of a long-term journey for the City Region, during which time momentum will accelerate as confidence and maturity in our partnership increases. Our MAA will be subject to scrutiny by elected members in local authorities in the City Region, and we also intend to revise and evaluate, on a regular basis, our overall performance in delivering the MAA.

1.7 Investing in our 'people assets' will make a real difference to the quality and quantity of our labour markets. Our five priorities in this area are:

- To develop a City Region Employment and Skills Board to drive forward improvements in the employment rate and level of skills in our workforce.
- To support the development of a demand led system, with a clear focus on priority economic sectors, and which places employer requirements into the heart of employment and skills provision both for adults and the 14-19 age group.
- To improve the integration of employment and skills provision in the City Region and to ensure a 'no wrong door' approach for individuals and employers.
- To increase the number of people in the City Region with higher level skills and to support sustainable employment. We need to ensure that there is adequate support from training providers and employers to help people progress in work and to develop skills over the lifetime.
- To recognise the contribution of economic migrants to the City Region economy and develop a coherent programme to attract people with higher level skills into the City Region economy.

1.8 An integrated and effective transport network has a major role in supporting economic growth. Our MAA sets out a programme of activity to build a stronger public and private transport infrastructure. Our plan involves contains the following measures:

- Enabling the transport infrastructure in our City Region to support stronger economic competitiveness and greater economic inclusion, based on building better links between people and jobs and firms and markets. In particular, we want to bring forward ambitious plans to improve parts of our strategic road network (e.g. A1 and A19).
- We want to strengthen the ability of our City Region to influence national transport programmes that impact upon the City Region.
- Introducing new flexibilities that will enable more young people to use concessionary travel to access education and learning.
- Enabling a better fit between strategic transport planning and delivery to align with the reality of the economic geography that defines the City Region.
- Ensuring that our reliance on transport is economically, socially and environmentally sustainable.
- Introducing new arrangements that will see the City Region have a stronger role influencing national rail policy and local rail services in the City Region.

1.9 Some of our proposals can be progressed by introducing closer joint working between partners in the City Region and between the City Region and regional and local bodies. However, other initiatives that we want to pursue require Government to remove some administrative and procedural barriers. We outline a series of 'asks' of Government in this submission, which form the basis of our MAA 'contract'. The table below provides a summary of these 'asks'.

## Summary of our MAA ‘asks’ of Government

<b>Employment and skills ‘Asks’</b>
<b>Ask 1: To support a cluster approach to 14-19 commissioning across the City Region, and to influence any regional decisions. Once the Government’s guidance has been published, to discuss the resourcing of commissioning arrangements with the LSC and Tees Valley City Region to ensure that commissioning arrangements are consistent across the region.</b>
<b>Ask 2: To explore with the City Region how the Employment and Skills Board may become a statutory body, with its powers and responsibilities around employment and skills in the MAA area defined in statute.</b>
<b>Ask 3: To support a co-commissioning approach for employment and skills provision in the City Region and to use this as the basis for future co-commissioning models with DWP and DIUS, drawing national and City Region priorities together within the MAA framework.</b>
<b>Ask 4: To commit to exploring the possibility of introducing new measures in the region that enable Train to Gain to support the achievement of first full level 4 qualifications, through a combination of more flexible use of Train to Gain resources and employer contribution.</b>
<b>Ask 5: HEFCE to provide additional flexibility to FE Colleges in the City Region to deliver units of foundation degrees. We would also like to see a greater degree of unitisation within the LSC funded provision at level 4.</b>
<b>Ask 6: To commit to examine, with the City Region, how the additional flexibility to increase the length of stay of visas for international graduates is helping to deliver City Region aspirations and priorities for higher skills employment, and to explore whether further flexibility is needed.</b>

<b>Transport ‘Asks’</b>
<b>Ask 1: The Government and the Highways Agency to work with the City Region in such a way that will clearly define a programme of improvements to the A1 and the A19 within the next three years and thereafter commit to completing the said programme within the shortest agreed timescale. Coupled with this ask, we would like to see the Highways Agency (in the first instance, possibly followed by other national agencies) have a duty or a responsibility to collaborate with the City Region.</b>
<b>Ask 2: Following the completion of our Governance Review, the appropriate policy and legislative environment exists to enable City Region transport, including MAA transport proposals, to deliver a contribution to the City Region’s broader economic objectives.</b>
<b>Ask 3: To provide flexibility in those statutory provisions and funding mechanisms that support the planning and management of the highway network and public transport in order to enable the City Region partners to develop a consistently high standard of provision throughout the City Region. For example, flexibility in provisions set out by the 1984 Road Traffic Regulation Act could realise substantial economies and efficiencies through the preparation, consultation and making of joint traffic orders across the whole City Region network. Flexibility in the application of the regulations affecting Concessionary Travel will enhance opportunities to provide affordable public transport.</b>
<b>Ask 4: To provide greater flexibility in the use of transportation funding, both capital and revenue, to give the City Region greater opportunities to support operational, marketing and behavioural initiatives promoting sustainable transport through the Local Transport Plan process, including opportunities to develop additional concessionary travel provision to improve access to employment and learning in the City Region.</b>
<b>Ask 5: To recognise the City Region as a consultee on rail policy and to facilitate strategic dialogue on the improvement of rail services between the City Region and rail operators.</b>

1.10 In return for the Government responding positively to our asks, the City Region will agree to be measured by the contributions that the MAA makes to delivering a series of outcomes, including:

- Increases in the employment rate in the City Region.
- Reductions in skills gaps reported by employers across the City Region.
- Increases in the number of people participating in higher education.
- Reductions in the number of people on out of work benefits.
- Increases in the proportion of people of working age with level 2, level 3 and level 4 skills.
- Reductions in the number of 16 to 18 year olds not in education, employment or training.
- Increases in access to services by public transport.
- Increases in the number of people of working age able to access employment by public transport.

## 2. Introduction

2.1 The Tyne and Wear City Region MAA represents a unique opportunity to strengthen the public, private, voluntary and community sector partnership that has been formed to help drive sustainable economic growth and prosperity in the Tyne and Wear City Region.

2.2 Our MAA will enable us to widen and deepen our partnership approach, to prioritise our actions, and to set a clear direction for the City Region in the context of the Sub National Review and the Machinery of Government/Raising Expectations proposals.

2.3 Through the process of developing our MAA, partners have restated their commitment to the City Region as a functioning economic space.

2.4 We have undertaken an initial assessment of the City Region economy, drawing together previous research and data. As a result of this process, we have identified particular challenges – on skills and employment and transport – where we feel an MAA can add significant value to strengthening the City Region economy, and we set out our case in this document.

2.5 Our approach will require all partners to work closer to achieve the objectives we have set for the City Region. It marks a real step change in the commitment to partnership working to date, requiring all partners to work together more effectively; and to take collective decisions and provide strong leadership.

### Our vision and priorities

2.6 Our vision for the City Region, which we first set out in our City Region Business Case,<sup>1</sup> is based on two elements:

**Achieving a more competitive City Region** – building competitive industries and world class talent resulting in improved GVA (economic output).

**Achieving a more economically inclusive City Region** – ensuring economic opportunity and access for all.

2.7 In our City Region Development Plan (CRDP)<sup>2</sup> we illustrated three objectives we needed to deliver on in order to realise our vision:

- More effective economic regeneration and better alignment of policy and strategy at the City Region level.
- Increase the opportunities for more people in the City Region to obtain sustainable and high value employment.
- Strengthen the transport connections within the City Region and externally with regional, national and global markets and places.

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<sup>1</sup> TWCR (2006) Building the prosperity of the Tyne and Wear City Region: A Business Case, Tyne and Wear City Region.

<sup>2</sup> TWCR (2005) Tyne and Wear City Region Development Programme, Newcastle upon Tyne, The Northern Way.

2.8 To deliver on these objectives we recognise that the City Region has to address four major challenges:

- Collectively, our economy needs to expand further in order to build stronger critical mass, spatial concentration and key sector strengths that are needed to drive accelerated growth. We need to increase productivity across all sectors, create bigger markets for our firms to exploit to create new high value added jobs and benefit from the advantages of clustering and inter-dependence.
- We need to improve individual skills at lower, intermediate and higher levels in order to reflect the diverse nature of our economy, and to achieve our ambitions for balanced and sustainable economic growth.
- To build stronger critical mass, we need to connect more people to employment and training opportunities through an effective, integrated and sustainable transport network. We believe that our City Region enjoys some significant infrastructure advantages that we can build upon. We also need to strengthen the connections between our City Region and regional, national and international markets.
- Make the employment and skills and transport 'systems' more efficient and effective – and tackle the complexity and fragmentation of the current administrative arrangements, which struggle to match the distinct needs of the City Region economy.

2.9 The emerging strategy for the City Region, outlined in our Business Case, is focused on addressing each of these issues in order to increase the economic prosperity of the City Region. In particular, our strategy is based on four main elements:<sup>3</sup>

- Human capital – the evidence is that successful innovation and competitive advantage in a global economy requires a workforce to have levels of education and skills that are continuously furthered and upgraded.
- Infrastructure – state-of-the art transportation is critical to moving goods, ideas and workers quickly and efficiently.
- Innovation – the ability to invent and exploit new products, processes and business models is critical to compete globally.
- Quality places – the move to a more knowledge-based economy and concerns over climate change are re-emphasising the role of cities and city regions as drivers of the economy and placing a premium on density, design and creativity.

2.10 Our emerging strategy for the City Region, which will form a key building block of the new Integrated Regional Strategy (IRS), will address each of these factors.

2.11 In our MAA we propose to concentrate initially on two of these priorities: human capital (employment and skills) and infrastructure (transport) for four reasons:

- **Expertise and evidence base** – through our pioneering work on the Tyne and Wear City Strategy Pathfinder and our work on the Transport Innovation Fund (TIF), we now have a more detailed knowledge base for what is required. We have established structures and processes in place which we have used to design our MAA proposals.

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<sup>3</sup> Brookings Institute 2008

- **Addressing fragmentation** - employment and skills and transport are two areas where we need to better align local, regional and national activity at a City Region level, and where some of the most pressing concerns over administrative fragmentation exist. Through our MAA we will draw together the work of various partners and agencies and align it to maximum impact and effect for the benefit of people and businesses in the City Region.
- **Infrastructure** - existing evidence suggests that developing more flexible, efficient and sustainable transport infrastructure is vital to city regions achieving competitive advantage through bigger markets and stronger critical mass and spatial concentration.<sup>4</sup> We have outstanding assets in our City Region but we are currently not maximising these for maximum advantage.
- **Integration** - addressing employment and skills and transport in an integrated fashion will stimulate increased economic activity and help us to achieve stronger economic inclusion in our City Region.

2.12 We propose to develop our approaches to innovation and quality of place as key strands of a research and analysis programme, details of which are set out later in the document.

### Why we need the MAA

2.13 Significant progress has been made in implementing our priorities for the City Region. We have created a successful partnership through the City Strategy Pathfinder, and our proposals for transport in the City Region, such as our Governance Review and TIF studies, are acknowledged as groundbreaking.

2.14 However, we need to, and we want to, deliver much more and at a quicker pace in order to improve the economic performance of the City Region that is competing in a more challenging global environment. We want to achieve further and faster success, and strengthen our collective efforts to tackle the major economic, social and environmental challenges facing the City Region. Although we can point towards some examples of success, there are still too many people in the City Region who are unable to contribute towards, and enjoy the benefits of, economic growth. In particular, our skills base remains too weak, and our businesses need to be more innovative and productive. This means our firms are not creating the numbers of new jobs needed to produce a more competitive and a more inclusive City Region.

2.15 We believe that our MAA, with its clear focus on boosting critical assets, such as labour markets and transport infrastructure, will help us to address the economic challenges that are facing the City Region at present. Crucially, our MAA will provide the basis for strengthening our current partnership working and for removing some of the administrative barriers that, at present, prevent us from unlocking the full economic potential of our City Region.<sup>5</sup>

2.16 Our proposals on employment and skills will:

- Strengthen the influence of the City Region in decision and policy making and help us to improve the operation of the current employment and skills system in the City Region. Our new employer-led City Region Employment and Skills

<sup>4</sup> Katz, B. (2007) A blueprint for American Prosperity: Unleashing the prosperity of a metropolitan nation, Washington DC, Brookings Institution.

<sup>5</sup> LBTF (2008) Lifting the Burdens from Local Economic Development and Regeneration: a call for evidence, London, Lifting the burdens Taskforce.

Board will drive forward the development of an integrated approach to employment and skills.

- Enable us to rise to the challenge of embracing the proposed reforms to 14-19 education so that every young person in the City Region will be equipped with the education and skills to make informed choices about their future career paths.
- Equip more residents in the City Region with the skills that are vital to obtaining better jobs, and to continue to develop their skills whilst in work.
- Meet the needs of businesses that require job ready, skilled and motivated employees.

2.17 Our proposals on transport will:

- Strengthen the ability of the City Region to influence national and regional transport policy so that it makes a stronger contribution to economic competitiveness and inclusion in the City Region.
- Enhance the contribution of transport to prosperity in the City Region by bringing forward new proposals to increase capacity and the flow of goods and people on our major trunk roads (A1 and A19).
- Create new economies of scale and greater efficiency in transportation planning.
- Enable and encourage more young people to use our public transport infrastructure for the purposes of undertaking education and training.
- Result in the better coordination of investment.

2.18 Alongside the continued development of collaborative working at the City Region level, we believe the MAA will facilitate stronger partnerships within and across local authorities, the private sector, regional partners, voluntary and community sector and Government. The added value of the MAA lies in its potential to bind national, regional and local partners together in a compact to deliver a coherent package of measures to generate further and faster economic growth.

2.19 In this submission we begin by setting out the story of place in terms of the City Region and the rationale upon which our MAA is based. We then illustrate the activity we intend to deliver in the two priority themes, and the obstacles that, at present, prevent us from delivering our initiatives, before moving on to identify how Government could remove these barriers by responding positively to a series of specific 'asks'. Our performance management framework clarifies how the delivery of our MAA will be managed and how it will align and support national, regional and local priorities. Finally, in the sections on governance, strategic capacity and resources, we describe how the elements that will underpin the delivery of the MAA will be managed, as well as the additional work we will undertake to clarify and strengthen our timetable and arrangements for delivery.

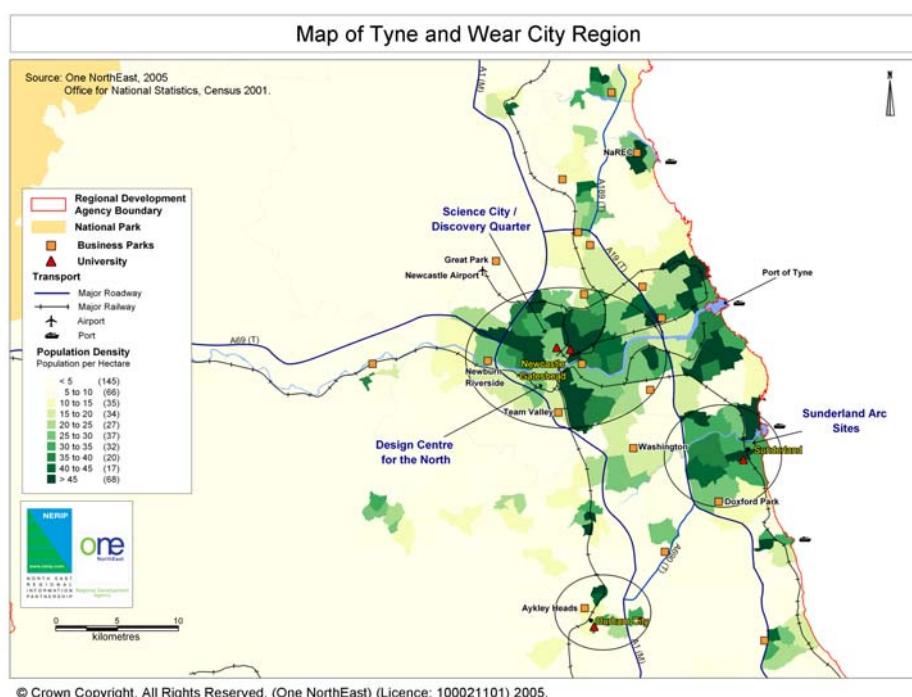
2.20 To support City Region strategy and delivery, we are building stronger analytical capacity in generate a consistent and robust evidence base. In particular, we want to improve our understanding of how the economy in the City Region functions at different sector and spatial levels, what the main drivers and barriers to growth are, and what future trends are forecast. An enhanced focus on analysis and evidence will support the development of a City Region economic assessment, which we will produce in 2008/9 as a key building block of the Integrated Regional Strategy (IRS), and which should serve as a basis for enhanced funding delegation from One NorthEast (ONE).

### 3. City Region context and vision

3.1 The Tyne and Wear City Region lies at the heart of the economic and cultural life of North East England. Its economic footprint is based on the travel to work area for the Tyne and Wear conurbation. The City Region encompasses the five Tyne and Wear local authorities – Newcastle, Gateshead, Sunderland, North Tyneside and South Tyneside and spreads out into the neighbouring counties of Northumberland and Durham (figure 1). In Northumberland, there is an industrial core in the South East (Blyth Valley and Wansbeck), which has strong links to the Tyne and Wear conurbation. Castle Morpeth and Tynedale are more rural areas, but with small towns and villages that have strong commuting links to Newcastle. To the south, the districts of Derwentside, Chester-le-Street, Durham and Easington have close linkages to Tyne and Wear, with some parts having developments that are coterminous with the conurbation.

3.2 Research published in 2005, and undertaken as part of the development of our CRDP, and which drew upon 2001 census data, identified six principle employment centres in the City Region.<sup>6</sup> These included Newcastle-Gateshead with its ‘satellite’ centres to the north east (Regent Centre and Longbenton) and south west (Metro Centre and Team Valley), as well as Sunderland, Washington and Durham City in the south. Recent developments have seen new centres of employment emerge such as the ‘A19 corridor’ in North Tyneside.

Figure 1: Tyne and Wear City Region



<sup>6</sup> Coombes, M. (2005) *Tyne and Wear City Region: Emerging Polynuclearity*, Newcastle upon Tyne, Centre for Urban and Regional Development Studies (CURDS). According to the study, an essential feature of an employment centre is its ability to attract commuters. The prime criterion for being defined as an employment centre rests on an area being more of an importer than exporter of commuters. In the Coombes study, only an area with a higher level of net in-commuting was considered an employment centre of significance at the City Region level.

3.3 The City Region has a population of 1,650,000, of which 1,000,000 are of working age. Just over 65% of the population live in the five Tyne and Wear local authorities.

3.4 The development of the MAA and the implementation of Local Government Review (LGR) do not sit comfortably together in terms of timetable. The present system of local government is being restructured in Northumberland and Durham. In April 2009, the existing two-tier local government system in the two counties will be replaced by single unitary authorities. Although some local authority boundaries will change, the economic geography of the City Region is expected to remain the same, and support for further City Region working is expected to continue in those areas where the need for cross-authority collaboration exists.

3.5 We must build closer integration between different places in the City Region in order to strengthen the mass needed to enable us to compete domestically and internationally. Stronger collaboration between our major conurbations – Tyneside (especially Newcastle/Gateshead) and Wearside (Sunderland) – is vital as they possess the key assets (knowledge intensive businesses/services, industrial strength and technical capacity) that will drive future economic growth. Building stronger industrial strength and intensified innovation and human capital will need to be accompanied by improvements to networks, physical infrastructure and quality of life. The success in achieving our vision – that of creating a more competitive and a more economically inclusive City Region – will be determined and driven by a number of important interrelated elements:

- An acceptance of the benefits of growing polycentricity as a means of building stronger critical mass and spatial concentration – where different employment centres and places in the City Region interact and play complementary roles in shaping economic and social development.
- Achieving both sustainable and accelerated growth – where prosperity is stimulated and encouraged, but not at the expense of the environment or the quality of place.
- Strengthening connectivity – building more effective internal and external transport links, and where the City Region embraces a global perspective that is demonstrated by more companies and more people contributing towards the City Region economy, supported by a digital future that helps to create sustainable businesses and communities.
- Reducing economic and social disparities – enabling more people to undertake training or employment and thus share in, and contribute to, the sustainable economic development of the City Region.
- A commitment by partners to work across local boundaries and to support markets – understanding better the complex interaction between different markets and the development and implementation of appropriate strategy and investment at the right spatial level.

3.6 The Tyne and Wear City Region Executive Board provides the co-ordinated high level leadership that is responsible for driving the delivery of our vision for the City Region. The Board brings together local authority leaders/elected mayor, the private, voluntary and community sectors, ONE, the Learning and Skills Council (LSC) and Government Office North East (GONE).

3.7 Our commitment to work collectively as a City Region is founded on a shared understanding amongst all partners that joint action is essential to delivering prosperity across and within the City Region. We recognise that in order to deliver our vision we need to introduce a stronger sense of ‘place’ into national and regional

policies designed to support sustainable economic growth at the sub-national level.<sup>7</sup> There is growing evidence that the key drivers of productivity and economic success – skills, investment, innovation, enterprise and competition – come together better in a more effective and coherent framework if they are integrated in particular places.<sup>8</sup> Places, such as city regions, offer a unique combination of the assets that can boost the productivity of firms and attract the skilled workers that are needed by employers. In a global world of mobile investment and people, the quality of places has become even more essential. Businesses want to locate in places that offer a residential environment that is attractive to workers.

3.8 Cities and city regions are once again seen as the drivers of national and regional economies, and places where the capacity exists to promote community development, social cohesion and cultural identity.<sup>9</sup> We believe that the key to achieving sustainable economic growth in our City Region lies in building a stronger sense of place, individually in local areas and collectively through the City Region partnership, and in ensuring that all our interventions contain a clear spatial focus.

3.9 When looking at the broader economic context of our City Region, including its assets and drivers, challenges and blockers, it is clear that the City Region operates as the major ‘growth centre’ for economic activity in North East England,<sup>10</sup> providing the lion’s share of regional Gross Value Added (GVA), working age population, total employment, and a higher share of professional and management professions. The City Region is therefore a major player in delivering the key objectives set out in the Regional Economic Strategy (RES).

3.10 During the past two decades, the industrial profile of the City Region has changed significantly with the virtual elimination of the traditional industries of mining and heavy engineering.

3.11 High value added manufacturing remains a vital component of the City Region economy. In recent years, the City Region has seen the diversification of its economic base into new areas such as the marine offshore industry, pharmaceuticals and biotechnology, professional business<sup>11</sup> and financial services and an emerging cultural and creative sector. The public sector also remains a major source of employment, accounting for nearly 30% of the total workforce, with administration, education, health and social work of particular importance. However, our City Region still lacks the critical mass of strong industry clusters that could facilitate stronger information exchange, innovation and agglomeration economies.<sup>12</sup>

3.12 The need for places, firms and people being able to exploit, absorb and apply knowledge has grown in significance. Successful city regions offer a unique combination and interaction of market factors that build the critical mass needed to underpin a sustainable and dynamic economy. They also encompass knowledge based sectors, such as high value business services, science and technology and

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<sup>7</sup> Lyons, M (2007) Place-shaping: a shared ambition for the future of local government, London, The Stationery Office.

<sup>8</sup> CLG (2008) Why Place Matters and Implications for the Role of Central, Regional and Local Government – Economic Paper 2, London, Communities and Local Government.

<sup>9</sup> Parkinson, M. (2006) State of the English Cities: Urban Research Summary 21, London, Office of the Deputy Prime Minister.

<sup>10</sup> ONE (2006) Leading the Way: Regional Economic Strategy, Newcastle upon Tyne, One NorthEast.

<sup>11</sup> TBR (2004) Professional Business Services in the Tyne and Wear City Region, Newcastle upon Tyne, Trends Business Services.

<sup>12</sup> OECD (2006) Territorial Review of Newcastle in the North East, Paris, Organisation for Economic Co-operation and Development.

creative industries. The 'three pillars' approach in the RES illustrates how the region proposes to build specialist critical mass in science and technology based sectors. In our City Region, Science City in Newcastle and Software City in Sunderland reflect the aspiration for driving structural change within the economy. These examples, which embrace and integrate the concepts of physical infrastructure development and innovation, demonstrate how the City Region is creating new forms of knowledge based economic activity in priority sectors, out of which competitive businesses and employment opportunities are expected to emerge and expand.

**Table 2: Key sectors in North East England and Tyne and Wear City Region**

North East England <sup>13</sup>	Tyne and Wear City Region
Chemicals and Pharmaceuticals	Marine Engineering
Automotive	Bio-sciences/Molecular Science/Health Science
Defence and Marine	Energy
Food and Drink	Automotive
Energy	Software/IT/Digital Media
Knowledge Intensive Business Services	Pharmaceuticals
Tourism and Hospitality	Transport and Logistics
Commercial Creative	Commercial Creative
Health and Social Care	Knowledge Intensive Business Services
	Construction
	Tourism and Hospitality
	Public sector

3.13 Although we have made steady progress in growing new enterprises, business formation rates in the City Region remain beneath the level needed to play a full role in helping the region meet its target of 18,500 to 22,000 new businesses in the region by 2011.<sup>14</sup> There are also major spatial economic disparities within different parts of the City Region. Whilst Newcastle, Gateshead and Sunderland have witnessed significant economic growth over the past five to ten years, some of the most deprived neighbourhoods in the country can be found in our City Region.

3.14 The City Region has more people in work than ever before, but despite a period of sustained economic growth over the past decade, and changes to welfare policy, the proportion of working age population in employment has risen only incrementally, and we still lag behind the national average (figure 3). Persistent trends, including a low birth rate and ageing population, mean that questions of demography are viewed increasingly as critical factors in determining economic growth. Our evidence is that the economic demographic picture for the City Region is worse than most other city regions in England. In the short to medium term, and situated alongside measures designed to strengthen and utilise the indigenous supply of high skilled labour, our City Region will need to continue to attract higher skilled national and international migrant workers.

3.15 The fact that there are still pockets of high levels of unemployment in the City Region suggests that too many people lack the appropriate skills and ability to gain sustainable employment. We know that there are employment centres in the City Region where job vacancies cannot be filled and yet substantial numbers in the City

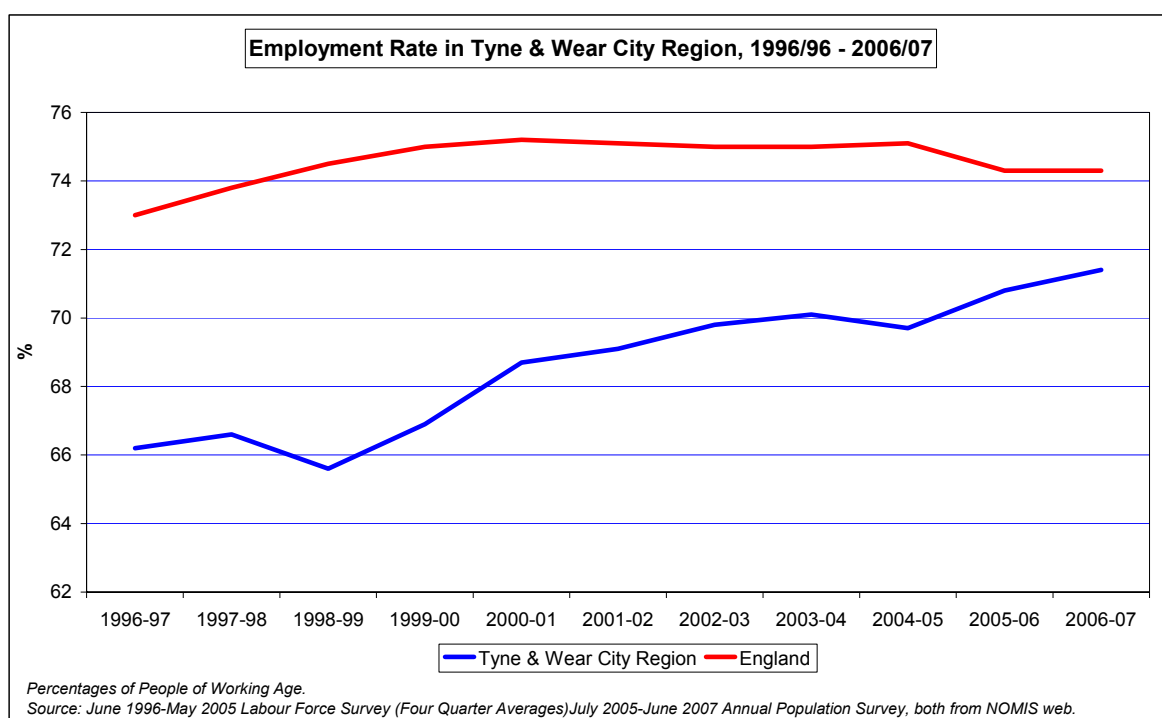
<sup>13</sup> Regional breakdown is based on research commissioned by ONE for the RES, which examined key economic sectors in North East England.

<sup>14</sup> ONE (2007) Leading the Way: Regional Economic Strategy Action Plan 2006 – 2011, Newcastle upon Tyne, One NorthEast.

Region remain economically inactive. Aside from individual circumstances, such discrepancies suggest that there is a fundamental spatial mismatch between labour supply and labour demand in parts of our City Region.

3.16 The skills base of the City Region’s labour force is improving, and at lower skills levels the area performs reasonably well, when compared to the national average – 64.5% of the working age population have a level 2 qualification, compared to 63.2% for England<sup>15</sup>. At level 3 and above, our comparative performance does not compare as favourably, with only 42.4% achieving level 3 compared to 44.9% for England, and a bigger gap at level 4, with only 23.5% compared to a national average of 27.1%.

**Figure 2: Employment rate in the City Region (1996-2007)<sup>16</sup>**



3.17 Current projections – up to 2014 – suggest that the City Region will see a reduction in the demand for some lower and intermediate level skills, and increasing demand for managers, professional and associate professional occupations. In addition, there will be stronger demand in personal services and sales employment.

3.18 The problem with the current economic structure in our City Region is that it does not generate sufficient demand for higher level skills. Large numbers of graduates still leave the City Region, and many who remain are under-employed. We need to strengthen the business base and occupational structure of existing firms in the City Region.

3.19 In higher level skills, there is evidence that individuals are not deployed effectively to support economic growth in the City Region. For example, the proportion of engineering and science graduate level employees engaged in

<sup>15</sup> Tyne and Wear City Region Employment and Skills Consortium (2008) Evidence base for Employment and Skills

<sup>16</sup> The growth in the employment rate in the City Region has been underpinned by large increases in public sector employment.

innovation activity remains low, while the relative proportion of knowledge intensive businesses (KIBS) in our City Region economy is significantly lower than in the Manchester and Leeds city regions.<sup>17</sup> This suggests that many of our current management structures are not driving the development of new products and processes, and that too many managers do not deploy their staff effectively. The future economic prosperity of the City Region will depend, in part, upon us making improvements to the qualifications and skills of managers in our businesses.

3.20 At present, there remains a significant demand for people with lower skills in the City Region, although many employers, particularly small firms, claim they are unable to find enough people with basic employability skills. A lack of skills may be part of the problem, but low wages may also be failing to attract people into work.

3.21 One of the major assets, which contributes towards the City Region’s quality of place, is the higher education sector, and in particular the sector’s research and development and teaching activity. These assets are vital given the limited private sector and non university public sector research and development capacity in the City Region.

3.22 Studies have found that the existing transport connections in the City Region (e.g. air, rail, road, sea and broadband telecommunications) are not, by themselves, seen as major impediments to economic growth. However, the City Region does need to improve its internal connectivity and enhance its public transport infrastructure in order to develop a stronger and more successful City Region economy.<sup>18</sup> The current mechanisms for governing and co-ordinating transport in the City Region, which are under review, are also considered a barrier to achieving greater economic competitiveness and inclusion.<sup>19</sup>

**Table 3: Key assets and drivers and challenges and blockers of the City Region economy**

Assets and drivers	Challenges and blockers
<ul style="list-style-type: none"> <li>• Higher education institutions</li> <li>• Transport infrastructure</li> <li>• Diversified economy</li> <li>• Public sector</li> <li>• Specific sector strengths</li> <li>• People<sup>20</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Need to build stronger spatial integration</li> <li>• Demographic trends</li> <li>• Skills and labour markets (supply and demand sides)</li> <li>• Low rate of business formation</li> </ul>

3.23 The major challenges that emerge from our understanding of the City Region economy provide the rationale for identifying a series of specific measures, some delivered through the mechanism of the MAA, that we need to implement in order to build a more competitive and a more inclusive City Region.

<sup>17</sup> Clayton, N (2006) Knowledge Economy Audit for the Manchester City Region: A Data Annex for Manchester Knowledge Capital, London, local futures group. KIBS defined as knowledge based economic activity across the economy by the proportion of graduates in the workforce.

<sup>18</sup> Northern Way/McClearn Hazel (2005) Tyne and Wear City Region Development Programme: Technical Annex – enhancing connectivity in the Tyne and Wear City Region.

<sup>19</sup> OECD (2006) Territorial Review of Newcastle in the North East, Paris, Organisation for Economic Co-operation and Development.

<sup>20</sup> In Schmuecker, K. (2008) Social Capital in the North East: How do we measure up?, Newcastle upon Tyne, IPPR North, the author suggested that the North East (and its people) was ‘exceptional in some respects’ when compared to social capital in other regions.

3.24 Our collective programme of action will demonstrate its ability to deliver real improvements to business, people and places in the City Region. The success of the MAA will be judged on the positive difference that the people who live and work in the City Region experience as a result of our proposals. Our MAA will create a new space in which national, regional and local investment and resources in employment and skills and transport are targeted more effectively to help deliver better outcomes for people and businesses in the City Region. We believe that a more economically inclusive City Region, built on the foundations of strong and sustainable communities, is possible, and that our MAA will help us realise this objective.

3.25 To deliver our vision we must develop a common and robust evidence base to inform and shape an integrated City Region approach to spatial development. The overall strategic direction and investment priorities for our City Region will be informed and shaped by a commitment to pool our thinking and capacity on economic development in order to continuously improve our evidence base and analytical rigour. We are building stronger analytical capacity at the City Region level for three specific reasons. Firstly, studies have shown that existing knowledge and understanding to support the production and implementation of successful economic development strategies in the region is limited.<sup>21</sup> Secondly, robust evidence is recognised as being crucial to the development and delivery of effective policy and strategy. Thirdly, a stronger analytical framework at the level of the City Region will generate the evidence and legitimacy to justify particular interventions.

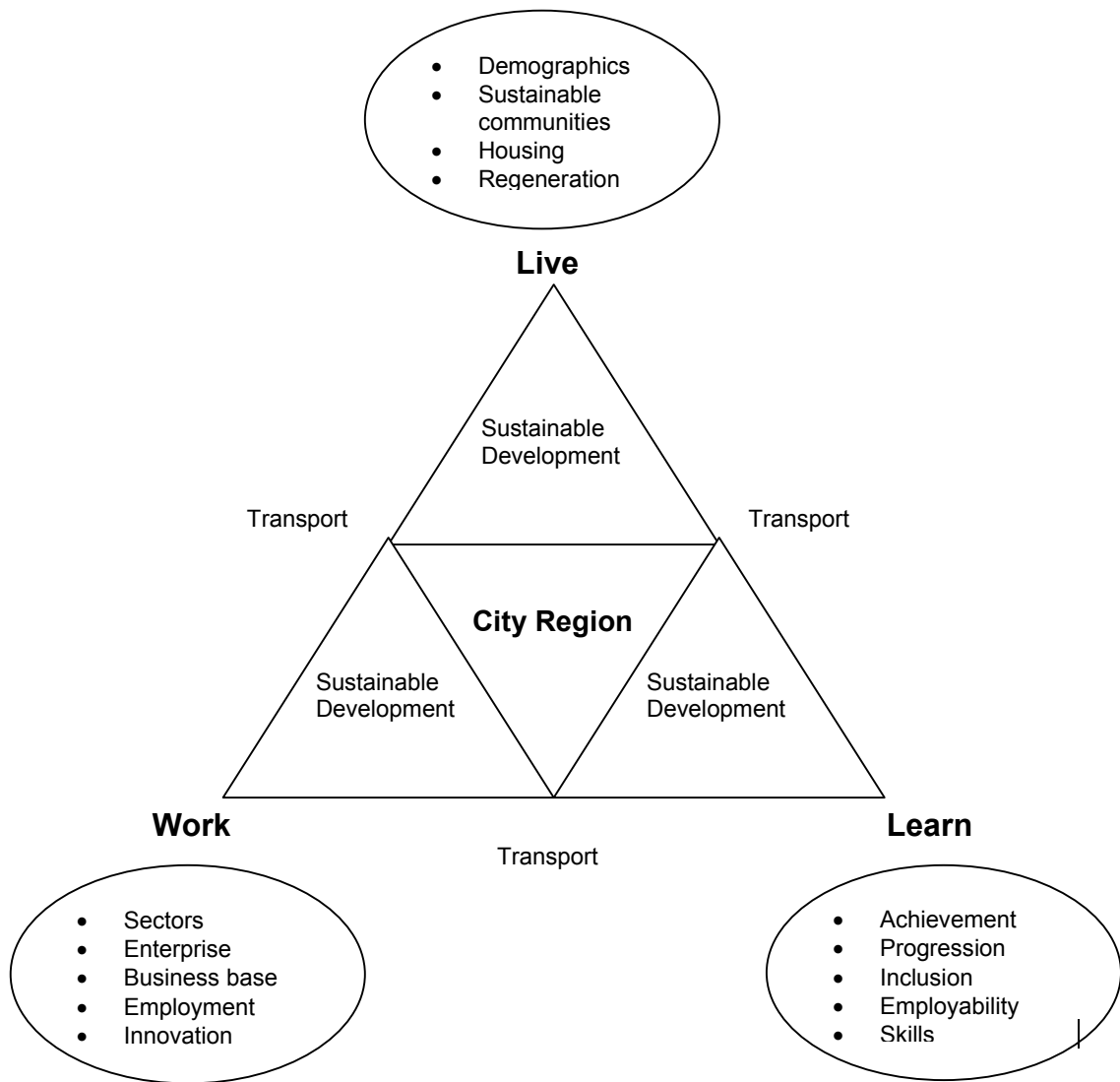
3.26 A new strand of policy and analytical activity will be co-ordinated by a new City Region Team, which will work in partnership with international, national, regional and local partners, such as local authorities, business, ONE, Northern Way, Central Government and the new Spatial Economics Research Centre. We believe there are a number of areas where our understanding of the City Region economy could and should be improved. These issues will be considered as part of a new City Region research and analysis programme to be delivered over the course of the next two years, and include:

- Spatial and sectoral economic analysis – understanding better the role and performance of specific places in the City Region economy and their interdependence with, or isolation from, each other with an emphasis on the behaviour of firms and their linkages.
- Understanding better the key drivers of productivity in the City Region (e.g. the role of R&D, innovation, technology transfer, absorption capacity and public sector procurement).
- Futures economic modelling and forecasting – establishing growth scenarios within a City Region econometric model.
- Employment and skills (matching short and medium term employer demand with supply provision) – higher level skills, intermediate and employability.
- Demographic change and forecasting.
- Strategic transport linked to sustainable economic development.
- Strategic planning for sustainable economic growth – employment and residential land use – with an initial focus on developing improved housing market analysis at the City Region level, and a better understanding of the role of the quality of the residential offer as an economic driver in the context of City region housing markets and spatial policy priorities.
- Commuting patterns and motivations within and across the City Region – i.e. travel to work horizons, etc.

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<sup>21</sup>OECD (2006) Territorial Review of Newcastle in the North East, Paris, Organisation for Economic Co-operation and Development.

**Figure 3: Framework for the City Region research and analysis programme**



## 4. Employment and skills

4.1 The following section sets out how we intend to drive forward the required improvements in the employment rate and skills levels of the workforce in the City Region by taking action against five clear priorities. These have been identified from our initial economic assessment of the issues facing the City Region, existing evidence and our recent experience of delivering the City Strategy Pathfinder. The five priorities we have identified are:

- To develop a City Region Employment and Skills Board to drive forward improvements in the employment rate and level of skills in our workforce.
- To support the development of a demand led system, with a clear focus on priority economic sectors, and which places employer requirements into the heart of employment and skills provision both for adults and the 14-19 age group.
- To improve the integration of employment and skills provision in the City Region and to ensure a 'no wrong door' approach for individuals and employers.
- To increase the number of people in the City Region with higher level skills and to support sustainable employment. We need to ensure that there is adequate support from training providers and employers to help people progress in work and to develop skills over the lifetime.
- To recognise the contribution of economic migrants to the City Region economy and to develop a coherent programme to attract people with higher level skills into the City Region economy.

4.2 These priorities are appropriate given our current understanding of, and agreed actions for, the City Region economy. Some of our proposals could be facilitated simply by stronger joint working between City Region partners. The delivery of other proposals, while also requiring a commitment to partnership, could be implemented more effectively and quicker with Government assistance. We illustrate how assistance could be provided in the form of a specific 'ask'.

4.3 Our priorities form part of a broader approach to strengthen the role of the City Region as a 'learning place', where the existing and future workforce is flexible and equipped with the necessary skills to embrace and drive forward economic transformation.<sup>22</sup> We also believe that our proposals are situated within the framework envisaged for co-ordinating and delivering future sub-national and sub-regional economic development in England:

Interventions should take place at the most appropriate level, be aligned, avoid duplication and contribute towards sustainable economic growth – both in individual places and across the region.<sup>23</sup>

4.4 Our priority actions will require significant changes to the way the City Region does things at present. This will also be the case for the Government, national and regional agencies that commission services.

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<sup>22</sup> OECD (2008) More than just jobs: workforce development in a skills based economy, Paris, Organisation for Economic Co-operation and Development suggests that cities and city regions are crucial to delivering effective workforce development and skills policies/strategies.

<sup>23</sup> CLG/BERR (2008) Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration, London, Communities and Local Government/Department for Business, Enterprise and Regulatory Reform: 37.

4.5 Employment and skills provision in the City Region should provide a seamless 'service' for employers and residents. We want to ensure that the multi-spatial level approach to the commissioning and delivery of employment and skills operates in a more complementary fashion and that we are able to influence the system so that it works better to deliver City Region priorities.

4.6 Further changes are required in the way that the City Region develops and implements its priorities for employment and skills, and the way in which demand is generated and provision is commissioned and delivered. We propose to build on the strong foundation of partnership working across the City Region to take these issues forward.

4.7 At the strategic level, we recognise, as recommended by Leitch;<sup>24</sup> that employer requirements should be placed at the centre of employment and skills supply and demand. We will therefore create an employer-led City Region Employment and Skills Board (ESB), which will be responsible for steering the delivery of our five priorities. We are at present working up detailed terms of reference for the ESB. The ESB will be an employer dominated body with a strong remit to develop and oversee the delivery of a single City Region Employment and Skills Strategy covering both demand and provision for adults and the 14-19 age range. Our ESB will build upon, and extend further, the successful track record of employer engagement and participation, in both shaping and helping to deliver skills priorities in North East England. We also see the ESB as playing an important complementary role alongside the new regional arrangements that will replace the existing Regional Skills Partnership.<sup>25</sup>

4.8 The City Region Employment and Skills Strategy will outline our priorities for employment and skills, while an associated delivery plan will include an agreed set of objectives from all relevant agencies, and will seek to influence the use of resources within the wider framework of national and regional policy. Over time, we anticipate that the ESB will strengthen its influence over how provision is delivered across the City Region. In particular, we want the proposed Skills Funding Agency (SFA) to be an active partner in our ESB. However, we recognise that these measures will take time to achieve and that it is necessary to agree a staged approach with Government and partners and set this out within our MAA.

4.9 We recognise the new opportunities presented by the Raising Expectations proposals for the transfer of 14-19 education and training to local authorities working in partnerships or 'clusters'. This agenda will strengthen our ambition to create a learning City Region, and help to secure more effective integration between learning, skills and employment. Raising the quality of support and training to young people in the City Region forms an integral part of our strategic priority to join up provision, and to ensure a greater focus on higher levels skills.

4.10 Our initial assessment of travel to learn patterns across the City Region (figure 5) suggests that there is a broad fit with the pattern for travel to work – and a high degree of complementarity between providers and a distinctive City Region 'market'.

4.11 In responding to the White Paper, City Region partners have agreed to pursue the opportunities afforded by 14-19 commissioning through the MAA, and for

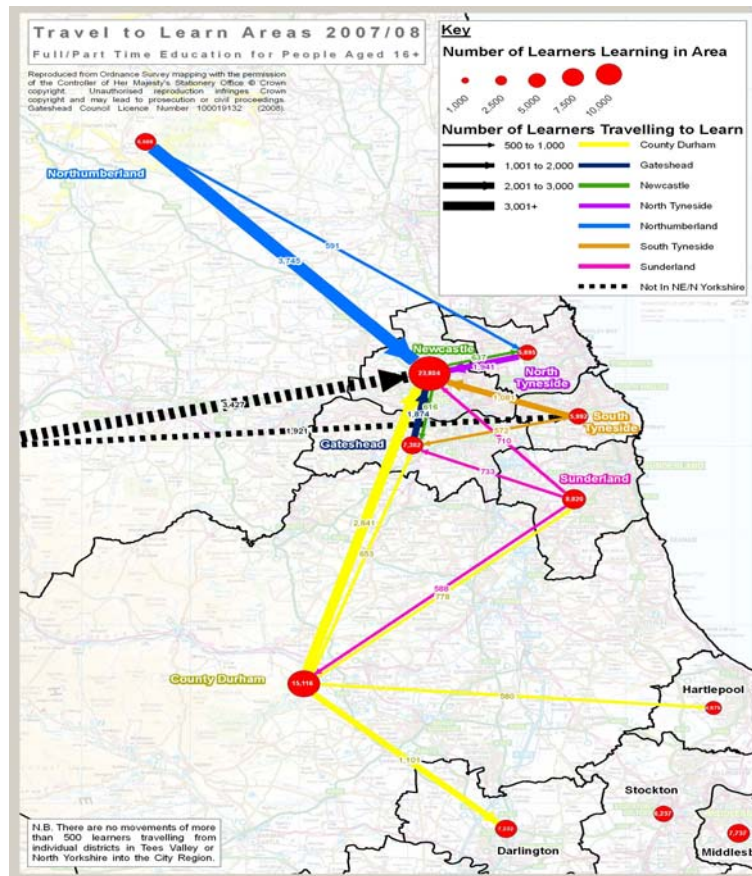
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<sup>24</sup> Leitch S (2006) Leitch Review of Skills, Prosperity for all in the global economy - world class skills, Norwich, HMSO.

<sup>25</sup> A regional task group has been reviewing the structure and role of the North East Regional Skills Partnership. New proposals outline the creation of a Regional Skills Forum.

local authorities to adopt a cluster approach that reflects recognised travel to learn patterns across the City Region.<sup>26</sup> The proposal for local authorities to come together on a more informal basis at the regional level, with key partners, is also viewed as an important mechanism to help ensure that a consistent approach to commissioning is followed, and that the collective actions planned within the City Region ‘area’ are coherent, and contribute towards providing benefits for all young people in the region.

**Figure 5: Travel to Learn Areas 2007/08**



4.12 To help prevent ‘loss of focus’ around delivery the White Paper proposes that change is implemented as soon as possible. We believe that this must be balanced against the capacity for new and successor bodies to gear up for delivery. Therefore, the transition process must be managed carefully and resourced appropriately. If the planned timetable is to be maintained, initial decisions need to be taken once the Government has laid out its plans at the end of the consultation. The process would be assisted by the LSC entering into early planning and capacity building work with local authority City Region clusters to ensure that the existing expertise in the LSC is retaining within the new system.

4.13 At this stage, we envisage that local authorities will want to establish informal partnership arrangements to support this process from September 2008, in line with

<sup>26</sup> TWCR (2008) Tyne and Wear City Region response to Raising Expectations: Enabling the System to Deliver.

the timetable outlined in the White paper, which has indicated that the Government wants shadow 'sub-regional collaborative groupings' to be agreed by January 2009.

4.14 2008-10 will therefore be a transitional period, and we will continue to work closely with the LSC to ensure that sufficient capacity exists at the City Region level to undertake this function. To facilitate and expedite this process, our **first ask of Government is to support a cluster approach to 14-19 commissioning across the City Region, and to influence any regional decisions. Once the Government's guidance has been published, to discuss the resourcing of commissioning arrangements with the LSC and Tees Valley City Region to ensure that commissioning arrangements are consistent across the region.**

4.15 The City Region will need sufficient capacity to support the work of the ESB. In line with our staged approach to the development of the role and responsibilities of the ESB, we will also agree with the Government how and when resources should transfer from existing agencies to support the work of the ESB.

4.16 At the operational level, our City Strategy Pathfinder has identified how we can improve and progress the integration of employment support and skills services and join up provision for employers and individuals. We have already begun to link up the stages of the customer journey in order to increase the employability of individuals. We have taken forward this work in line with the Regional Employability Framework (REF), and through the City Strategy Pathfinder we have started to improve commissioning processes in order to better align existing objectives and resources and to join up services on the ground. However, much more is required, and we are keen to ensure that our experience is brought to bear on the development of the proposed adult advancement and careers service in the City Region from 2010 onwards. The MAA provides the opportunity to test out new approaches in this area and we are looking to develop a process of co-commissioning by local authorities, the LSC and DWP. This will take into account the problem that is being addressed, the value of previous capital investments, development of common standards of quality and performance and sharing of back office costs. The Government has determined that the Working Neighbourhoods Fund should be targeted at the most deprived communities to address problems at this spatial level. Many people we hope to support back into work using this new Fund will find jobs in their local district. However, we also need to encourage more people out of work to look beyond their local areas for employment, which means broadening their intended patterns of travel to work. The ESB will therefore have a role in ensuring that the efficiency of these local programmes is not affected by artificial administrative boundaries.

4.17 In our initial economic assessment of the City Region, we indicated that that our future competitive success requires us to increase the number of people in the City Region with higher level skills, To increase higher level skill rates, while also raising the overall employment rate, will require education and training providers to work much more closely with employers, In particular, we are aiming for skills provision in the City Region that:

- supports those sectors of the economy that we have been identified for growth in the City Region; and
- is flexible and extends in work learning and training opportunities in the City Region to support sustainable employment and encourages more employers to promote higher level education and training.

4.18 However, even with the initiatives we set out in our MAA, it is likely that the City Region will remain dependent in the interim on the inward migration of people

with higher level skills, and we are therefore looking to the Government to facilitate extended lengths of stay in the City Region for international graduates.

4.19 By addressing these strategic priorities we will build a more competitive and a more inclusive City Region. While we have been able to initiate activity within existing partnership arrangements, more robust measures are now required to release the potential that the City Region holds for improving outcomes and making better use of available resources. Our proposals will enable us to take forward change at a faster pace and with increased impact. We will ask the Government to support this process by working with us to agree a timetable for the City Region to undertake a stronger role and responsibility.

4.20 Experience suggests that the involvement of employers, and specifically private sector employers, will only be sustained if they are provided with the opportunity to influence, in a genuine fashion, the shape of provision and effect changes. We will therefore strengthen the role of employers in the employment and skills arrangements in the City Region. We believe that our MAA proposals will provide them with the opportunity to have significant influence, and ensure that we help to move the arrangements for developing skills in the City Region into a stronger demand-led system.

### **Developing the City Region Employment and Skills Board**

4.21 Over the period of our MAA we have set ourselves the ambition of creating a City Region ESB to take overall responsibility for raising skills levels and improving employment outcomes for the current and future working age population. The new Board will build upon the current Interim Employment and Skills Board, which is steering the delivery of the City Strategy Pathfinder. While the terms of reference for the new employer-led Board are still being worked up, we anticipate that it will:

- Drive forward the integration of employment and skills provision and bring the requirements and demands of employers and individuals, informed by rigorous economic and labour market analysis, into the heart of future provision.
- Provide a single influential City Region voice on employment and skills issues to central and regional government and other relevant bodies, such as the UK Commission for Employment and Skills.
- Identify and address barriers facing residents to employment and progression in the labour market.
- Scrutinise the performance of employment and training provision, set objectives and direct the use of resources to improve outcomes in the City Region.

4.22 The Board's primary function will be to develop and oversee the delivery of a City Region employment and skills strategy, outlining the strategic economic and labour market requirements in the City Region, and indicating how demand can be driven by working with employers and associated provision supported by the LSC, Jobcentre Plus, RDA, DWP, further and higher education provision, local authority and the voluntary and private sectors can be harnessed to work collectively to address City Region priorities. At this initial stage, we expect the strategy will comprise:

- An assessment of the key economic growth sectors and labour market conditions in the City Region.
- A robust analysis of the employment and skills needs of businesses, and barriers faced by residents, in the City Region.

- A description and assessment of the type and availability of adult employment and training activities required to meet these needs, including proposals to improve services so that they are 'demand-led'.
- An integrated approach to employment and skills provision to ensure a 'no wrong door' for both employers and residents.
- A description of how the continuous improvement of services will be supported.
- A description of the consultation processes used by the Board in the formulation of the strategy

4.23 In order to implement our strategy we will produce an associated delivery plan, which we envisage will contain:

- A clear performance management framework of agreed City region-based objectives and milestones that all partners are committed to reporting their contribution towards the delivery of, which will be compatible with required regional and national performance management systems and indicators, and will have a plan of appropriate resources attached.
- Recommendations for the contracting and commissioning processes to be used in order to secure the required services and how future contracting and commissioning processes can be streamlined.
- Recommendations on the use of funds from the Skills Funding and Young People's Learning Agencies from 2010 onwards.
- A description of the consultation processes used by the Board in the formulation of the plan.

4.24 The development of the ESB and the City Region employment and skills strategy and delivery plan will take place over time and milestones for their creation and implementation will be agreed with key Government Departments and regional partners.

4.25 The ESB will draw upon strong analytical and officer support at the City Region level. The City Region will strengthen its capacity in this area by employing specialist staff or researchers. The new capacity will provide a key policy development function in relation to employment and skills at the level of the City Region, while also supporting local authorities to develop their joint service delivery plans. We will draw upon resources made available through the Regional Improvement and Efficiency Partnership (RIEP) to invest in improving our collective and institutional understanding of how best to build knowledge and capacity in this area. New capacity will also be created to support the planning of provision for 14-19 year olds across travel to learn areas in the City Region. As indicated, we want to work with Government to ensure that capacity is built to enable 14-19 commissioning to take place on a cluster basis in the City Region.

4.26 We are seeking the support of Government for the creation of a City Region ESB with the remit, functions and influence over delivery arrangements as set out above. During the period of the MAA, we want to work with Government to examine how the development of the ESB could be phased in and its responsibilities formalised in advance of the creation of the SFA and Young People's Learning Agency (YPLA). We believe that the emerging role of the ESB would be underpinned where the City Region able to exert more influence over the direction of national and regional policy and commissioning. Therefore, our **second ask is for the Government to explore with the City Region how the Employment and Skills Board may become a statutory body, with its powers and responsibilities around employment and skills in the MAA area defined in statute.**

## Improving and integrating employment and skills provision

4.27 While we recognise that it will take time to develop an ESB along the lines we have set out, we are nevertheless keen to build on the momentum created by the City Strategy Pathfinder in the area of employability. In particular, we have identified a number of operational changes that could be made in the more immediate period to improve services and progress the integration of employment and skills provision. These proposals are focused on improving employer engagement and support in the City Region and on integrating the commissioning and delivery of employment and skills services. Our aim in integrating employment and skills is threefold:

- Secure sustainable employment for those people currently out of work or not engaged in some form of training.
- Improving the skills of the current workforce.
- Building stronger labour market foundations for a more competitive and a more productive City Region economy.

4.28 In order to encourage employers to recruit from disadvantaged local groups, we need to strengthen the engagement of employers across the City Region, and to support partners with the co-commissioning and delivery of employment and skills services for employers. However, further work is now required to take this initiative forward, including:

- To encourage partners in the City Region, working with Jobcentre Plus, to engage employers in Local Employment Partnerships (LEPs), to open up more job opportunities for workless people often locked out of the labour market.
- To work with Jobcentre Plus to ensure employers recruiting through LEPs have access to partners in the City Region able to improve the educational and training opportunities available to their employees.

4.29 We need to establish a consistent performance management framework across the City Region based on common ownership amongst City Region partners of agreed objectives and targets. There is a need for this framework to include targets from national agencies, and for funding to be more closely aligned to the performance improvements that are being sought. The intention is to build on the performance framework by developing this into a joint investment framework covering all post-14 employment and skills funding for the City Region. To facilitate this, **our third ask of Government is to support a co-commissioning approach for employment and skills provision in our City Region, and to use this as the basis for future co-commissioning models with DWP and DIUS, drawing national and City Region priorities together within the MAA framework.** We would expect the approach to focus on and cover:

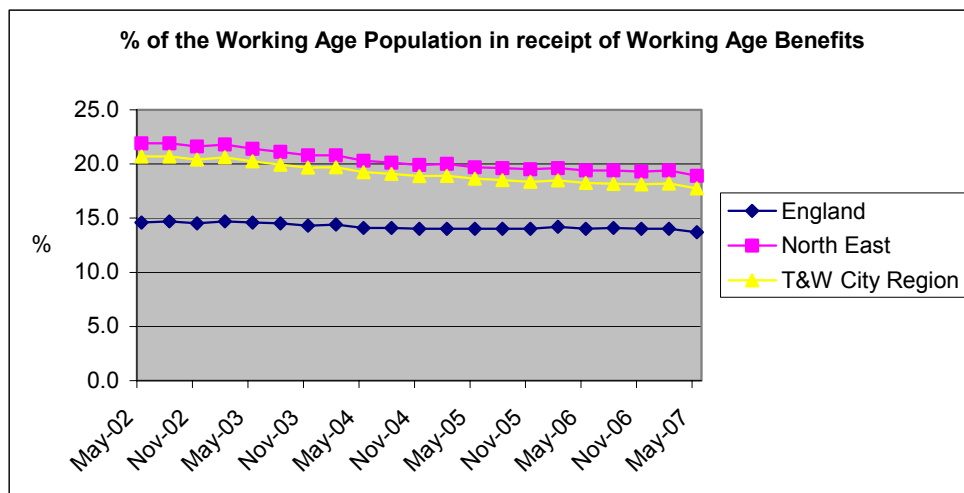
- Breaking down agreed objectives into the City Region geography for the duration of the MAA period.
- Identifying the funds that can be aligned to deliver City Region agreed priorities, including, for example, adult skills funding which we believe should be included in the next round of the Regional Funding Allocation process.
- Developing a co-commissioning framework at the City Region level in order to extend working between the City Strategy Pathfinder and DWP. A potential co-commissioning framework could include advance notice of co-commissioning opportunities or the use of City Region data and information to inform specific types of delivery.

- Government exploring with the City Region how the Employment and Skills Board may become a statutory body, with its powers and responsibilities around employment and skills in the MAA area defined in statute.
- Developing joint arrangements for understanding the performance of and managing integrated provision.
- Exploring how the City Region could play a role in the adult and careers advancement pilots.
- Exploring how the City Region could be involved in the Flexible New Deal.

4.30 In our City Region Business Case we emphasised the importance of the City Region contributing towards the delivery of neighbourhood level outcomes based on a commitment that economic growth in the City Region should address the needs of our most deprived communities. A City Region approach can bridge the gap between regional strategies and neighbourhood and community approaches. In all our activity we will strike an appropriate balance between working within an agreed framework and supporting the delivery of tailored local solutions for different communities and individuals.

4.31 In our CRDP, we stated that the Indices of Deprivation (ID) Employment Scale for 2004 had revealed that all local authorities in the City Region, with the exception of Tynedale, had worklessness rates twice the national average. Not surprisingly, given the scale of the challenge, recent data reveals that the City Region still has a higher proportion of the population in receipt of working age benefits than the national average (figure 6).

**Figure 6: % of working age population in receipt of working age benefits**



4.32 Studies have found that a spatial mismatch exists between those areas in the City Region where there are high levels of economic inactivity and other places where job opportunities and future growth prospects are healthier. Many people in employment have travel to work patterns that straddle local authority administrative boundaries. Although most jobs at the lower end of the skills spectrum require shorter travel to work distances<sup>27</sup>, there is a clear assumption that some people out of work may have to find a job outside the local community in which they live. Therefore, it is crucial that there is a co-ordinated approach to employment and skills,

<sup>27</sup> Green, A. and Owen, D. (2006) The geography of poor skills and access to work, York, Joseph Rowntree Foundation.

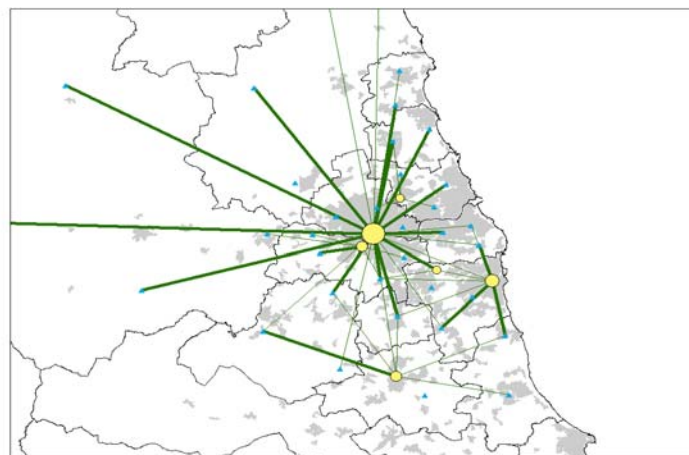
and that our transport infrastructure supports any extension of commuting and learning patterns.

### Higher Level Skills

4.33 The Leitch Review provided compelling evidence that the majority of new jobs in the future will require higher level skills.<sup>28</sup> We know that higher level skills are a significant driver of the competitiveness, productivity and innovation of sectors, businesses and places, and we recognise that in order to create a truly integrated employment and skills system in the City Region we need to create the foundations for a stronger knowledge based economy. Our vision is for a more competitive and a more productive City Region economy. To achieve this we need more of our population to possess higher level skills and for those skills to be absorbed and used effectively by more businesses.<sup>29</sup> The route to success will also be determined by educational providers supporting increased higher level skills development that matches the economic growth priorities of the City Region.

4.34 Our evidence suggests that the travel to work patterns of those people employed in higher level skills occupations fits with the broader economic geography of the City Region (figure 7). In order to improve higher level skills in the City Region, and to provide sufficient employment opportunities to absorb these skills, local actors need to work together, and with national, pan-regional and regional partners.

**Figure 7: Non-manual commuting patterns in the City Region (2001)<sup>30</sup>**



4.35 The City Region is a crucial spatial level where we can adopt a new approach to building stronger critical mass in the supply of, and demand for, higher level skills. In our City Region we will introduce a stronger place-based approach to driving the demand for higher level skills, and we will ensure that the necessary provision exists to meet demand. This approach matches the Government's stated requirement to see, "[the development of] of higher level skills that a particular business needs in a particular sector in a particular place".<sup>31</sup>

<sup>28</sup> Leitch S (2006) Leitch Review of Skills, Prosperity for all in the global economy - world class skills, Norwich, HMSO.

<sup>29</sup> The Government has set a key national target to increase the proportion of working age adults qualified to level 4, and above, to 36% by 2014.

<sup>30</sup> Source: 2001 Census. Map reproduced, with agreement, from Coombes, M, (2006) Tyne and Wear City Region: Emerging Polynuclearity, Newcastle upon Tyne, CURDS.

<sup>31</sup> DIUS (2008) Higher Education at Work, High Skills: High Value, Sheffield, Department for Innovation, Universities and Skills.

4.36 We face a number of significant structural challenges that we need to overcome in order to create labour markets where higher level skills are an integral component of our broader economic base. These include:

- Increasing the current relatively low demand for higher level skills.
- Halting the outward migration of graduates from the City Region.
- Tackling the under-qualification of managers.<sup>32</sup>
- Stemming the under-utilisation of highly skilled individuals in growth enhancing activity, e.g. science and innovation.
- Increasing the relatively low proportion of working age population is qualified to level 4 or above when compared to other places (figure 8).
- Addressing recruitment problems from graduate level occupations.
- The City Region has a low proportion of people employed in higher level occupations when compared to other places (figure 9).

4.37 The presence of both low demand for and low supply of people with higher level qualifications and skills could suggest that the high skills labour market in the City Region is approaching equilibrium. However, in order to achieve our ambition of a more competitive and a more productive economy we need to activate and stimulate more demand for higher level skills in the City Region.

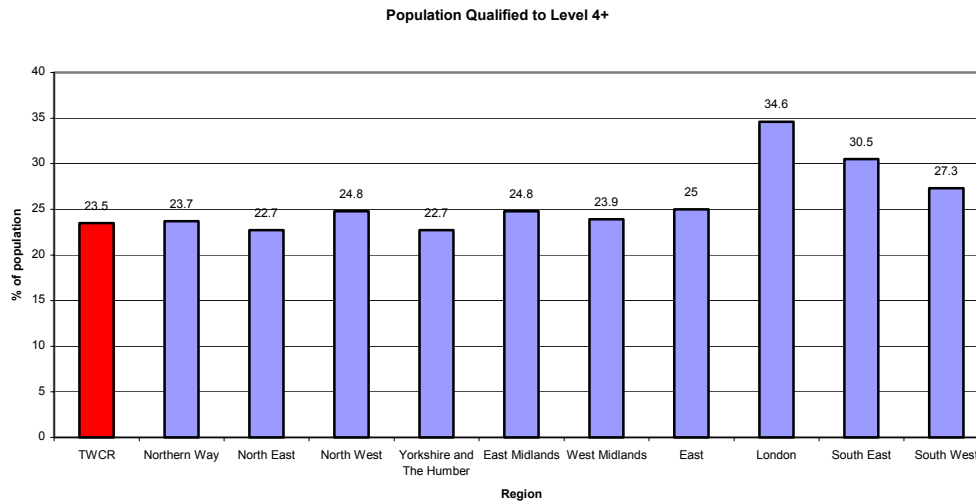
4.38 Currently, in our City Region, we are under-utilising our science and engineering graduates in innovation activity. This presents a major economic challenge when we consider that major initiatives, such as Science City, are underway to build a new critical mass of emerging science and technology knowledge-based activity in the City Region. We have a substantial student population, but we find it difficult to retain students once they graduate. Our region has one of the lowest levels of graduate retention. In part, this is due to the relative low demand amongst employers for higher-level skills. In addition, the 'wage offer' in the City Region is often not as attractive as it is in other parts of the county.

4.39 We face the challenge of helping more people to acquire higher level skills. The spatial distribution of people with higher level skills in our local communities is uneven, although when compared to other city regions it is not unique. However, where our City Region is distinctive is in the number of areas that contain very few people who have level 4 or above qualifications. Without a new approach to driving increased demand for higher skills and providing innovative provision, this pattern is unlikely to change because these areas have low participation rates in higher education and also many residents do not possess the pre-requisite qualifications to enter higher education.

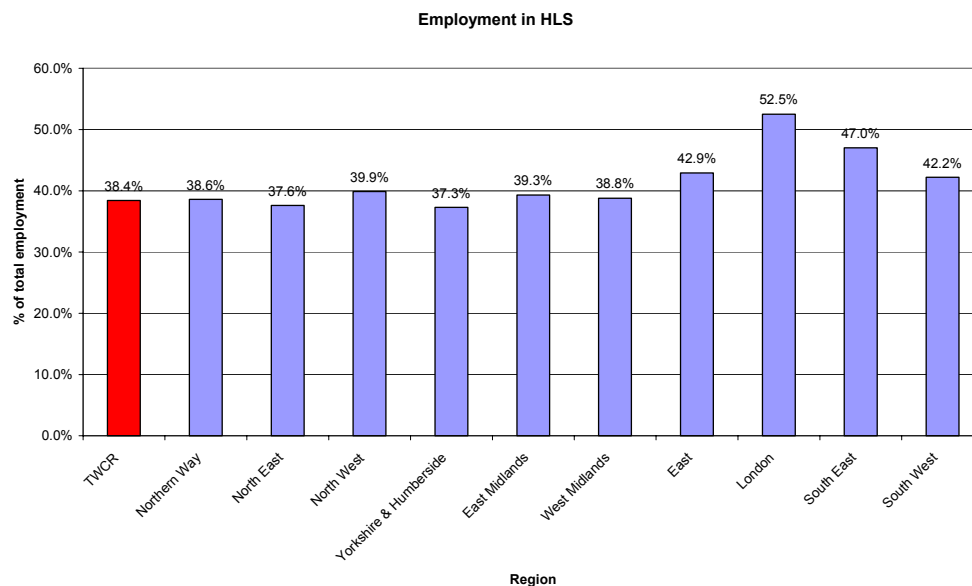
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<sup>32</sup> Higher level skills are seen as critical to delivering successful corporate and organisational management, which is itself recognised a key driver of productivity (see Keep, E. and Westwood, A. (2003) Can the UK learn to manage?, London, The Work Foundation).

**Figure 8: Population in the City Region qualified to Level 4+**



**Figure 9: Employment in the City Region in higher level skills occupations**



4.40 The City Region, led by our new ESB, will work to influence the direction and use of current resources that are earmarked to widen participation and access to higher education. We know that partners in the City Region are currently working with the Government to explore new ways of increasing participation amongst our residents in higher education. Initiatives such as 'University Challenge' have set out the Government's proposals to work with local communities to expand access and provision to higher education. Some authorities, such as Gateshead and North Tyneside, have begun to outline ambitious plans to increase participation rates in higher education within their respective local areas. Given the travel to learn geography that sets the spatial context for further and higher education provision in the City Region, it will be important to ensure that new forms of provision are complementary and contribute collectively towards raising overall participation rates in higher education in the City Region.

4.41 To overcome the current challenges we have identified for the City Region in building a more competitive and more productive economy driven by a highly skilled workforce we need to:

- Generate greater demand for higher level skills, because the prevailing economic structure in the City Region is producing sub-optimal demand from employers and individuals.
- Create an economic structure that stimulates increased demand for higher level skills.
- Create the necessary catalysts that will drive demand for higher level skills upwards.
- Put a stronger sense of place into higher level skills as it relates to the strategic economic priorities of our City Region.
- Recognise that supply side solutions alone will not suffice and that employers need to drive this agenda.
- Ensure that more people with higher level skills in the City Region are able to use their skills appropriately.
- Secure agreement from local authorities, employers and regional agencies to implement a more coordinated and comprehensive approach to addressing higher level skills deficits in the City Region.
- Acquire the flexibility to retain higher skilled non-EU graduates to work in our City Region.

4.42 Our MAA provides a mechanism for us to set an ambitious long-term goal to raise the skill levels of our residents and also increase the demands of our businesses for higher skilled workers. Building a more competitive economic structure in the City Region will take time, but we are committed to working with national, regional and local partners to co-ordinate the delivery of higher level skills that match the economic priorities and investment plans of the City Region. The City Region has a unique role in helping to 'make the market' and stimulating demand in particular places and in specific sectors. There are a number of specific measures that we can introduce in the immediate period to start to drive our work forward on higher level skills.

### **Integrated regeneration, business support and skills development**

4.43 Physical regeneration activities are crucial for stimulating greater demand for higher level skills. However, in reflecting the need for an integrated employment and skills system, our education and training providers should be engaged much earlier in regeneration activity than they are at present. In particular, we want to expand the role of educational institutions in our City Region as strategic partners in economic development.<sup>33</sup> It is essential that institutions are brought into programmes where major physical regeneration projects are linked to specific economic sector development initiatives, e.g. the sub-sea/marine offshore engineering cluster on the north bank of the River Tyne. Our approach reflects the pattern of new investment in innovation connectors in the City Region, such as Regional Energy Centres at Blyth and Easington, Newcastle Science City, Sunderland Software City and the Design Centre for the North, where there is a combined focus upon developing high skilled specialised technology, local physical regeneration and broader economic and social inclusion.<sup>34</sup>

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<sup>33</sup> Wilson, T. and Green, A. (2008) From onlookers to leaders? Rethinking the potential of universities in local economic development, University of Hertfordshire.

<sup>34</sup> GONE (2007) Government Office for the North East Competitiveness and Employment ERDF Operational Programme Document 2007-2013, Newcastle upon Tyne, Government Office North East.

4.44 Engaging providers at the initial stages of planning, and throughout each stage of the regeneration process, would enable them to deliver tailored programmes to help more people acquire the necessary skills to obtain employment or to enhance the skills of those currently in employment to make a greater contribution to productivity. The wider labour market implications of regeneration activity should also be considered, especially with respect to possible displacement impacts.

4.45 The move towards an integrated approach across the City Region would see partners agreeing to align their funding streams around investment priorities, such as those outlined in the RES Action Plan. Any alignment of funding would include resources that are used to improve physical infrastructure, whether this is for sites and premises or for facilities that support skills delivery. The same considerations would also relate to those sectors that are considered to be the key drivers of growth in the City Region.

### **Embedding higher level skills within business support**

4.46 Where public sector support is provided to businesses to boost innovation, knowledge transfer and new market development, we believe that this should be accompanied by a diagnostic assessment of the adequacy of the existing workforce to implement the required changes and maximise the benefits of the intervention. This would require Business Link to undertake a skills diagnostic assessment within the context of a business solution and to work with businesses to develop a range of options for addressing any skills gaps that are identified. If Business Link requires additional capacity to undertake this function then this should be provided. As part of our MAA, we want Business Link to be given additional flexibility to stimulate greater demand, through Train to Gain, and to also flush out any latent demand.

4.47 In order to increase the demand for higher levels skills, especially amongst Small and Medium-Sized Enterprises (SMEs), we want the region, through the regional brokerage service, to introduce a new approach to broadening level 4 and above provision. While we recognise that we need to increase the number of people with higher level skills (i.e. level 4 or above qualifications), we also want to ensure that individuals who gain qualifications are retained in the City Region so that they can support the growth of our economy. Clearly, there will be a continued requirement for an employer contribution to support this activity and therefore the Train to Gain offer should have appropriate fee assumptions. We are seeking support from Government for first full level 4 qualifications, which can be aligned to the HEFCE funding policy of Equivalent Level Qualifications.

4.48 The City Region can play a vital intermediary role around particular key strategic employment sites, by helping to articulate the needs and demands of employers (especially SMEs) in particular places, and then ensuring that brokerage and delivery providers implement appropriate solutions. By developing placed based joint investment frameworks, and by having first level 4 qualifications within the Train to Gain offer, we can create additional demand for higher level skills in our City Region.

4.49 Therefore, our **fourth ask** is for **Government to commit to exploring the introduction of new measures in the region that will enable Train to Gain to support the achievement of first full level 4 qualifications, through a combination of more flexible use of Train to Gain resources and employer contribution.** We are also proposing that the City Region, acting as an intermediary, works with Business Link to drive demand amongst employers and individuals to access Train to Gain in the City Region.

## Develop a Higher Level Skills Framework

4.50 Individually, ONE, GONE, LSC, HEFCE and local authorities all provide funding that supports the development of higher levels skills in our City Region. Although these agencies fund provision, there is also a plethora of initiatives, pathfinders, pilots and development funds. This leads to a sense of confusion and limited understanding as to who funds what and where the gaps in support exist. Currently, work is underway at the regional level that forms the initial basis of our proposals. However, from a City Region perspective this work should be broadened.

4.51 Although some elements of higher level skills co-ordination and delivery are in place in the region, the move towards better alignment would be accelerated by the creation of a regional higher level skills framework. The framework would strengthen understanding of high level skills demand within different parts of the region, including our City Region, and identify the relationship between employer demand and business strategies. The current Regional Employability Framework provides a useful model for how it might work, but the landscape is more complex for higher level skills. At the very least, the framework should cover:

- The stimulators of demand for higher level skills.
- Engagement mechanisms for individuals.
- Engagement mechanisms for employers.
- Higher level skills provision (including management and leadership).
- Matching skilled individuals to employer need (recruitment mechanisms).

4.52 Through the development of the MAA it has become apparent that the contribution that each university and college can and wants to make to supporting this agenda varies considerably.

## Flexibility from HEFCE

4.53 In order to match our efforts to stimulate greater demand for higher level skills in the City Region, which reflects our agreed sector and spatial economic priorities, and raise levels of participation in higher education amongst residents in the City Region, flexibility from the Higher Education Funding Council for England (HEFCE) is needed in order to enable our City Region higher education providers to shape the delivery of specific training and education programmes. An increased emphasis on unitisation, which would allow individuals to undertake specific elements of qualifications, would help providers meet the precise demands of employers and individuals. This flexibility is essential if more SMEs are to support higher level skills development in the City Region.

4.54 Foundation degrees are an important route to helping employers develop the skills of their workforce; they offer a stepping stone to full degrees and higher skills; and they also present an opportunity to match provision with the requirements of individual businesses. However, additional flexibilities in the delivery of foundation degrees would enable us to move further and faster in raising the skill levels of our workforce. Therefore, our **fifth ask** of Government is to **allow HEFCE to provide additional flexibility to FE Colleges in the City Region to deliver units of foundation degrees. We would also like to see a greater degree of unitisation within the LSC funded provision at level 4.**

4.55 In particular, flexibility in this area is required for individuals to top up any skills development activity that may have been funded by their employer to a full qualification. It should only require an individual to pay for the additional elements of the programme and to be able to do this at any City Region institution, even if it is

different from the one used by their employer. This will require providers in the City Region to have agreements in place to facilitate this.

4.56 Additional flexibility is also required to recognise the costs associated with employer, civic and social engagement within the overall funding package to individual institutions. The specific ask here is for funding to be mainstreamed rather than it to be made available via pilots or initiatives.

### Higher skilled migrants

4.57 The Office for National Statistics has produced new demographic projections for all districts in our City Region. These show the growing importance of continuing to attract skilled workers from other parts of the UK, Europe and the rest of the world. In simple terms, the size of our workforce will fall incrementally but noticeably over the next two decades if we do not encourage and seek more economic migrants. Failure to attract economic migrants will restrict our ability to grow the economy of the City Region. Citizens of the European Union already have full rights to live and work in the City Region, and our economy has benefited from a recent influx of skilled and motivated workers, primarily from Eastern Europe. The Government has also introduced a new points based system for skilled workers of other nationalities. This allocates points based upon qualifications, age, previous experience, ability in the use of English language, etc. Points are also awarded if the potential migrant has studied in the United Kingdom. The universities in our City Region educate a large number of international students, especially from China and, increasingly, from India. Many of these students have the skills that our changing economy needs but not enough remain in the City Region to work after they graduate. **Our sixth ask is for the Government to commit to examine, with the City Region, how the additional flexibility to increase the length of stay of visas for international graduates is helping to deliver City Region aspirations and priorities for higher skills employment, and to explore whether further flexibility is needed.**

MAA employment and skills 'Asks'
<b>Ask 1: To support a cluster approach to 14-19 commissioning across the City Region, and to influence any regional decisions. Once the Government's guidance has been published, to discuss the resourcing of commissioning arrangements with the LSC and Tees Valley City Region to ensure that commissioning arrangements are consistent across the region.</b>
<b>Ask 2: To explore with the City Region how the Employment and Skills Board may become a statutory body, with its powers and responsibilities around employment and skills in the MAA area defined in statute.</b>
<b>Ask 3: To support a joint commissioning approach for employment and skills provision in the City Region and to use this as the basis for future co-commissioning models with DWP and DIUS, drawing national and city region priorities together within the MAA framework.</b>
<b>Ask 4: To commit to exploring the introduction of new measures in the region that will enable Train to Gain to support the achievement of first full level 4 qualifications, through a combination of more flexible use of Train to Gain resources and employer contribution.</b>
<b>Ask 5: HEFCE to provide additional flexibility to FE Colleges in the City Region to deliver units of foundation degrees. We would also like to see a greater degree of unitisation within the LSC funded provision at level 4.</b>
<b>Ask 6: To commit to examine, with the City Region, how the additional flexibility to increase the length of stay of visas for international graduates is helping to deliver City Region aspirations and priorities for higher skills employment, and to explore whether further flexibility is needed.</b>

## 5. Transport

5.1 The vital link between transport and successful economic development has been well documented.<sup>35</sup> Our vision is to build a more competitive and a more inclusive City Region, and we see transport as crucial to improving connectivity within the City Region in terms of labour, housing, learning, retail and leisure travel patterns. Ease of access and mobility are major contributing factors in generating sufficient agglomeration benefits and building the critical economic mass that is necessary for the City Region to compete nationally and internationally.<sup>36</sup> Our evidence, compiled largely, although not exclusively, through TIF studies in Tyne and Wear and Durham<sup>37</sup>, demonstrates the unique value and importance of working towards strategic transport improvements at the City Region level.

5.2 As with our broader priorities for the City Region economy, and the specific employment and skills proposals we have set out in the MAA, our current and future objectives for transport are based on robust evidence. As part of the move towards strengthening understanding and knowledge, we will ensure that existing transport analysis in the City Region is improved and aligned with the new spatial and economic analytical capacity being developed at the City Region level. We also recognise that the regional context needs to be taken into account as detailed work moves forward, particularly in terms of providing a strategic and evidence framework as well as resolving the different governance and decision-making arrangements for transport in the region.

5.3 Our vision for transport in the City Region is to provide a transport network that is modern, seamless, efficient, reliable and sustainable. We will use world class innovative technologies and state-of-the-art strategies to maximise the capacity and responsiveness of our networks to meet the needs of the conurbation. We believe that our transport system is vital to increasing competitiveness, to enhancing life opportunities for people and for improving the quality of our environment. We know that capacity improvements on our road network should accompany first class improvements to our public transport system.

5.4 Our economic growth aspirations could be hampered by problems on specific parts of our strategic road network, notably the A1 Western Bypass and A19 junctions in North and South Tyneside and Sunderland. We have one of the fastest growing rates of car ownership in the country and if we do not accelerate proposals to improve the infrastructure, congestion will become even more of an issue, and this will have an effect on our economic competitiveness.

5.5 Recent studies, conducted through TiF, have demonstrated the value of investment in the transport infrastructure and services of the City Region – indeed we have found greater value in investment than we have from policies of demand restraint. Investments that proved high value for Tyne and Wear have included;

- Capacity improvements on the trunk roads (A1 and A19).
- New bridges crossing the River Tyne.
- A comprehensive network of cross-conurbation bus routes.
- A simplified structure of lower fares for all public transport.

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<sup>35</sup> Eddington, R. (2006) Transport's role in sustaining UK's productivity and competitiveness: the case for action, Norwich, HMSO. Eddington made the case for how targeted transport intervention can contribute towards economic growth.

<sup>36</sup> Marshall, A. and Webber, C. (2007) The case for better transport investment: Agglomeration and growth in the Leeds City Region, London, Centre for Cities.

<sup>37</sup> Studies in conjunction with the Department for Transport.

5.6 Through our MAA we will use the robust evidence base we have gathered for strategic transport planning, as well as drawing upon new sources, to develop a City Region Transport Strategy that will enable us to agree a co-ordinated set of transport investment priorities across the three statutory local transport plans in the City Region. The strategy would also link into the City Region economic strategy, the IRS and the associated process for regional investment in transport systems including the RFA process.

5.7 However, none of these elements can be delivered without the participation of Government and that is, in part, why we have developed the specific asks that are included in this MAA.

### **Challenges and opportunities**

5.8 The quality of our transport links is vital to the future economic prosperity of the City Region. In the City Region we are fortunate to have two international gateways in Newcastle Airport and the Port of Tyne both of which are recognised as strategic regional economic assets. Businesses operating in the global economy are dependent on international connectivity for access to markets and the supply chain. Improvements to the A1 and the A19, together with improved public transport, will enable better and easier access to our gateways for businesses, passengers and employees that will help to contribute to the economic prosperity of the City Region.

5.9 The quality of our transport links is vital to the future economic prosperity of the City Region. The Northern Way identified the importance of connectivity to the relationships between businesses. These links mirror closely the geography of high quality transport connections – notably Tyne and Wear City Region is not represented in a national analysis – suggesting linkages to the City Region are inadequate to make business connections effective. The Government has acknowledged the added economic value of transport through the calculation of agglomeration benefits. Notably, key growth areas such as Manchester and Leeds, benefit from this effect. We expect that the strategic transport improvements within our City Region will generate significant added value in the following ways;

- By facilitating uplift in local connectivity and economic activity, for example between Sunderland and Tyneside.
- By improving regional agglomeration between the Tyne and Wear and Tees Valley City Regions.
- By overcoming the perceived peripherality and remoteness of the City Region at a national level.
- By improving links to our international gateways of Newcastle Airport and the Port of Tyne.

5.10 Our MAA transport proposals will support the delivery of two fundamental objectives linked to the wider economic development agenda:

- Enhanced economic efficiency and competitiveness by improving accessibility to employment and learning and markets and reducing the adverse impacts of congestion on the effectiveness of our transport systems.
- Improving social and economic inclusion by ensuring that people and communities in the City Region are connected better to services and to employment and learning by efficient and sustainable transport links.

5.11 There are a number of issues we face in order to strengthen connectivity and accessibility across the City Region. These include:

- Enabling the transport infrastructure in our City Region to support stronger economic competitiveness and greater economic inclusion, this means building better links between people and jobs and firms and markets.
- Enabling a better fit between strategic transport planning and delivery to align with the reality of the economic geography that fits the City Region.
- Ensuring that our reliance on transport is economically, socially and environmentally sustainable.

5.12 The proposals in our MAA will assist the delivery of coordinated transport services across the City Region in the following ways:

- By enabling policy development to occur at the multi area level to strengthen policy direction and to aid consistency.
- By facilitating the delivery of innovative area-wide transport initiatives that improve levels of service and provide added value to travellers.
- By realising economies of scale in service delivery that can achieve savings and efficiencies for the partner authorities.

5.13 Currently, we face a number of obstacles and barriers to building strategic transport improvements in the City Region, such as:

- The challenge of securing support across the City Region for aligning local priorities in what is a significant, complex and high profile public policy issue.
- Insufficient integration between transport planning and wider spatial and economic development strategy.
- Lack of recognition of the importance of the City Region within the existing statutory structures for transport planning and investment, particularly in the prevailing structure for Local Transport Plans.
- Weak public transport connections outside our conurbations between local communities and major employment centres.
- Inadequate public transport provision between our main centres of learning and training and those communities that are most economically disadvantaged.
- Poor performance on certain parts of our strategic transport network (A1/A19) that affects its reliability.
- Fragmented governance and responsibility for transport, particularly public transport, leading to weak co-ordination with other areas of economic policy.

5.14 The proposals in our MAA illustrate the tangible benefits to businesses and to the people who live and work in the City Region of adopting a more co-ordinated approach to strategic transport planning and delivery.

### **Enhanced strategic co-operation**

5.15 Specific sections of the trunk roads network in the City Region – particularly the A1 and the A19 – are vital to the economic success and connectivity of the wider region. They perform two key functions. Firstly, they connect our City Region to other cities and places throughout the UK thereby linking us to existing and emerging markets. Secondly, they play a major role in enabling access and mobility to take place within the City Region linking business to customers and employees. Successive studies – including the Tyneside Area Multimodal Study (TAMMS) – have demonstrated that these arteries are some of the most congested and unreliable roads in our region. The Highways Agency recognises the A1 Western Bypass to be the most heavily used road of its kind (two-lane dual carriageway) nationally. We believe that our MAA can act as a mechanism to ensure that our economic success

is supported by employing approaches that deliver consistent and reliable journey times on our key trunk roads. To do so, existing working practices and programmes need to be changed in a number of ways.

5.16 We believe that enhanced strategic co-operation between the City Region and the Highways Agency is needed to ensure that there is greater clarity and certainty on both sides regarding the forward programme of development activity and infrastructure improvements.<sup>38</sup> So far, work of this nature happens – at best – at a local authority level. The evidence base to inform decision-making is being collated through the Agency’s Area Action Plan initiative but the risk of a ‘first-come first-served’ approach to development planning will not best serve the strategic development of our City Region. Given the significance of our national network links, such as the A1 and the A19, it would be helpful to ensure that there is a greater shared understanding between all parties and plan for how these strategic routes should be managed as the economy of the City Region develops. We believe that the Government, via the Highways Agency, should facilitate a comprehensive and transparent review of development affecting the trunk roads, building upon the good practice already demonstrated in parts of the conurbation, and commit to facilitating the economic development of the City Region by planned investment in the road trunk road network.

5.17 The Highways Agency has a national programme of investments to enhance the strategic road infrastructure. This programme has schemes that are beneficial to the City Region. Decisions on levels of funding and timing of schemes are taken at the national level (via advice from the region). Where these decisions are taken has an impact on the delivery of our MAA targets. As we begin our review of transport governance, this is one area where we would like to develop further dialogue and to ask that mechanisms are enhanced and put in place to enable the City Region to be involved in early discussions.

5.18 We face the imminent challenge of managing travel demands and programmed and future infrastructure improvements on both the A19 and the A1. The second Tyne Tunnel is now in its construction phase with completion programmed in 2011. Regrettably, the preparation and programming of improvements to feeder junctions along the A19 has not kept pace with this major project. We feel that the procedures which determine the development of these projects are overly protracted and the cause of slippage in the programmes delivery. Currently, the City Region faces a prolonged period of transition and subsequent capital works until such a time as the full benefits of the new tunnel can be realised. We believe the Government should undertake a comprehensive review of the phasing of A19 improvements and commit to a programme that will realise in full the true benefit of the new tunnel capacity at the earliest practical opportunity. This should consider the maximum practical flexibility in procedures to fast track the development and delivery of these proposals.

5.19 For the A1, we have sought to further develop the analysis of TAMMS as part of our TIF research. We continue to work closely with DfT, the Highways Agency and their consultants to co-ordinate thinking on the future strategy for this road. We know that any complementary improvements to public transport have to go hand in hand with improvements to the A1. The City Region is committed to further joint work to define a way forward. However, the investigation and study of these problems cannot continue indefinitely without action. We believe that the MAA and the continuation of

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<sup>38</sup> The Local Government and Public Involvement in Health Act 2007 introduced a statutory duty to co-operate with local authorities on a number of organisations, including the Highways Agency.

our TIF research in partnership with Government should be capable of defining a way forward in no more than three years. Thereafter, we would want to see the strategy implemented at the earliest practical opportunity which, we believe, could be within the next seven years. We want to work with Government and the Highways Agency to examine the practicalities of delivering the quickest possible timescale. We recognise that this is a significant challenge when compared to the provisional timescales that have been offered to date. Nevertheless, we consider that this is of such strategic importance to our City Region and the region that it should also be a priority to Government. Collectively, we expect to work with Government to resolve this impediment to our connectivity and economic prosperity.

**5.20 Our first ask is for the Government and the Highways Agency to work with the City Region in such a way that will clearly define a programme of improvements to the A1 and the A19 within the next three years and thereafter commit to completing the said programme within the shortest agreed timescale. Coupled with this ask we would like to see the Highways Agency (in the first instance, possibly followed by other national agencies) to have a duty or a responsibility to collaborate with the City Region.**

5.21 Within this framework, the City Region would participate fully in the investigation of appropriate strategic, engineering and business models to achieve this aim. While this matter should be a priority within the national roads programme, we are willing to work with Government to explore a range of opportunities for innovative approaches, and for the better management of the strategic road network. We recognise that this requires further detail and discussion with other partners but we remain committed to finding solutions to the problems.

### **City Region transport governance**

5.22 There is a clear link between City Region objectives for transport governance and the MAA. The statutory planning structure for transport involves the preparation of three statutory Local Transport Plans (LTPs) – for Tyne and Wear, Durham and Northumberland. In order to support closer integration and better connection between different centres and places in the City Region, transport planning should be coordinated across the three statutory documents, each responding to local needs through a series of transport-related priorities and targets. The MAA would allow an agreed set of accessibility targets and priority actions to be produced that could be reflected in the three LTPs, thereby achieving more effective cross-boundary linkages and policy co-ordination.

5.23 The governance of this multi plan arrangement could be organised through the establishment of a City Region Transport Board. Currently, the City Region is conducting a major review of transport governance arrangements in accordance with the Local Transport Bill and associated guidance published by the Government. The outcome of the review is expected to provide clarity on the roles of the existing local transport authorities, the new Integrated Transport Authority and any potential City Region transport body. **Our second ask of Government is that following our Governance Review, the appropriate policy and legislative environment exists to enable City Region transport, including MAA proposals, to deliver a contribution to achieving our broader economic objectives.**

### **Creating a whole network approach**

5.24 We believe that there are significant benefits to be gained from ensuring that our transport networks are planned and delivered as a coherent whole – delivering a seamless experience to transport-users. In the past, too many inconsistencies and

impediments have arisen from a fragmented approach to transport planning. Fragmentation occurs because of administrative boundaries, differences between operators, and a lack of integration across modes of travel. Our objective is to remove these impediments to efficient access and cost-effective travel. We recognise the principles underpinning the concept of “*legible cities*” and our aim is to create a legible City Region.<sup>39</sup> This legibility should be achieved for all means of travel, for pedestrians, for cyclists, for public transport users and for motorists and other vehicles. A legible, and ultimately economically successful and inclusive, City Region will require coherent planning, consistent delivery and cooperation between agencies.

5.25 A new network management duty has been vested in each local highway authority under the auspices of the Traffic Management Act. Much has been done to ensure consistency in the emerging Network Management Plans prepared at highway authority level. Within our MAA, we believe it is possible for City Region-wide targets for strategic routes that link major transport hubs and centres of employment to be prepared. These targets would establish standard journey times for strategic movements, and agree common protocols for the management of these routes. The purpose would be to establish the sense of a ‘whole network approach’ throughout the City Region.

5.26 In pursuit of a ‘whole network approach’ there is an opportunity to bring greater consistency to the provision of bus and cycle facilities in the City Region. A streamlined set of common standards would help to create a co-ordinated network. Through our MAA, we will discuss with Government the scope for streamlining highways network management responsibilities across the City Region. It is anticipated that this would be considered as part of our wider review of transport governance. These discussions would include exploring the opportunity for a strategic transport authority to be vested with key responsibilities, with the opportunity to transfer responsibilities currently vested with either the local highway authorities or the Secretary of State (or relevant Executive Agencies) being examined constructively as part of the review of transport governance in the City Region.

5.27 Stronger alignment in the delivery of bus services and networks that better connect people to employment opportunities throughout the City Region could also form part of the proposed whole network approach. While the Local Transport Bill offers the prospect of an expansion in the number of delivery options available, in the meantime, defining service standards at a City Region level would reduce the difficulties presented by different local requirements. Aligning delivery and procurement options among City Region partners could produce efficiencies of scale. However further research is needed to identify the specific efficiencies that could be generated at the level of the City Region. This work could be facilitated under the umbrella of the MAA with stronger joint working between the Tyne and Wear PTA / Nexus and the public transport authorities in Durham and Northumberland.

5.28 The MAA could also provide a solid platform for ensuring that there is City Region-wide political buy-in to the development of plans for a City Region Transport Smartcard (similar to London’s Oyster Card), enabling passengers to use the same ticket seamlessly across a range of transport services in the City Region. Aligning

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<sup>39</sup> Legible cities combine a city image that is matched by the quality of the user experience. They connect people, movement and places, provide emotionally rich and engaging experiences, and are accessible, welcoming and empowering. The legible cities concept seeks to reinforce a city’s urban structure into a coherent and recognisable pattern that can be easily read and understood. Guiding principles of legible cities are open, easy and connected to make the city a joined up place.

delivery agencies will increase the likelihood of successful delivery of a truly integrated and attractive product, and may allow it to be developed for wider uses such as buying services from local councils. Unifying localised 'pots' of available funding may provide both capital (for setup costs and infrastructure development) and revenue (for ongoing running costs) streams. Opportunities to trial technologies across the City Region, in cooperation with public transport operators, will be identified in the short term.

5.29 We believe that the City Region is a useful spatial level at which to consider specific user-needs and the economic and social benefits arising from public transport concessions and/or incentives. For example, to meet our objective of creating enhanced provision for, education and training for 14-19 year olds, we believe that the development of initiatives such as 'Teen Travel' could play a major role in improving affordable access to education and learning. The Government could assist by enabling greater flexibility in the use of funding streams for both transport and for learning and skills. Our aim would be to ensure that no young person within the City Region was prevented from pursuing opportunities for learning or training as a consequence of inadequate or unaffordable public transport. We believe that the vision we have set for the City Region could be served by introducing new opportunities to offer affordable public transport to a range of other users, such as those people on low incomes, the unemployed and job-seekers. In addition to funding, we believe that in order to adopt this approach we will require flexibility in the regulations affecting concessionary travel schemes under the 2000 Transport Act.

5.30 As part of the whole network approach, the development of a City Region Urban Traffic Management and Control Centre (UTMC) would enable local areas to optimise and manage their road networks. Currently, there is modest capacity in terms of management technology within the City Region, constraining the ability to manage incidents, events and provide effective customer information. Work completed as part of our TIF studies has identified a practical approach to developing technological infrastructure. The benefits of UTMC for urban access, public transport priorities and driver information have been quantified through our TIF studies. There is also scope to work closely with specialists at the University of Newcastle upon Tyne to provide analytical and monitoring capabilities to assess the impacts of this technology. We believe the next steps are to develop a robust inter-agency delivery plan for City Region UTMC.

5.31 In support of the sustainable nature of our transport network, the City Region has an established 'Park and Ride' infrastructure – focused largely on the Tyne and Wear Metro. The effectiveness of Park and Ride improvements as an element of congestion management in urban areas has been well demonstrated in and around Durham City. Our recent TIF work has provided robust evidence for the development of a more comprehensive network of Park and Ride arrangements to serve our urban areas. Such initiatives would support our efforts to build stronger economic integration and critical mass across the City Region. Durham is submitting a Round 3 TIF bid to Government, which will build on the work achieved so far, and continue research.

5.32 The development of a City Region-wide approach to the management of roads would ensure that the road-user experience is consistent. An early opportunity, developed through the North East Bus Forum, is for the better co-ordination of bus priority infrastructure projects. Currently, delivery of priority measures is fragmented and heavily influenced by the considerations of individual traffic authorities, localised communities and specific schemes. A City Region approach would enable a strategic context for priority schemes to be communicated publicly, with consultation on a wider basis potentially realising greater support for the importance and benefit of

schemes. This would see the delivery of bus priority infrastructure across local authorities, but under the umbrella of a shared strategy with the option to promote joint major schemes. Further work is needed to assess the benefits of local authorities assigning certain powers and funding to a possible City Region Integrated Transport Authority to enable this body to take full responsibility for the planning and delivery of strategic highways management with regard to public transport.

5.33 To support the development of a ‘whole network’ approach, our **third ask** of Government is **to provide flexibility in those statutory provisions and funding mechanisms that support the planning and management of the highway network and public transport in order to enable the City Region partners to develop a consistently high standard of provision throughout the City Region. For example, flexibility in provisions set out by the 1984 Road Traffic Regulation Act could realise substantial economies and efficiencies through the preparation, consultation and making of joint traffic orders across the whole City Region network. Flexibility in the application of the regulations affecting concessionary travel will enhance opportunities to provide affordable public transport.**

5.34 Furthermore, to underpin a more co-ordinated and consistent approach across the City Region, our **fourth ask** of Government is **to provide greater flexibility in the use of transportation funding, both capital and revenue, to give the City Region greater opportunities to support operational, marketing and behavioural initiatives promoting sustainable transport through the Local Transport Plan process, including opportunities to develop additional concessionary travel provision to improve access to employment and learning in the City Region.**

5.35 Public transport has a significant role to play in supporting our aspirations to develop a world class transport network that connects people and business within the City Region. Proposals for the reinvigoration of the Metro system have already been submitted to Government, with Phase 1 being approved. We want to work with Government and City Region partners to develop a truly integrated City Region bus network that would provide a core and feeder public transport network linking to the Metro system where appropriate.

5.36 We are also seeking to attain a greater role for the City Region in improving commuter rail provision to enable more sustainable commuting from areas that are well connected to the national rail network. Local rail (excluding Metro) provides limited capacity to support travel to work around our urban areas. There are a number of opportunities to enhance this provision from the northern and southern edges of the conurbation or for bringing the mothballed Leamside Line and Ashington, Blyth and Tyne Line into operation. The former could play a key role on strengthening external links to other City Regions, especially Tees Valley, while the latter would strengthen connectivity between south east Northumberland and the Tyne and Wear conurbation.

5.37 We are aware of the success derived from a co-ordinated approach to commuter rail in the Liverpool City Region and are interested in exploring the appropriateness of similar changes in responsibilities for commuter rail that could benefit our City Region. In the first instance, we feel that the City Region should be a consultee on matters relating to national and regional rail policy. A City Region approach to rail would provide a stronger voice to Government and facilitate a more focussed and coordinated approach to action. Our **fifth ask is for Government to recognise the City Region as a consultee on rail policy and to facilitate**

**strategic dialogue on the improvement of rail services between the City Region and rail operators.**

**MAA transport 'Asks'**

**Ask 1: The Government and the Highways Agency to work with the City Region in such a way that will clearly define a programme of improvements to the A1 and the A19 within the next three years and thereafter commit to completing the said programme within the shortest agreed timescale. Coupled with this ask, we would like to see the Highways Agency (in the first instance, possibly followed by other national agencies) have a duty or a responsibility to collaborate with the City Region.**

**Ask 2: Following the completion of our Governance Review, the appropriate policy and legislative environment exists to enable City Region transport, including MAA transport proposals, to deliver a contribution to the City Region's broader economic objectives.**

**Ask 3: To provide flexibility in those statutory provisions and funding mechanisms that support the planning and management of the highway network and public transport in order to enable the City Region partners to develop a consistently high standard of provision throughout the City Region. For example, flexibility in provisions set out by the 1984 Road Traffic Regulation Act could realise substantial economies and efficiencies through the preparation, consultation and making of joint traffic orders across the whole City Region network. Flexibility in the application of the regulations affecting Concessionary Travel will enhance opportunities to provide affordable public transport.**

**Ask 4: To provide greater flexibility in the use of transportation funding, both capital and revenue, to give the City Region greater opportunities to support operational, marketing and behavioural initiatives promoting sustainable transport through the Local Transport Plan process, including opportunities to develop additional concessionary travel provision to improve access to employment and learning in the City Region.**

**Ask 5: To recognise the City Region as a consultee on rail policy and to facilitate strategic dialogue on the improvement of rail services between the City Region and rail operators.**

## **6. The added value of our MAA**

6.1 The proposals we outline in our MAA will provide the means to accelerate the delivery of the priorities we have agreed in our Business Case and CRDP. Our evidence suggests that we need to adopt new and innovative interventions to support the drivers of, and tackle the barriers to, sustainable economic growth in the City Region. The MAA provides a basis for devolving more decision-making and resources to the City Region in order to deliver on City Region priorities. In addition, a more competitive and more inclusive City Region will deliver a significant contribution towards a stronger regional and national economy. The specific measures we have outlined in section 5 will deliver a contribution towards Government Departments achieving their agreed Public Service Agreements and Departmental Strategic Objectives.

6.2 We believe that if we do not implement the proposals in our MAA that are aiming to strengthen labour market performance as well as transport infrastructure and connectivity within the City Region then we will not reverse some of the projections for the future of our City Region, such as:

- An economy that falls further behind not only London and the South East, but the growing 'Pennine axis' of Leeds and Manchester.
- An economy that continues to grow, but will not reach its ultimate potential.
- An increasing gap between high and low skill and wage sectors.
- Increasing disparity in prosperity between our main centres of employment in the City Region and elsewhere.
- Increasing congestion and higher transport costs for both business and individuals.
- A failure to realise the new business and job creation benefits of co-location.
- A continuing decline in population, with a resulting reduction in the working age population.

6.3 Our MAA will deliver a significant contribution towards helping the City Region achieve:

- Increased economic growth across the City Region by narrowing the gap with national GVA rates by 2020 in line with RES objectives.
- Improved public transport accessibility by developing better connections between people and jobs.
- A more efficient transport infrastructure that reduces the economic and environmental costs of travel.
- An expansion to the City Region business base.
- More people attending university or further education
- The removal of transport barriers to work and training.
- More employers and individuals investing in skills development.
- More people progressing between low and high skill occupations.

6.4 We believe that it is right to focus on employment and skills and transport as an immediate contribution to supporting our aims because:

- Our priorities reflect the key policy drivers considered fundamental to improving the economic performance of all regions.<sup>40</sup> We can also bring a stronger sense of place to the co-ordinated delivery of these drivers.
- They have been identified as strategic transformational objectives for the region in the RES, in particular RES Objectives D1 (Skills), D2 (Economic Inclusion) and E3 (Enhancing the Region's Transport and ICT Connectivity).
- They are soundly based on evidence of need, research and analysis, building on existing activity, such as the City Strategy Pathfinder and TIF studies.
- Employment and skills and transport are two themes where it is recognised that the major inhibitors of economic growth in the City Region exist at present.
- Improvements in employment and skills and transport will stimulate increased economic activity and productivity, deliver stronger economic inclusion and support the increased development of growth sectors.
- More flexible labour markets and a more integrated transport system are vital to achieving our aim of a bigger and more efficient City Region critical mass.

6.5 Our proposals have begun to set out a framework of action that will enable us to make real progress in getting more of our people into work, or to access education and training as well as providing the infrastructure that will enable more goods, people and services to move within our City Region. We need to develop further our understanding and thinking on other appropriate mechanisms to address other strategic themes, such as enterprise and housing, and we will be considering these and other elements in our City Region research programme and expect them to be developed into proposals for future versions of the MAA.

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<sup>40</sup> HM Treasury (2007) PSA Delivery Agreement 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions, Norwich, HMSO.

## 7. Performance management

7.1 The performance management framework for delivering our MAA will capture the complex nature of partnership working across sectors and geographical and organisational boundaries in the City Region. In addition, the measurement of performance in delivering our MAA will ensure that we continue to undertake activity that is appropriate and relevant to the level of the City Region.

7.2 In an initial exploration of the relationship between the MAA and individual Local Area Agreement (LAA) priorities in the City Region two main elements emerged:

- The importance of obtaining an understanding of the key objectives of the MAA, and how a broader spatial level framework could support and supplement the delivery of related objectives in each LAA.
- The requirement to clarify the specific targets for measuring the implementation of priorities in the MAA, and how these relate to the targets identified in the LAAs across the City Region.

7.3 The Government has indicated that the relationship between LAAs and MAAs should be complementary rather than hierarchical, and that the objectives of the MAA should avoid becoming an aggregation of LAA outcomes. MAAs will be measured according to their ambition and the added value they bring to national, sub-national, sub-regional and local objectives.

7.4 Our MAA is founded on supporting the delivery of long-term strategic economic change and transformation in the City Region underpinned by closer joint working between partners.

7.5 The MAA will be measured according to twelve local indicators taken from the National Indicator Set (NIS) (see table 4 for baseline and targets and Appendix 1 for additional notes), which are themselves aligned to national Departmental Strategic Objectives (DSO) and ultimately to Public Service Agreements (PSA). In figure 10 we illustrate the overall performance management framework we envisage for our MAA, which reflects the contribution of our MAA to local, City Region, regional and national performance. We welcome further discussions with GONE and CLG over how the MAA could support the delivery of national targets and measures, and how performance in this area could be measured. We will also agree specific targets for our MAA, and discuss with LSPs how individual LAAs could contribute towards meeting MAA targets.

7.6 There are three elements to the linkages between our MAA and LAA targets as taken from the NIS:

### City Region MAA only indicators

- NI 174: Skills gaps in the current workforce reported by employers should be measured and reported at the City Region level (i.e. the MAA) due to confidence in data.
- NI 186: Per capita CO<sub>2</sub> emissions in the local authority area.

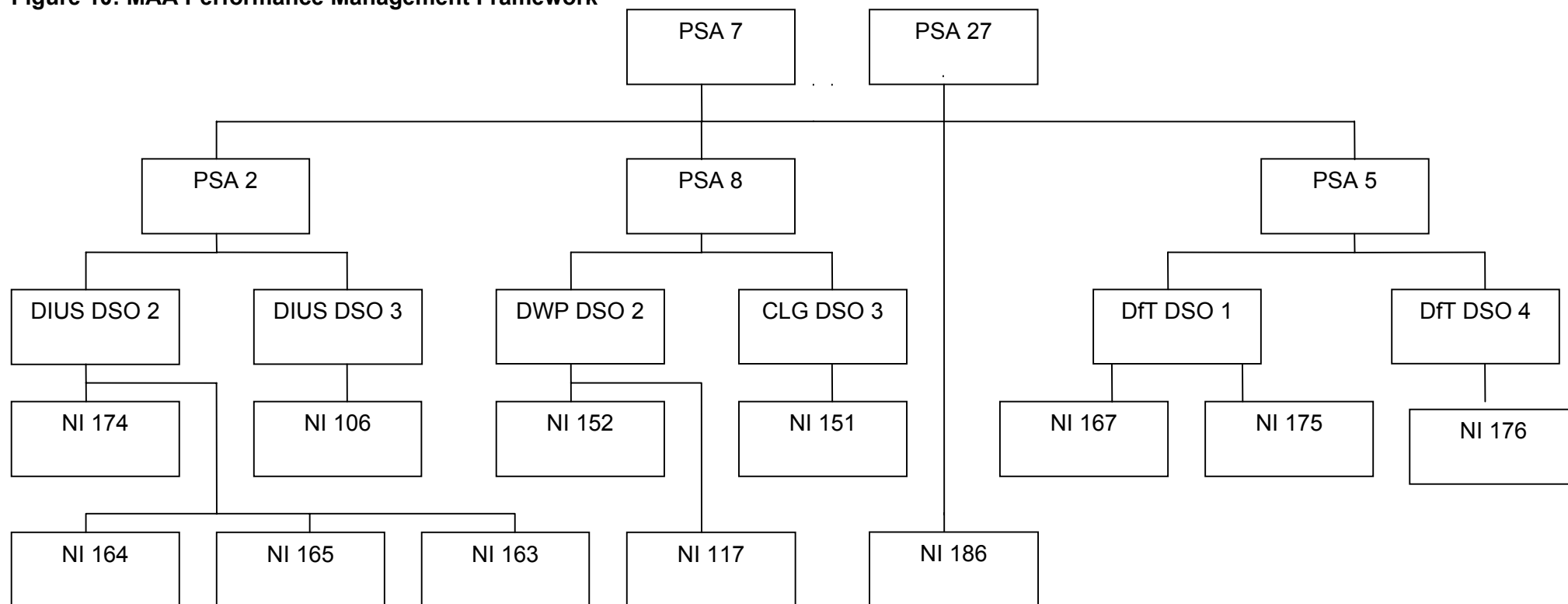
### **City Region MAA indicators and some LAAs**

- NI 151: Employment rate should be measured and reported at the City Region level (i.e. in the MAA) due to confidence in the data.
- NI 106: Young people from low income backgrounds progressing to higher education – reflecting the aspirations evident across the City Region (e.g. in Sustainable Community Strategies) to ensure our young people drive forward and strengthen the economy.
- NI 163: Working age people qualified to at least level 2 or higher.
- NI 164: Working age people qualified to at least level 3 skills.
- NI 165: Working age people qualified to at least level 4 skills or higher.
- NI 152: Working age people on out of work benefits.
- NI 153: Working age people claiming out of work benefits and working age people claiming out of work benefits in the worst performing neighbourhoods should be in all LAAs and MAA.
- NI 176: Working age people with access to employment by public transport
- NI 167 Congestion – average journey time per mile during the morning peak
- NI 175: Access to services and facilities by public transport, walking and cycling

### **City Region MAA indicators and all LAAs**

- NI 117: 16 to 18 year olds who are not in education, employment or training (NEET)

**Figure 10: MAA Performance Management Framework<sup>41</sup>**



**Key to PSAs and DSOs**

- PSA 7: Improve the economic performance of all English regions and reduce the gap in economic growth rates between regions.
- PSA 2: Improve the skills of the population on the way to ensuring a world class skills base by 2020.
- PSA 8: Maximise employment opportunity for all.

<sup>41</sup> Regional 'growth targets' also form a major part of the MAA performance management framework.

- PSA 5: Deliver reliable and efficient transport networks that support economic growth.
- PSA 27:
- DIUS DSO 2: Improve the skills of the population.
- DIUS DSO 3: Build social and community cohesion.
- DWP DSO 2: Maximise employment opportunity for all.
- CLG DSO 3: To build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation.
- DfT DSO 1: To sustain economic growth and improved productivity through reliable and efficient transport networks.
- DfT DSO 4: To enhance access to jobs, services and social networks, including for the most disadvantaged.

**Table 4: MAA baseline and targets<sup>42</sup>**

Outcome	Baseline (2007/08)	Year 1 2008/09	Year 2 2009/10	Year 3 2010/11	Year 5 2012/13	Year 10 2017/18	PSA/DSO	
NI 151 - Overall Employment Rate*	72.1% (Sep 06)	72.4%	72.9%	73.4%	To be developed ...	To be developed ...	PSA 7 PSA 8 DWP DSO 3	
NI 174 – Skills gaps in the current workforce reported by employers*	18.2 % (Durham)  15.1% (Northumberland)  19.8% (Tyne and Wear)	To be developed ...see Appendix 1						PSA 7 PSA 2 DIUS DSO 2
NI 106 – Young people from low income backgrounds progressing to higher education	Deferred indicator - Baseline and targets to be developed						PSA 7 PSA 2 DIUS DSO 3	
NI 152 – Working age people on out of work benefits*	17.1% (Aug 06)	14.7%	14.5%	13.6%	To be developed ...	To be developed ...	PSA 7 PSA 8 DWP DSO 2	
NI 153 – Working age people claiming	32.4%	To be developed...see Appendix 1					PSA 7	

<sup>42</sup> Outcomes (i.e. indicators) that have an asterisk attached denote that further information is provided in Appendix 1.

Outcome	Baseline (2007/08)	Year 1 2008/09	Year 2 2009/10	Year 3 2010/11	Year 5 2012/13	Year 10 2017/18	PSA/DSO
out of work benefits in worst performing neighbourhoods*	(2006/07)						PSA 8 DWP DSO 3
NI 163 – Proportion of people aged 19 – 59/64 qualified to at least level 2 or higher*	64.6%	66.6%	67.6%	68.6%	To be developed ...	To be developed ...	PSA 2 DIUS DSO 2
NI 164 - Proportion of people aged 19 – 59/64 qualified to at least level 3 or higher*	42.5%	44.2%	45.1%	45.9%	To be developed ...	To be developed ...	PSA 2 DIUS DSO 2
NI 165 - Proportion of people aged 19 – 59/64 qualified to at least level 4 or higher*	23.5%	24.8%	25.5%	26.1%	To be developed ...	To be developed ...	PSA 2 DIUS DSO 2
NI 167 Congestion – average journey time per mile during the morning peak*	3.15 (Tyne and Wear)	3.23 (Tyne and Wear)	3.29 (Tyne and Wear)	3.36 (Tyne and Wear)	To be developed ...	To be developed ...	PSA 7 PSA 5 DfT DSO 1
NI 117 – 16 to 18 year olds who are not in education, employment or training (NEET)*	13.3% Durham 10.4% Gateshead 9.4% Newcastle 8.1% N'land 8.8% North Tyneside 10.6% South	10.0% Durham 10.2% Gateshead 9.2% Newcastle 6.3% N'land 8.5% North Tyneside 9.5% South	9.0% Durham 9.7% Gateshead 8.7% Newcastle 6.0% N'land 7.5% North Tyneside 9.1% South	8.8% Durham 9.2% Gateshead 8.0% Newcastle 5.7% N'land 6.5% North Tyneside 8.7% South	To be developed ...	To be developed ...	PSA 7 PSA 8 DWP DSO 2

Outcome	Baseline (2007/08)	Year 1 2008/09	Year 2 2009/10	Year 3 2010/11	Year 5 2012/13	Year 10 2017/18	PSA/DSO
	Tyneside 11.9% Sunderland 10.5% (Tyne and Wear)	Tyneside 10.8% Sunderland 9.8% (Tyne and Wear)	Tyneside 9.6% Sunderland 9.3% (Tyne and Wear)	Tyneside 8.4% Sunderland 8.8% (Tyne and Wear)			
NI 175 – Access to service and facilities by public transport, walking and cycling	Education – 94  Health – 71  Employment – 62	95  74  64	95  74  64	95  75  65	To be developed ...	To be developed ...	PSA 7 PSA 5 DfT DSO 1
NI 176 – Working age people with access to employment by public transport	Awaiting baseline information from DfT – targets to be set when available.						PSA 7 PSA 5 DfT DSO 1
NI 186 – Per capita reduction in CO <sub>2</sub> emissions in the LA area	Target and baseline for the City Region still to be calculated and agreed.						PSA 27 NI 186

## 8. Governance, strategic capacity and resources

### Governance

8.1 The Tyne and Wear City Region Executive Board will be accountable for the sign up and delivery of our MAA. The Board is a partnership body, comprised of local authority elected leaders, private sector, voluntary and community sector, ONE, JCP, LSC and GONE. Local authority membership is drawn from the five Tyne and Wear local authorities, plus county-wide authorities in Durham and Northumberland, as well as two leaders of the respective district authorities in the two counties (Tynedale and Easington).

8.2 The terms of reference for the Board were agreed in April 2007 and the Board is tasked with:

Working as a partnership of the public, private, voluntary and community sectors and across institutional boundaries, to promote the sustainable and inclusive growth of the Tyne and Wear City Region, with a particular focus on economic development, employment and skills, and transport; and to formulate strategies for those policy areas that will guide and influence regional and local policy.<sup>43</sup>

8.3 In accordance with its terms of reference, the role of the Executive Board is:

- To act as the strategic partnership responsible for agreeing priorities for the City Region and to ensure that resources are agreed and allocated accordingly (e.g. in part through the MAA).
- To agree an overall Investment Plan for the City Region to inform the RFA 2 process of City Region priorities in April 2009.
- To receive reports monitoring the performance of the MAA and recommend priority and resource changes when and where appropriate.
- To drive and oversee the development of the MAA, and to include additional priority themes where appropriate (e.g. climate change; housing and enterprise).
- To champion the City Region and to speak as 'one voice' on matters relating to economic prosperity by raising the profile of the City Region regionally, nationally and internationally.
- To advise and inform the Association of North East Councils (ANEC) and any future Regional Leaders Forum of City Region priorities and progress in order to influence the preparation, implementation and scrutiny of the IRS.

8.4 The move towards unitary local government status in Northumberland and Durham, coupled with the development of the City Region MAA, will require the Executive Board to retain robust yet flexible governance arrangements. Any changes to City Region governance will be mindful of the reorganisation in Durham and Northumberland. To date, the City Region has adopted a creative yet pragmatic response to challenges, which has enabled partners in Durham and Northumberland to play an integral role in shaping the development of the City Region agenda and the MAA process.

8.5 In Northumberland, the Board of the county's Local Strategic Partnership (LSP), has endorsed the content of the MAA as a basis for further strengthening City Region working on those thematic challenges that require some degree of cross-

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<sup>43</sup> TWCR (2007) Terms of Reference for the City Region Executive Board.

authority collaboration to address them. This is in recognition that it underpins the shared strategic direction of the Executive Board and complements the Northumberland LAA. Executive members from each of the seven existing local authorities sit on the NSP Board. Notwithstanding this, the new Northumberland Council needs to consider how best it will contribute to the delivery of the MAA. This will be confirmed during the first year of the MAA.

8.6 In Durham, it has not been possible for the new County Durham Authority to formally consider or endorse the MAA. However, the MAA has involved the active input of local authorities in County Durham and there is an expectation that this will continue as the MAA develops further. This is on the clear understanding that the MAA will demonstrably add value to actions at regional and statutory sub-regional level for both the City Region and its constituent parts.

8.7 As we have indicated, we are at present reviewing the governance arrangements for transport in the City Region. The review is expected to identify a series of options and actions that will enhance the long term governance of transport across the City Region. We will also establish a new employer-led Employment and Skills Board, which will be responsible for driving improvements to skills levels and employment opportunities for the current and future workforces in the City Region. We propose that our sub-boards will be accountable to the Executive Board.

8.8 Proposals for statutory sub regional collaboration on economic development issues beyond transport have been published by the Government as part of the consultation on implementing the SNR.<sup>44</sup> At present, we believe that the flexibilities provided by a voluntary, partnership approach are appropriate for our City Region. However, we will continue to ensure that our governance structures are sufficiently robust yet flexible enough to adapt according to specific circumstances. As the role of sub/city regions and instruments such as Multi Area Agreements (MAA) evolve, the City Region may wish to consider, at a later stage, the merits of a statutory role. In this regard, in our response to the SNR consultation, we have asked CLG to consider developing a statutory duty to co-operate for MAA lead and named partners as required for LAA key partners.

8.9 The Executive Board is accountable to local people in a number of ways. Each Elected Member of the Board is held to account through:

- their democratically elected role as local ward councillor;
- their role and responsibility to their individual local authority as Council Leader; and
- their role on ANEC (and any future Regional Leaders' Forum).

8.10 The non-local authority representatives are accountable for their representational role on the Executive Board to their own organisations and constituencies. For example, the voluntary and community sector representative on the Executive Board has been elected to serve on the Board by the members of the partnership that she represents.

8.11 Each local authority in the City Region will scrutinise the performance and progress of the MAA at least once a year. The scrutiny process will also involve members of the public and stakeholders. We will also publish an annual report on the progress made towards implementing the proposals in the MAA.

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<sup>44</sup> CLG/BERR (2008) Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration, London, Communities and Local Government/Department for Business, Enterprise and Regulatory Reform

## **Strategic capacity**

8.12 The Executive Board is supported by the City Region Partnership Group, which is led by City Region Chief Executives and senior officers. The Partnership shapes policy and co-ordinating the operational requirements of the City Region.

8.13 The commitment of all City Region partners to implement the MAA is critical to its success. The active engagement of the private and voluntary and community sectors has enabled the City Region to adopt a holistic approach to identifying and responding to the opportunities and challenges presented to the City Region. In addition, non-local government partners provide a useful gateway to identify interventions to deliver City Region priorities, such as those outlined in our MAA. As part of the broader City Region development process, and using the MAA as a tool, we will widen and deepen our engagement with employers, private and voluntary sectors in the City Region. In particular, we will establish a firmer footing to our relationship with the business community in order to strengthen its role in the delivery of activity, such as that set out in our employment and skills proposals, in support of raising the economic prosperity of the City Region.

8.14 Our Business Case contained a series of recommendations on how the strategic capability of the City Region should be developed. These included:

- Building new capacity to work across local boundaries.
- Co-ordinating complex strategic policy themes, such as transport and employment and skills.
- Pooling thinking and capacity to deliver more effective economic development, and improving the evidence base and analytical rigour of policy and strategy making.
- Creating a new 'City Region Partnership' to determine clearer investment priorities, within a stronger evidence-based and strategic framework, that would drive the delivery of the RES through fit for purpose delivery vehicles.
- Integrating planning considerations into economic development, transport and employment.
- Establishing a new City Region Team focused on high quality analysis and policy development.

8.15 Accompanying the emergence of robust City Region governance arrangements has been the development of strategic operational capacity to deliver the City Strategy Pathfinder and to progress our City Region transport proposals. Local authorities and partners have also provided important capacity to bring the City Region to a point where sufficient confidence and capacity exists to develop our MAA.

8.16 Capacity has also been strengthened by the appointment of a Director to lead the work of the City Region, and to co-ordinate the delivery of the aims and objectives of the Business Case. The Director, accountable to the Executive Board through the City Region Partnership, will lead the new City Region Team to deliver two main priorities. The first is to build stronger analytical capacity at the City Region, and to develop a more robust and effective policy development function. The second will be to coordinate the strategic programme management of investment interventions across the City Region. New staff will be recruited or transferred from existing organisations to the City Region Team in the coming months.

8.17 A separate strand of resource in the City Region Team will support the implementation and further development of our proposals in the MAA. This capacity will be underpinned by resources provided by the Regional Improvement and

Efficiency Partnership (RIEP). A Neighbourhood Renewal Advisor (NRA) will work with the City Region to support the overall performance management and delivery of our MAA. In addition, the RIEP will strengthen understanding and awareness of the MAA and City Region agenda with Elected Members in our local authorities.

### **City Region Investment Plan**

8.18 The first step towards a comprehensive City Region Investment Plan was taken with the publication of the City Region's response to the RES Action Plan.<sup>45</sup> The development of an integrated City Region Strategy and Investment Plan will provide the basis for guiding the delivery of the MAA, refreshing its content where appropriate, and will also provide an important building block of the new IRS.

8.19 The Investment Plan is an iterative process that will be informed and revised to take account of the proposals contained in the MAA, the implementation arrangements for the SNR, as well as the emerging developments taking place in our City Region structures.

8.20 The draft City Region Investment Plan is centred around five main headings: enterprise; business support; science and innovation and design; people; and strategic sites. The cross-cutting themes of transport and leadership are also featured in the Plan.

8.21 The Plan provides a useful basis in which to locate the overall proposed investment priorities for the City Region, including those priorities and interventions contained in our MAA. In agreeing the targets for inclusion in MAAs, the Government expects partnerships to consider how the delivery of targets will be resourced. Individual partners will align their mainstream resources to support the delivery of MAA priorities. We will work with national, regional and local partners to ensure there is agreement on the use of appropriate resources required to implement our MAA, and that they are aligned with the new City Region Investment Plan.

8.22 A key principle of the SNR is to ensure that decisions are made at the right spatial level, by devolving powers and responsibilities. RDAs will agree with local authorities and partners the balance of relevant investment from their single programme between different policy areas, with delivery taking place at the appropriate geographical level.

8.23 Our preferred model for delivering single programme, which will be operational by April 2009, is for:

- The City Region to agree an overall Investment Plan to identify investment priorities, including those contained in the MAA. This will illustrate those funding streams (capital and revenue) that will be allocated towards delivering City Region priorities (included in the MAA). This will also cover sub national funding allocations, private sector leverage and local resources.
- The City Region will have responsibility for maintaining a strategic overview and management of investment decisions and interventions in the City Region and responsibility for allocation of resources to deliver the MAA.
- Delegated funding authority will be located at the appropriate delivery level, with an enhanced delivery role for local partners.

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<sup>45</sup> Towards a City Region Investment Plan: The Tyne and Wear City Region Response to the Regional Economic Strategy Action Plan, Tyne and Wear City Region, 2007.

## **9. Implementation**

9.1 In our performance management framework we outline a provisional timetable for the delivery of our MAA, with the focus specifically on rolling out our proposals that are linked directly to 'asks'. The timescale for the implementation of all our proposals in the MAA will be subject to a number of key milestones, which we will discuss with partners in order to finalise as part of an over-arching delivery plan. The MAA will be subject to an annual refresh to assess delivery performance and to provide an opportunity for developing the current version and further iterations of the MAA.

9.2 We also propose that a detailed evaluation of the MAA takes place every three years to assess progress and experiences, and to consider any lessons learnt. The evaluation will support the development of the MAA process with a view to reflecting changes in national, sub-national and sub-regional policy, such as the IRS, economic assessments and the City Region Investment Plan.

9.3 We want to reach agreement with Government on the content of our MAA as soon as possible in order to maintain the important momentum we have built up in recent months around the MAA 'process', which has proved invaluable to strengthening our City Region partnership. We recognise that our proposals, and in particular the specific 'asks' we have outlined in this submission, will require us to continue our dialogue with Government. However, City Region partners are ready to widen and deepen the process of 'negotiation' on our proposals and specific priorities contained, and look forward to moving towards the delivery stage of the MAA.

## Appendix 1 Additional notes: performance management

NI 151 – Baseline and targets expressed for TWCR area. Both need to be adjusted to conform with NI definition. Currently expressed as quarterly rate but definition is expressed as annual rate for year to June. Targets, based on projections, will be subject to an annual review, which will be measured against the previous year's employment rate, measured at year end.

NI 174 – Baseline for whole TWCR area still to be calculated. Survey is carried out every two years (2009, 2011 etc)

NI 106 – Deferred indicator

NI 152 – MAA targets have been extrapolated from targets agreed by Employment Consortium for 90 worst wards in 9 districts. Further development work needs to be carried out to take into consideration the relevant district targets as shown below.

Area	MAA Baseline	Target 2008/09	Target 2009/10	Target 2010/11
Durham	19.3%	18.9%	18.4%	17.8%
Gateshead	17.1% (Aug 2007)	16.7%	16.4%	16.1%
Newcastle	16.3% (Q2 2007)	15.7%	15.4%	14.9%
North Tyneside	No targets set	No targets set	No targets set	No targets set
Northumberland	No targets set	No targets set	No targets set	No targets set
South Tyneside	19.4%	18.9%	17.9%	16.4%
Sunderland	18.2%	17.7%	17.2%	16.5%

NI 153 – MAA targets to be developed taking account of the relevant district targets as shown below.

Area	LAA Baseline	Target 2008/09	Target 2009/10	Target 2010/11
Durham	No targets set	No targets set	No targets set	No targets set
Gateshead	32.29% (06)	32.29%	32.28%	32%
Newcastle	33.5%	31.88%	31.07%	29.85%
North Tyneside	31.9%	30.8%	29.6%	28.3%
Northumberland	30.8%	29.5%	27.8%	25.9%
South Tyneside	No targets set	No targets set	No targets set	No targets set
Sunderland	31.0%	30.4%	29.5%	28.6%

NI 163, 164, 165 - MAA targets to be developed taking account of the relevant district targets as shown below.

Area	LAA Baseline	Target 2008/09	Target 2009/10	Target 2010/11
<b>NI 163</b>				
Durham	No targets set	No targets set	No targets set	No targets set
Gateshead	Baseline to be revised nationally	1.9% increase (2009)	1.8% increase (2010)	1.9% increase (2011)
9.3% increase between 2007-2011				

Area	LAA Baseline	Target 2008/09	Target 2009/10	Target 2010/11
Newcastle	No data	No target set	No target set	No target set
North Tyneside	No targets set	No targets set	No targets set	No targets set
Northumberland	TBC	+3.5% on baseline	+5.5% on baseline	+7.5% on baseline
South Tyneside	67.4% (2006 from data hub)	No target set	No target set	No target set
Sunderland	61%	+2%	+3%	+3%
<b>NI 164</b>				
Durham	45.2%	47.7%	48.9%	50.2%
Gateshead	39% (06/07)	40.3%	41.6%	42.9%
Newcastle	52.8% (2006/70)	55.3%	56.55%	57.8%
North Tyneside	No targets set	No targets set	No targets set	No targets set
Northumberland	No targets set	No targets set	No targets set	No targets set
South Tyneside	43.5%	45.0%	46.5%	48.0%
Sunderland	No targets set	No targets set	No targets set	No targets set
<b>NI 165</b>				
Durham	No targets set	No targets set	No targets set	No targets set
Gateshead	Baseline to be revised nationally	0.8% (2009)	0.8% (2010)	0.8% (2011)
		3.5% increase between 2007-2011		
Newcastle	No data	No target set	No target set	No target set
North Tyneside	No targets set	No targets set	No targets set	No targets set
Northumberland	No targets set	No targets set	No targets set	No targets set
South Tyneside	22.5% (2006 data hub)	No targets set	No targets set	No targets set
Sunderland		No targets set	No targets set	No targets set

NI 167 – Baseline and targets are based on Tyne and Wear only. Data required from Department for Transport to recalculate baseline for TWCR area. Targets can then be recalculated for TWCR area.

NI 117 – Tyne and Wear targets need to be recalculated to take account of more ambitious targets agreed through LAA process. Also Northumberland and Durham baselines and targets need to be disaggregated to enable TWCR area baseline and targets to be developed.

## Appendix 2 Letters of support from City Region partners



26 June 2008

Leading learning and skills

Cllr Paul Watson  
Leader  
Sunderland City Council  
Civic Centre  
Burdon Road  
Sunderland  
SR2 7DN

Dear Cllr Watson

**Re: Tyne and Wear City Region Multi Area Agreement**

I would like to confirm that LSC North East endorses the Multi Area Agreement and the 'Asks' to Government within it.

We recognise and appreciate the amount of time and effort that has gone into the production of this document by the City Region Director and other colleagues from across the City Region Partnership.

Should Government agree to the Asks we believe it should help to accelerate the pace of change in the City Region. However we also recognise that this is just the start of the process. We need to finalise the delivery plans that lie behind the MAA in order to begin to have a real impact on the ground.

We will, of course, continue to play a full and active part in this and in helping to shape and influence the broader range of work within the Employment and Skills theme of the City Region.

Yours sincerely

Gillian Miller  
Regional Skills Director

Learning and Skills Council **North East Region**  
Moongate House 5th Avenue Business Park Team Valley Gateshead Tyne and Wear NE11 0HF  
T 0845 019 4181 F 0191 492 6398 [www.lsc.gov.uk](http://www.lsc.gov.uk)

Whiteheugh  
Riverside  
South Hylton  
Sunderland  
SR4 0NH

Councillor Paul Watson  
Leader, Sunderland City Council  
Civic Centre  
Burdon Road  
Sunderland  
SR2 7DN

**VOLUNTARY AND COMMUNITY SECTOR (VCS) ENDORSEMENT OF THE TYNE  
AND WEAR CITY REGION MULTI-AREA AGREEMENT**

30<sup>th</sup> June 2008

Dear Paul

I am writing in my capacity as the official Voluntary and Community Sector (VCS) representative on the City Region Interim Executive Board (CRIEB) to endorse the adoption of the Multi Area Agreement (MAA).

Having reviewed version 6.1 of the MAA in conjunction with colleagues from the sector, I am happy to endorse it as an ambitious yet achievable set of proposals for the future economic development of the City Region.

I look forward to the VCS being engaged in the ongoing work in the development of the City Region and the implementation of the MAA, including full representation on future working groups and partnership boards.

Yours sincerely



Barbara McClennan  
VCS representative (CRIEB)

cc: Peter O'Brien (City Region Executive Team), Julie Duell (North Tyneside VODA)

30 June 2008

Cllr Paul Watson  
Chairman  
Tyne and Wear City Region Interim Executive Board  
c/o Sunderland City Council  
Civic Centre  
Burdon Road  
Sunderland  
SR2 7DN

Dear Cllr Watson

**Tyne and Wear City Region Multi Area Agreement**

I write to express the support of the North East Chamber of Commerce (NECC) for the above document. NECC is the North East's leading business membership organisation and the only regional chamber of commerce in the country. We represent more than 4,500 businesses located in an area co-terminus with Government Office for the North East. Our members are drawn from all sizes of business across all sectors and employ about 30% of the region's workforce.

NECC is supportive of the concept of a Multi Area Agreement (MAA). Businesses do not generally recognise local authority boundaries, so we welcome the commitment to working jointly across the City Region on key strategic issues. It is important that a genuinely consistent approach to these matters is established. NECC also welcomes the offer of flexibility from Government to allow issues affecting the City Region to be addressed in a way which matches the specific conditions of the area.

The two main themes identified in the MAA – transport and employment / skills – reflect two of the biggest priorities regularly raised by NECC members. The proposed action on transport reflects NECC members' priorities over recent years. It is crucial to improve strategic road links through the North East, and particularly where they become most congested within the City Region. It is also vital to ensure the processes for enabling development which may have an impact on roads run much smoother than at present, so the ask for the Highways Agency to have a duty to collaborate with the City Region will be warmly welcomed by businesses.

The proposed action on employment and skills also appears to have potential to improve delivery on these issues in the City Region. However, it is important to communicate to employers how some of the structural changes asked for within the MAA might translate into practical benefits. In particular, NECC endorses the aim to make better use of foundation degrees. NECC has led the way on this in developing the first Foundation Degree in

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North East Chamber of Commerce Trade and Industry  
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Accredited by



Supporters of

**northeast**  
england



Leadership and Management with the University of Teesside. Employers have appreciated the direct connection between the programme content and practical application to the workplace.

NECC has welcomed the opportunity to contribute throughout the production of this document, including providing support for Chris Jobe in his role as private sector representative on the City Region Interim Executive Board. As we have already indicated, we are keen to play our part in ensuring the private sector is fully involved as these issues are taken forward. It is no coincidence that the focus in this economic development strategy is on two of the biggest priorities for NECC members, and on both the geography and subject matters implied by the concept of a 'travel to work area'. This in itself signals the importance of full business involvement in strategy, policy and delivery. We look forward to working with you in future to help ensure that happens.

Yours sincerely



Andrew Sugden  
Director of Membership and Policy

Peter O'Brien  
Director  
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1<sup>st</sup> July 2008

our ref  
your ref  
date

Dear Peter

One NorthEast endorses the Tyne and Wear City Region MAA submission. We have worked closely with our City Region partners to develop and shape its content. We acknowledge that considerable progress has been made in the last few weeks to sharpen up the content and the 'asks' of Government.

There is, however, an acceptance by partners that there is still further work required. In particular, we are concerned to ensure that the MAA proposals and direction of travel on the key issues of transport and employment and skills are developed in line with a clear understanding of the regional context and do not cut across the changing landscape in the light of SNR and recent policy announcements.

We would also like to see the next stage of work building on the City Region Business Case in order to agree priorities based on a convincing evidence base and within a clear investment planning framework.

We remain committed to working with partners to address these issues over the next few months.

Yours sincerely



Pat Ritchie  
Assistant Chief Executive (Strategy)

Margaret Fay OBE Chairman  
Alan Clarke Chief Executive