

Leicester  
City Council

**WARDS AFFECTED:  
ALL WARDS**

**ECONOMIC DEVELOPMENT AND PLANNING  
SCRUTINY COMMITTEE**

**7<sup>th</sup> December 2006**

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**Briefing Note - The 3 Cities and 3 Counties collaboration**

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**Report of the Service Director Regeneration, Highways & Transportation**

**1 Purpose of Report**

- 1.1 The Quartet asked for a briefing note on the 3 Cities collaborative structure to be prepared for this meeting.

**2 Summary**

- 2.1 The briefing note summarises the collaborative work to date and lists some of the benefits for Leicester. It also reports on the New Growth Points initiative.

**3 Recommendations**

- 3.1 Members are recommended to note this briefing.

**4 Financial & Legal Implications**

***Financial Implications***

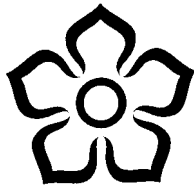
- 4.1 There are no financial implications of this report.  
(Martin Judson, Head of Finance, Regeneration & Culture)

***Legal Implications***

- 4.2 None  
(Joanna Bunting, Head of Commercial & Property Law, Legal Services)

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Leicester  
City Council

**WARDS AFFECTED: CASTLE / CITYWIDE INTEREST**

**ECONOMIC DEVELOPMENT AND PLANNING  
SCRUTINY COMMITTEE**

**7<sup>th</sup> December 2006**

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**Briefing Note - The 3 Cities and 3 Counties collaboration**

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**Report of the Service Director Regeneration, Highways & Transportation**

**Report**

**1. Background**

- 1.1 The 3 Cities Collaborative Group developed some three years ago from the informal contacts between the Chief Executives of Derby, Leicester and Nottingham City Councils; to explore areas where collaborative working could address areas of common concern.
- 1.2 The original group comprised the three Leaders and Chief Executives of the City Councils, plus the Chief Executives of the three Urban Regeneration Companies and the three Local Strategic Partnerships, and representatives from the airport and emda.
- 1.3 At the time of setting up the group, the main issues were around the cities getting their fair share of central funding. For example, we are all recipients of Neighbourhood Renewal Funding, and therefore have a mutual interest in ensuring Government Office is as helpful as possible in letting us spend the money effectively. We have also lobbied together on improving rail services on the Midland Main Line.
- 1.4 With the advent of the Government's new Urban Agenda, and increasing understanding of the key role of the 3 Cities in the Region, a more ambitious agenda was developed and a dialogue opened with Government.
- 1.5 Derby, Leicester and Nottingham are three of the largest 15 cities in England. Their combined population (including the adjoining built up areas) is around 2.1m or 57% of the Regional population. Rather than thinking of them as three provincial cities, their closeness and connectivity is more akin to a City Region the size of Manchester or Birmingham. Much of the 3 Cities work has entailed getting this point over to Government.
- 1.6 While Nottingham is one of the eight "Core Cities" which already have a closer relationship with Government, it is one of the smallest and needs Derby and Leicester to help it match the scale of the largest. Conversely, collaboration ensured that Leicester and Derby were at the top table meeting with the Cabinet Minister for Nottingham's Core City Summit. We all benefit.

- 1.7 While thinking of ourselves as a City Region, with the economic potential of Leeds or Manchester, it makes sense to include the facilities that make up a defined City Region – the international airport, the world-class universities, the specialist industry clusters – and therefore we included our travel-to-work areas and housing market areas in the City Region.
- 1.8 The review of the Regional Plan created a “Three Cities Sub-Area”, which has also been adopted by the Regional Economic Strategy. It covers the whole of Leicestershire and southern Nottinghamshire and southern Derbyshire. It made sense that the three County Councils, as the other Principal Authorities, should join the formal group.
- 1.9 The 3 Cities and 3 Counties Leadership Group comprises the six Leaders and Chief Executives, plus top level representatives from emda and GOEM. It meets three times a year plus ad-hoc gatherings, for example when Yvette Cooper MP came to Leicester announce the launch of the New Growth Point programme.
- 1.10 Government is intrigued by the collaboration. It is unique in the UK and does not neatly fit their models, yet they recognise its effectiveness. They realise that the straightforwardness of proposals such as the Regional Funding Allocation owe a great deal to collaborative deal making in the best interests of the Region, and like what they see.
- 1.11 The 3 Cities model is being followed elsewhere, for example around Bristol and Southampton/Portsmouth. A different model of metropolitan area governance is being explored in Manchester, which already has structures such as a conurbation-wide passenger transport executive.
- 1.12 Government is interested in sub-regional governance arrangements, as shown in the Local Government White Paper. The 3 Cities and 3 Counties Leadership Group is not the vehicle for such a task (see 3.3 below).
- 1.13 There is increasing formal recognition of the 3 Cities within the East Midlands – for example, the “3 Cities Sub-Area” is an established geographical area within both the Regional Economic Strategy and the Regional Spatial Strategy.

## **2. 3 Cities and 3 Counties work programme**

- 2.1 The 6 Principal Authorities have common statutory work areas, particularly in planning and transportation, and have strengthened joint working arrangements as a result of collaboration. For major projects such as the Regional Plan, this has given all of us additional capacity, as we have been able to divide up tasks to avoid duplication and take advantage of in-house specialist expertise.
- 2.2 The first joint bid was for New Growth Points, which gives access to substantial Government funding for infrastructure investment to support growth, similar to that already available to Northamptonshire through the Sustainable Communities Fund. This is detailed at 4 below.
- 2.3 A joint proposal for Congestion Transport Innovation Fund research (C-TIF) for £1.5m to model the possible effect of road pricing (and other measures) to reduce congestion within the 3 Cities sub-area; which has just been approved and is to be led by Leicestershire County Council.
- 2.4 The 3 Cities, as recipients of NRF funding, have submitted a £30m joint bid for three-year Local Enterprise Growth Initiative (LEGI) funding in order to support

enterprise and entrepreneurship in our deprived communities. We presented to the national panel on 15<sup>th</sup> November and await their decision.

- 2.5 We have also been successful in a number of other initiatives, for example Small Business Service funding of City Growth Strategies, and the recent selection as DWP City Strategy Pathfinders, in a new partnership to help people get off benefits and into work. A joint bid to DfT to fund quality bus services from the city centres to the airport has been topped up by emda and the Skylink service is now up and running, giving our residents the opportunity to access jobs at the airport.
- 2.6 Once the bids are successful, they become subject to standard PRINCE2 project management by the lead authority.

### **3. Lobbying**

3.1 There are a number of common issues over which we have no formal control, but which are important to our future prosperity. They include:

- The poor conditions of our railway stations as gateways to our cities
- The lack of public sector relocations and Government direct investment in our area
- Government inflexibility in funding regimes and the burden of red-tape which hinder our delivery of Government objectives
- Joint lobbying of GOEM and emda to ensure that we get our fair share of resources
- Potential missed opportunities – for example the poor initial design of the airport parkway station, which would have given an unacceptable first impression of the region

3.2 We therefore use our joint lobbying power to press for changes. This is proving surprisingly effective as Government hear the same message from all directions.

3.3 The Local Government White Paper contains proposals for governance which will need local political debate. Whilst Nottingham is some way towards developing a conurbation-wide decision mechanism, each of the three pairings of City and County is informally examining cross-boundary issues and barriers. This is being reinforced by the concept of Principal Urban Areas (PUAs), which look at the continuous built-up area as one entity for the purposes of land use and transport planning. Locally we already have the Central Leicestershire Policy Area for the Local Transport Planning and strategic land use planning, and this means continuing to improve joint working between officers.

3.4 There is welcome recognition by Government that service users, businesses and investors do not acknowledge administrative boundaries, and that boundaries should not affect the service people receive. Members will want to discuss this further in the context of the White Paper.

### **4. New Growth Points**

4.1 NGP is the first joint bid to be successful and has been led by the Chief Executive of Leicester City Council.

4.2 The Government asked Local Authorities to submit bids for New Growth Point status by 31<sup>st</sup> March 2006. They sought uplifts of some 25% from 2003 planned

housing numbers and offered financial assistance to provide infrastructure up to “Sustainable Communities” standards.

- 4.3 Members will recall endorsing the Regional Assembly’s Options for Change proposals at the former Strategic Planning & Regeneration Scrutiny Committee on 14<sup>th</sup> December 2005 (minute 74) and resolving:

“that option 2B for housing provision be supported but that this be on the basis of increased government funding to include support for increased provision of affordable housing”

- 4.4 Option 2B supplied the necessary uplift for a NGP bid, and one was therefore submitted on the basis that the new Regional Spatial Strategy includes accelerated housing growth.
- 4.5 After a six month process of testing all the proposals, DCLG announced 29 NGPs nationally, and allocated shares of a £40m national pilot fund for 2007-2008. Our bid received £5.485m of which £1.5m capital is to be spent in Leicester supporting the bringing forward of housing schemes in the LRC housing intervention areas. The precise schemes are being negotiated with DCLG at the moment, but are likely to be public realm enhancement in the Waterside and at Abbey Meadows. These works will enhance land values and enable developer contributions to be focused on priorities such as affordable housing provision.
- 4.6 Assuming that the Government’s Comprehensive Spending Review 2007 does create a Growth Point Fund, we expect to submit an agreed programme of development in mid-2007 for funding approval. DCLG officials expect to develop a long-term relationship with a stable funding regime for the next decade, though this is obviously subject to continued approval by future Governments.
- 4.7 I anticipate that the Programme Manager will submit a detailed report to this Committee early in 2007, requesting guidance on the priorities and long term objectives for the agreed programme of development for the Leicester PUA.