



GOVERNMENT OFFICE
FOR THE NORTH EAST

Business Plan 2007-2008

Contents

| | |
|--|----|
| Foreword from the Regional Director | 3 |
| Section 1: Aims and Objectives | 5 |
| Section 2: The Changing Context | 6 |
| Section 3: Regional Impact | 8 |
| Economy | 9 |
| Culture | 10 |
| European Programmes | 11 |
| Environment and Rural | 12 |
| Planning | 13 |
| Housing | 14 |
| Transport | 15 |
| Resilience | 16 |
| Public Health | 17 |
| Children and Learners | 18 |
| Community Safety | 19 |
| Local Partnerships and Performance | 20 |
| Section 4: Working with Place | 21 |
| Northumberland | 22 |
| Tyne and Wear | 24 |
| Durham | 26 |
| Tees Valley | 28 |
| Section 5: People | 30 |
| Section 6: Resources | 31 |
| Section 7: Working with Stakeholders | 32 |
| Annex 1: Public Service Agreements (PSAs) relevant to Government Office for the North East | 33 |
| Annex 2: Government Departments supported by Government Office for the North East | 35 |

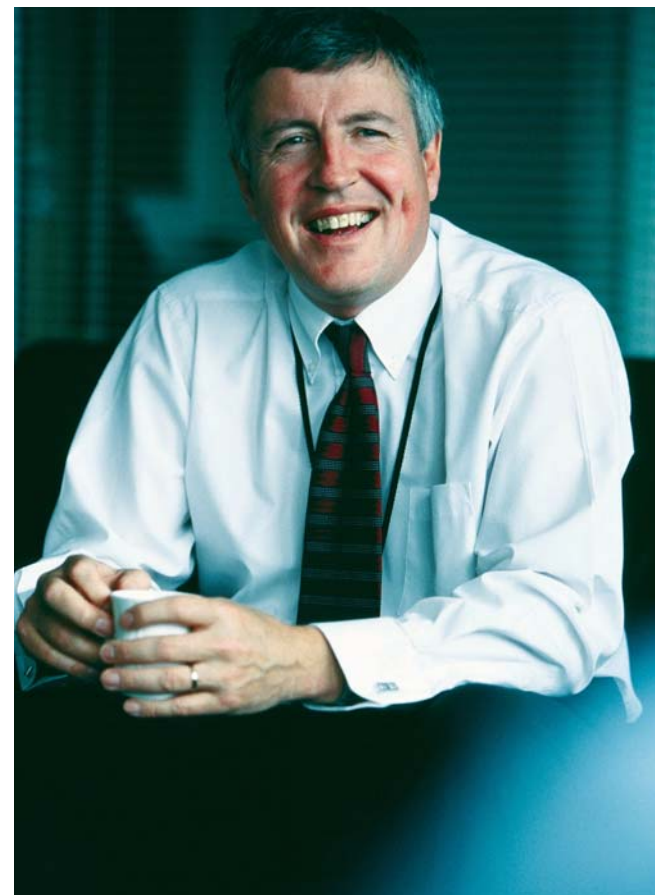
Foreword from the Regional Director

Welcome to the Government Office for the North East's Business Plan for 2007-2008. This is published late in the year because the Government Office is changing. Since 2006, following the Review of Government Offices led by HM Treasury, we have been undertaking a programme of transformational change. This is designed to equip us for a more strategic role with greater influence in the region and in Whitehall, with a clear focus on working with places. This is a pivotal year when many of the changes are being embedded. This has included a reduction in the number of staff by more than a third by September 2007.

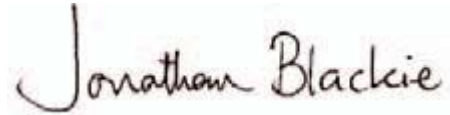
The changes affect everyone in the Government Office for the North East. The transformation takes into account the feedback we have received from our stakeholders. Our new approach is built around four sub-regional teams covering Northumberland, Tyne and Wear, County Durham and Tees Valley. Each of these is headed up by a Deputy Regional Director who, as well as integrating our placed-based approach, will also lead on specific policy areas and working with Whitehall.

These locality management teams will focus on delivery in that geographic area. They will support and challenge partners, working with them to determine priorities, solve problems and deliver improvements through partnerships including Local Area Agreements.

Locality management teams will work closely with, and draw on a network of, policy experts. Policy teams will provide a clear line of sight to central government departments, translating departmental policies into operational delivery and providing focused policy and performance feedback to departments about delivery challenges and solutions. Policy teams will continue to support and challenge regional strategies to improve their quality and consistency. In addition we will be working to begin implementing the conclusions of the Review of Sub-National Economic Development and Regeneration in the region and informing the further development of policy by Communities and Local Government and the Department for Business, Enterprise and Regulatory Reform.



This is a challenging year for us but we are confident that the changes we are making will allow us to focus more on the specific needs of the areas of the North East and to represent both the government in the region and the region in government. We hope you find the business plan useful and welcome any feedback you have.

A handwritten signature in black ink that reads "Jonathan Blackie". The signature is written in a cursive style and is set against a light blue rectangular background.

Jonathan Blackie
Regional Director

Section 1: Aims and Objectives

We want the North East to be a modern, prosperous, healthy, safe and confident region. We will use local knowledge and understanding to influence government policies and programmes and to overcome regional challenges. We will ensure that what we deliver is co-ordinated in an effective and efficient way to achieve sustainable communities.

Our key aims are those set out in the Government Office offer published in July 2007:

- strengthen national policies
- integrate regional strategies
- drive local delivery.

Our values are:

- **Valuing people:** We will harness diversity and value people.
- **Delivering results:** We will make clear what our objectives are and deliver results.
- **Openness, honesty and visibility:** We will be open and honest in all our relationships.
- **A positive outlook and attitude:** We will make a difference through our positive outlook and openness to change.

Our strategic objectives are:

- **People:** To support and develop programmes to build safe, strong and diverse communities.
- **Places:** To work with partners to improve and maintain the region's physical and natural environment.
- **Prosperity:** To work with partners to improve prosperity in the region and to reduce inequalities between areas and people.

Section 2: The Changing Context

The Review of Government Offices established a new role of supporting improvement in local and regional delivery. We have three clear operational objectives:

- Transforming the way central government focuses on places, by working with local and regional partners to understand priorities and strengthen performance.
- Helping departments translate policies into operational delivery, by providing focused policy and performance feedback and challenging them about regional delivery and solutions in delivering Public Service Agreements.
- Supporting and challenging regional strategies, improving their quality and consistency by feeding knowledge into central government and developing regional expertise.

The context for the delivery of this Business Plan is set by changes at national and regional level.

The publication in 2006 of the Local Government White Paper *Strong and Prosperous Communities* sets the future landscape for our engagement with places with a clear agenda for change. We look forward to working with local and regional partners to take forward Place Shaping (through Local Strategic Partnerships, sustainable community strategies and Local Area Agreements (LAAs)). Similarly, the establishment of a new performance framework for local areas will be at the heart of how we seek to support and challenge partners across the region. The White Paper makes clear the commitment of Government to work with and develop the Third Sector – we will continue to play a central role in the work already underway in this region and, in particular, work to secure the Regional Compact and expand its coverage.

The conclusions of the Review of Sub-National Economic Development and Regeneration aim to improve the efficiency and effectiveness of existing sub-national structures in England to strengthen economic performance and prosperity in regions, cities and localities. It announced a single integrated regional strategy for each region, replacing the separate economic and spatial strategies. There will be further devolution and delegation of responsibility for delivering economic development, improved accountability arrangements, stronger incentives to improve local outcomes and greater opportunities to collaborate more widely across sub-regional functional economic areas.

The ongoing development of city region business cases (Tees Valley and Tyne Wear) is creating new vehicles to drive regeneration through renewed partnership and enhanced understanding of local needs.

In addition to the organisational changes that support our increased focus on Place we will be working to a set of external facing outcomes identified by our Whitehall sponsors in the 2007-08 Tasking Framework for the Government Office network, encompassing:

- Sustainability
- Economic Performance
- Children
- Community Safety
- Health
- Cohesion, Equality and Diversity
- Resilience.

Through this transitional year we will be working with local and regional partners to ensure high quality local services – through the negotiation and agreement of new LAAs. Through our place and policy teams we will develop our understanding of the priorities at different locations and spatial scales to ensure that we can add measurable value to local outcomes.

Section 3: Regional Impact

As Government in the region, we work with national, regional and local partners to enhance the quality of life in the region by connecting national policy with regional strategies and local delivery. We link eleven Whitehall departments (listed at Annex 2) to key regional players, join up regional agencies and ensure that regional strategies are relevant, strategic, consistent and deliverable. Our understanding of Whitehall and knowledge of the region means we are uniquely placed to negotiate, challenge and deliver strategies that are right for the North East.

Our new organisational arrangements will ensure that we provide effective strategic leadership that delivers better outcomes for the region.

An overarching objective for 2007-2008 will be to take forward the outcome of the Review of Sub-National Economic Development and Regeneration in the region. We will be working with Whitehall to ensure that the national arrangements for implementation are practical and reflect regional realities. We will be working with partners in the region (those directly affected and other stakeholders, such as business and the third sector) so that the changes deliver the intended outcomes and there is an effective and smooth transfer of responsibilities.

The next section sets out policy priorities for 2007-2008 in specific areas.

Economy

Our objective is to make sustainable improvements in the economic performance of the region, over the longer term reducing the gap between the growth rates of the North East and the rest of the country. To achieve the vision for the North East set out in the Regional Economic Strategy (RES), the RES Action Plan concentrates on fewer bigger strategic investments and addressing market failures. It highlights six transformational interventions based around the themes of Business, People and Place:

- building a new enterprise surge
- boosting productivity
- promoting science, innovation and design in business
- enhancing the capability of the workforce
- increasing the size of the workforce
- investing in the economic hearts of our city regions.

We manage relationships with One NorthEast and the North East Assembly, supporting and challenging them to ensure credible, evidence based, coherent strategies (such as the RES), and plans are developed and delivered at local level through sub-regional partnerships. Following the Review of Sub-National Economic Development and Regeneration, this role will be increasingly important in managing the transition from a separate RES and Regional Spatial Strategy to a single integrated regional strategy.

Our key priorities for this year are:

- Working with partners to promote implementation of the Action Plan for the 2006-2011 Regional Economic Strategy, *Leading the Way*.
- Supporting and challenging the economic theme of Local Area Agreements, including delivery of the Local Economic Growth Initiative programmes to promote entrepreneurial activity amongst traditionally excluded groups.
- Business Support Simplification Programme – We will work to integrate support for business that is funded from central government, ensure local partnerships integrate their economic development role with the RES and prevent duplication or the proliferation of products and services.

The Residential Training Unit (RTU) works on behalf of all Government Offices across England to help increase the employment rate and narrow the employment gap between the most disadvantaged groups and the overall working age population.

The RTU is run by GO-NE and in 2007-08 will manage contracts with 10 Residential Training Colleges in England to deliver this employment programme. The programme is designed to help long-term unemployed adults with disabilities and serious health conditions who are unable to access suitable local training, to move off benefits into sustained employment or self employment. RTU's role is to ensure optimum use is made of the budget and that the programme, revised from April 2007, provides a more flexible, outcome focused model ensuring that contract requirements are met.

Culture

We aim to increase and broaden the impact of culture and sport to enrich individual lives, strengthen communities and improve the places where people live.

Our key priorities for this year are:

- Advise on, and influence, the negotiation of culture and leisure aspects of Local Area Agreements, including the reward element and enabling measures, and manage the regional commentaries process in the region, working with non-departmental public bodies (NDPBs).
- Ensure that the interests of the Department for Culture, Media and Sport and its NDPBs, are integrated into the delivery of wider government policies at regional level and are fully reflected in the development and implementation of relevant strategies, frameworks and projects.
- Support DCMS in ensuring the Regional Development Agency, local authorities and other partners implement plans which realise the wider sustainable legacy benefits of the London 2012 Olympic and Paralympic Games.

European Programmes

Our objectives are to ensure that formal closure procedures for the 2000-2006 generation of programmes are carried out efficiently during the period to 2009-2010 and to maintain strategic roles in the new generation of programmes by working closely with One NorthEast and the Department for Work and Pensions (DWP), ensuring that each programme contributes to objectives set in the Regional Economic and Skills Strategies.

Our key priorities for this year are:

- European Regional Development Fund (ERDF) and European Social Fund (ESF) Programmes 2000-2006: there will be large volumes of transactions on these programmes during 2007-2008, diminishing in 2008-2009 to a point where the formal 'programme closure' process will be carried out. For the foreseeable future transactions will be concentrated on paying grant claims, carrying out an intensive programme of monitoring visits and taking follow up action where visits reveal that irregularities have occurred. The gradual completion of these programmes will achieve the objective of Government Offices relinquishing their 'grant giving' role.
- ERDF Programme 2007-2013: We will have a strategic role in this £245 million programme, which will focus on technology, innovation, business support and enterprise. During 2007 we will, on behalf of Communities and Local Government, co-ordinate and manage the development of the Programme, culminating in formal European Commission approval late in the year. Following approval, implementation of the Programme will be carried out by One NorthEast under the governance of a Programme Monitoring Committee chaired by our Regional Director. We will also maintain a strategic oversight of the Programme and its delivery arrangements, coupling this with Regional Development Agency relationship management.
- ESF Programme 2007-2013: We will manage this £160 million Programme on behalf of DWP, after negotiating a very small number of contracts with Co-Financing Organisations (CFOs). The intention is that contracts will be in place in 2008, allowing CFOs to enter into delivery arrangements with providers. The focus of the Programme is on helping people into employment and helping to raise skills levels across the region. We will monitor and oversee the CFOs and their providers, and will maintain strategic oversight by chairing the Regional ESF Committee.

Environment and Rural

Our two main objectives are to promote sustainable development in the region – moving toward low-carbon, resource-efficient sustainable economy and environment – and One Planet Living – enhancing the quality of life in the region through integrating economic and environmental policy with spatial policy and planning, using a shared evidence base.

Our key priorities for this year are:

- Reflect and embed Department for Environment, Food and Rural Affairs policy priorities in key regional, sub-regional and local strategies and plans. This includes sustainable development, climate change, sustainable consumption and production, waste and recycling, rural policy, biodiversity, recreation and landscape, local environmental quality and sustainable farming and food.
- Ensure that the Integrated Regional Framework is revised for consultation.
- Through the Local Area Agreement and Regional Spatial Strategy process, challenge and support local authorities and One NorthEast to lead by example and deliver carbon dioxide emission reductions within their estates, through their service delivery functions and from across the communities they serve.
- Ensure that all authorities have a Municipal Waste Management Strategy that demonstrates a clear path towards compliance with the Landfill Allowance Trading Scheme, and reduced reliance on landfill generally. Improve performance of the most poorly performing authorities in the region in meeting the Landfill Directive and statutory recycling targets.
- Ensure that through Rural Development Programme for England and LEADER+ programmes, plans to deliver regional outcomes in rural areas are implemented, in particular the service delivery and economic development elements.

Planning

Our objectives this year are to ensure that the current review of the Regional Spatial Strategy (RSS) for the North East reflects national and regional policy and is aligned with the Regional Economic Strategy, to continue to take forward the Government Planning Reform agenda, and ensure regional and local spatial strategies are aligned to meet regional priorities.

Our key priorities for this year are:

- The publication of a revised RSS for the North East and hold a public consultation in the first half of the year.
- That further changes to the RSS revision are agreed by ministers in time for a second consultation in early 2008, with accompanying Sustainability Appraisal and Appropriate Assessment; and the final version, to be published as soon as possible after that.
- That the final RSS is as high a standard as possible and provides a sound basis for Local Development Frameworks.
- Assess Local Development Documents and back up our judgement by appearing at related Public Examinations.
- Meet statutory targets for handling casework.
- Engagement of regional stakeholders in the consultation and development of proposals set out in the Planning White Paper.

Housing

Our objectives are to take forward the Government's housing reform agendas and ensure regional, sub-regional and local spatial and housing strategies are aligned to meet regional priorities for economic development, affordable housing and mixed, sustainable communities.

Our key priorities for this year are:

- Influence national, regional and local policy development through membership of the North East Housing Board and help develop good practice in housing and planning.
- Address the region's growing problem of affordability by working with local authorities and stakeholders to articulate and promote the new local authority strategic role on housing in carrying out Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments.
- Support delivery of housing strategies for vulnerable groups such as the homeless, Gypsies and Travellers and drug users by liaising with stakeholders and exploring their delivery through Local Area Agreements.
- Support Housing Market Renewal activity in Newcastle/Gateshead, Tees Valley, and Durham Coalfields through advising and guiding both the partnerships and Communities and Local Government on policy development and funding arrangements for 2008 onwards.
- Help shape the development of the new Homes and Communities Agency by contributing to pilot work, developing policy propositions based around regional stakeholders, and facilitating consultation and development events with regional partners.
- Engage regional stakeholders in the consultation and development of proposals set out in the Housing Green Paper.

Transport

Our objective is to ensure an approach to transport planning and delivery at all levels that is evidence based, realistic and firmly embedded in wider spatial, economic and community planning and implementation, so that the needs of economy, environment and society are balanced.

Our key priorities for this year are:

- Ensure that the review of the Regional Transport Strategy (as part of the Regional Spatial Strategy) reflects national and regional policy priorities, and is aligned with the Regional Economic Strategy.
- Ensure regional transport priorities have a strong evidence base reflecting regional economic, social and environmental objectives.
- Support and challenge transport authorities to secure delivery against objectives and targets in their Local Transport Plans.
- Ensure national and local transport priorities are reflected in the region's Local Area and Multi Area Agreements.
- Influence the development of government policy (for example the Road Transport Bill, the response to the Eddington Report, concessionary fares, Ports Policy Review) and communicate government policy to regional and local stakeholders.
- Support the development of the transport elements of the city region development strategies to provide robustly evidenced based and prioritised transport inputs to the Regional Funding Allocation process. The aim is to help inform both the region's advice to government and government decisions.
- Support Department for Transport-led engagement with Tyne and Wear and Durham on congestion Transport Innovation Fund work.

Resilience

Our objective is to ensure that, in the event of an emergency, the regional response is smooth and effective with the result that lives are saved and the impact on property and the environment is minimised.

Our key priorities for this year are:

- Ensure that we continue to have a robust and fully functional response capability in place, with clarity on staffing, communications, procedures, training and exercising, and equipment.
- Maintain effective working relationships with national, regional and local practitioners and other cross-border partners, where appropriate, including on Regional Response Plans.
- Undertake regular regional capability surveys and risk assessments, working with the Regional Resilience Forum, Civil Contingencies Secretariat and lead government departments.
- Work with the partners to implement and regularly review a comprehensive regional delivery plan.
- Represent the regional resilience tier in the development of national policy and functional capabilities; develop expertise in that capability and spread best practice and advice to other Government Offices. We are the lead buddy for the 'Warning and Informing' capability and the Water Industry.

Public Health

Public Health North East (PHNE) is co-located, and works very closely, with the Government Office. The overall objective is to improve health and well-being, linking national, regional and local policies and filling the gap that currently lies between them – with a particular focus on tackling inequalities in health.

The key priorities for this year are:

- Publish for consultation in autumn 2007 a Regional Health and Well-Being Strategy. This will help direct action to resolve the health disadvantage in the region. It will inform the development of new Local Area Agreements and help to determine a shared approach to measuring progress.
- Consolidate the change in public health structures across the region resulting from the reorganisation of Primary Care Trusts. We will work with the additional skilled public health professionals being recruited, to establish more effective ways of commissioning action on key health determinants. PHNE will aim to provide the best possible support for this purpose.
- Ensure that the ban on smoking in workplaces is as effective as possible. Those who choose to quit will be given the help they may need and we will use the lessons of similar legislation around the world to maximise its impact in this region.
- We will aim to improve substantially action on alcohol, exercise, diet and mental health.
- We will develop a better shared understanding of how pivotal policy areas – education, economic, transport, spatial and others – impact upon health, and how improving health can assist in delivering goals in these areas. The linkages between agencies and sectors essential to coherent action on public health will be improved. We will continue to work closely with the five regional universities to improve health-related research for the benefit of the region and to increase local research investment.

Children and Learners

Our objective is to support integrated and collaborative approaches to improving outcomes for all children and young people. In the light of the regional context we intend to build on the excellent partnership working which is characteristic of the North East, strengthening links and joint work with key stakeholders, particularly Directors of Children's Services (DCSs) and colleagues in child health services and the third sector. We have already seen some progress in many areas over the past year and will seek to promote examples of effective practice to build on these successes.

Our key priorities for this year are:

- Universal delivery for children, young people and families. Ensuring that services for children, young people and families are accessible and of high quality – particularly services for prevention and early intervention, childcare and the engagement of children and young people.
- Targeted support to reduce inequalities. The key inequalities in the North East are health (including teenage conceptions and obesity); the educational achievement of young people; and young people not in education, employment or training. Looked After Children and children with disabilities are also key priority groups. Narrowing the gap between the North East and other English regions on these will be a priority.
- Leading the fight against child poverty. DCSs in the region have articulated the challenges which child poverty in the North East presents in terms of achieving improved outcomes for vulnerable children and young people. We will therefore support the development of a regional initiative to bring together key strategic leaders and decision makers to develop a more joined-up and comprehensive approach to the reduction of child poverty.

Community Safety

Our objective is to ensure that government policies are translated into sustained progress to further reduce crime and improve community safety in the North East.

Our key priorities for this year are:

- Work with stakeholders nationally, regionally and in places to build partnerships' capability and capacity to: deliver safer communities; challenge and support underperforming/high risk partnerships to improve delivery; develop innovative and evidence-based programmes to tackle crime-related issues of concern to communities; reduce the harms caused by illegal drugs and alcohol-related crime and disorder; and reduce reoffending.
- Promote understanding of current and emerging strategies and policies amongst our stakeholders and the public. We will work with partnerships to enable them to meet the requirements of National Standards published in August 2007, including embedding intelligence-led problem-solving across the region. We will facilitate both their involvement in national policy development and opportunities for them to work together, so that evidence-based practice is shared and disseminated regionally and nationally.
- Work with partners across the region to break the 'cycle of offending' by delivering effective, end-to-end offender based interventions, specifically the Prolific and Other Priority Offenders' Scheme and the Drug Interventions Programme. We will work with the Regional Offender Manager to drive the Regional Reducing Reoffending Action Plan, ensuring that partnerships understand the costs of reoffending and the benefits to communities of tackling it at local level.
- Work with places to make best use of the opportunities presented by Local Area Agreements for tackling the underlying causes of crime and disorder.

Local Partnerships and Performance

Our objective is to take forward the transformation agenda set out in the 2006 Local Government White Paper *Strong and Prosperous Communities*.

Our key priorities for this year are:

- Working to ensure business continuity and a secure transition for councils affected by the move to unitary councils in Northumberland and Durham.
- Local Leadership and Place Shaping – working with local councils, Local Strategic Partnerships and the Improvement and Efficiency Partnership to promote positive change and build capacity. Working to secure ongoing improvement in services in poor and weak Comprehensive Performance Assessment authorities. Supporting all authorities in preparing for the new Comprehensive Area Assessment inspection regime.
- Ensuring Local Area Agreements (LAAs) and Sustainable Community Strategies are challenging, needs based, fit for purpose and sustained by appropriate partnership activity at local and regional level. Ensuring the successful negotiation of 12 LAAs by April/June 2008.
- Ensuring the fullest engagement of the Third Sector: supporting the delivery of the Communities and Local Government Third Sector Strategy and the Regional Compact, working with partners to develop capacity in regional organisations and enhancing Third Sector involvement in public service commissioning and delivery. Quarterly audits of compact compliance within the Government Office to review and enhance practice.
- Community involvement, supporting the aims of the White Paper and the new Best Value duty to involve and consult; promoting and taking action to secure cohesive communities based on shared values. Providing support for Sunderland in improving its community cohesion. Facilitating reviews of race and diversity infrastructure in Durham/Darlington.

Section 4: Working with Place

We recognise that if we are to continue to build strong and prosperous communities throughout our region we need to ensure that we understand the challenges that the region, sub-regions, localities and neighbourhoods need to address. These challenges are becoming increasingly complex and require multi-agency solutions if, together with partners, appropriate and lasting solutions are to be found.

Our staffing resources have been re-aligned in an effort to understand these differences and to ensure the requirements of each place, however defined, can be interpreted in a way that is understood across Whitehall and so help inform the development and implementation of policy.

We are seeking to ensure that all of our strategies, and those that are determined at a local level (such as the Sustainable Community Strategy and Local Area Agreements), are mutually reinforcing and complementary.

This section looks at our role in the North East's places.

Northumberland

Northumberland is the least densely populated county in England. Overall economic performance is poor. Disposable income levels are significantly lower than both the regional and national equivalents. Many of the available jobs are seasonal, part-time or relatively unskilled. There are a few large, vibrant manufacturing companies, but the biggest employers in the county are in the public sector. There are also significant concentrations of working age residents who are excluded from work. Although the age of the county's population is increasing, its size is declining both through migration and birth rate (a counter-trend is that migrant workers from Eastern Europe are starting to arrive to take up lower wage jobs).

Northumberland is currently a two-tier local government county with six district councils, although the Government announced in July 2007 that these arrangements would be replaced with a unitary authority for the county.

Desired Impacts

- Working with partners to deliver effective local authority re-organisation.
- Continued improvement in Comprehensive Performance Assessment/Comprehensive Area Assessment performance.
- Good progress on meeting current Local Area Agreement (LAA) targets. Successful further development of sustainable community strategy and next iteration of LAAs.
- Improved economic performance of the county and appropriate contribution to the Tyne and Wear City Region.
- Reduction in levels of crime, drugs and anti-social behaviour in line with Community Safety priorities and targets and continued improvement in the performance of the countywide Drugs and Alcohol Action Team.
- Increased business formation and survival rates.
- Improved levels of employment and reduced worklessness.
- More young people in education, employment or training.

- Improved educational achievements of 11, 14 and 16 year olds, particularly in Ashington, Bedlington and Blyth.
- Implementation of the strategy to tackle identified sub-regional housing priorities, with particular regard to increasing the supply of affordable housing.
- Continued improvement of public health performance with particular regard to child obesity, teenage pregnancy, smoking cessation, alcohol dependency – all to reduce premature mortality rates.
- Implementation of the North East Rural Priorities statement.
- All Northumberland authorities to have a Municipal Waste Management Strategy which demonstrates a clear path towards compliance with the Landfill Allowance Trading Scheme.
- Improved management of the environment, and reduced greenhouse gas emissions and air pollution.
- People considering innovative ways to provide local transport services in rural areas and thereby reduce car use.

Tyne and Wear

The city region consists of a number of urban areas and five local authority areas. The two largest urban concentrations of businesses and employment are centred on Newcastle/Gateshead, extending along both sides of the River Tyne, and central Sunderland. A number of other distinct communities lie within the core urban area, particularly in North Tyneside and South Tyneside, with Washington also a significant concentration of economic activity. There is a strong connection with surrounding areas, particularly the coastal areas of Northumberland and Durham. There are a number of major economic development sites along the banks of both the Tyne and the Wear, further development of a Science City within inner Newcastle, as well major housing market renewal proposals in Newcastle and Gateshead.

The Organisation for Economic Co-operation and Development published a report in July 2006 on the competitiveness of Newcastle and the surrounding metropolitan area. This report sets out the key challenges and opportunities facing the Tyne and Wear metropolitan area. A growing realisation of the importance of working at city region levels to improve economic development led local authority leaders and key partners in the public, private and third sector to publish a City Region Business Case.

This will involve working with partners to ensure that:

- The employment consortia deliver real improvements to the labour markets in deprived areas.
- Proposals are developed to improve transport connectivity within 2007-2008.
- There is an effective Multi Area Agreement covering areas of joint interest and working across local authority boundaries.

Desired Impacts

- All new look Local Area Agreements (LAAs) to include strong improvement outcomes and make good progress against targets and indicators.
- All local authorities and Local Strategic Partnerships to ensure that their sustainable community strategies set the priorities and context for LAAs, Local Development Frameworks and key partner corporate plans.

- Crime, drugs and anti-social behaviour levels to reduce in line with Community Safety priorities and targets (against British Crime Survey Comparator and Key Performance Indicators).
- All local authorities to have in place a Municipal Waste Management Strategy.
- Decent Homes targets for social housing and homes occupied by vulnerable groups achieved across Tyne and Wear.
- Greater focus on improving health by tackling the risk factors for heart disease, stroke and related diseases (smoking, diet and physical exercise).
- Improvements in performance in relation to children and young people against each of the five outcomes of Every Child Matters.
- A greater sense of community cohesion across the sub-region.
- Reduction in deprivation levels, as measured by neighbourhood analysis of health, crime, employment, housing and children's services– narrowing the gap between deprived neighbourhoods and the rest of England.

Durham

We are working to improve services to all communities in Durham, focusing on certain priorities in the next twelve months or so.

Durham has just completed the first year of the Local Area Agreement (LAA). A real success has been the creation of the LAA board. The role of the board is to evolve even further as it takes over the responsibilities of the County Durham strategic partnership. The partnership has a strong performance management system which all partners are contributing to.

The priorities for Durham are the economy, community safety and health. We will work with the range of partners in Durham to respond to these challenges and to support progress.

Desired Impacts

- Improved performance across priority outcomes for children and young people, especially educational attainment, obesity, teenage pregnancy, healthy schools and those not in employment, education or training.
- The restructured Primary Care Trust and partners address health challenges with a focus on those suffering from limiting long term illness, reducing the mortality rate from circulatory disease and increasing female life expectancy.
- Improved economic outcomes, addressing problems of worklessness and enterprise growth with areas of highest deprivation benefiting from a successful Local Economic Growth Initiative programme.
- Reduction in levels of crime, drugs and anti-social behaviour in line with Community Safety priorities and targets and continued improvement in the performance of the countywide Drugs and Alcohol Action Team.
- The sustainable development of the rural and built environment through a better planning system, better waste management, higher levels of recycling, and revitalised rural communities enabling the county to contribute to the reduction and mitigation of the impacts of climate change.
- Public sector investment in housing that ensures continued progress towards achievement of the Decent Homes Standard, better provision of housing for vulnerable groups and meeting the wider social and economic needs of the

county.

- The development of improved integrated public services which meet the needs of diverse and minority Durham communities and enable its residents to access opportunities for work, training, health and leisure needs.
- Public bodies and partnerships to respond positively to the challenges presented by the reviews of Local Government and the Review of Sub-National Economic Development and Regeneration.
- A new LAA in place by June 2008 that reflects local priorities and is based on an agreed approach to pooling and sharing of resources around delivery of more effective outcomes.

Tees Valley

Tees Valley incorporates Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees, with a population of 650,000 spanning the five unitary local authorities. It covers a relatively large geographic area, characterised by stark contrasts: urban and rural, affluence and deprivation. At the core of the sub-region there are major concentrations of deprivation - four of the most deprived wards in the UK are in the Tees Valley. These communities are characterised by deteriorating quality of life, declining health, low aspirations and higher levels of crime and disorder.

However, there are ambitious plans to rebuild the economy and create sustainable, vibrant communities through close collaboration between the five local authorities and their partners. In 2007-2008, we will continue to work with national and local stakeholders to support the ongoing development of the Tees Valley City Region Business Case which is a key priority for the local authorities.

Local Area Agreements (LAAs) have become an important part of the landscape in the shaping of public service delivery in Tees Valley - Stockton became one of the first pilot LAAs in the country and Hartlepool tested the single pot approach to funding and outcomes. We will develop a strong understanding of the sub-region, and provide support and challenge to councils and their partners to secure continued improvements in public services and better outcomes for the people of Tees Valley.

Desired Impacts

- Proposals for a Tees Valley Multi Area Agreement to be robust, evidence-based and aligned with the LAAs across Tees Valley, including Local Transport Plans and Local Development Frameworks.
- Current LAAs continue to make good progress in delivering better outcomes, providing a strong foundation for the development of new style LAAs.
- All local authorities to have a robust Municipal Waste Management Strategy, as well as policies and plans to tackle climate change as part of securing environmental sustainability.

- Improved economic performance including increased employment rates and improved business start-up rates as a result of increased entrepreneurship through Local Economic Growth Initiative (in Redcar).
- Partners and stakeholders to be equipped to respond to the challenges and opportunities arising from economic migration from A8 countries, including access to services.
- Improved access to Teesport and Durham Tees Valley Airport, including tackling potential congestion issues with the Wynyard development, James Cook Hospital and Marton Road.
- Continued improvement in public health performance – particularly childhood obesity, teenage conceptions and smoking cessation – all to reduce premature mortality.
- Improvements against the five outcomes of the Every Child Matters strategy, improved performance against targets for tackling young people not in education, employment or training, and attainment at Key Stage 3 level above the regional average.
- Reduced deprivation levels, as measured by neighbourhood analysis of health, crime, employment, housing and education – narrowing the gap between deprived neighbourhoods and the rest of England.
- Improved delivery of affordable decent homes for all, including provision for the homeless and vulnerable groups.
- Crime, drugs and anti-social behaviour levels to reduce in-line with Community Safety priorities and targets (against British Crime Survey Comparator and Key Performance Indicators).
- A thriving third sector with a greater sense of community cohesion across the sub-region, with successful campaigns and strategies introduced to counter racial tensions, extremism and minority exclusions.

Section 5: People

Our key resource, if we are to successfully deliver these objectives and develop and adapt to new strategic roles, are the skills, experience and knowledge of our staff. The quality of leadership and management will be critical in ensuring that we develop structures and new ways of working which make the most effective use of our people. To enable this we will work across the Government Office network to contribute to developing and implementing the five strategic priorities in the GO People Strategy:

1. The development of new skills and expertise, including developing broader and deeper capacity in the following key areas:
 - locality management
 - policy development
 - negotiating skills
 - analytical skills
 - performance and project management
 - knowledge of, and ability to influence, Whitehall networks.
2. The development of the right shape, structure and grade mix to more accurately reflect the high level influencing role, and interactions with senior stakeholders, envisaged in the GO Review.
3. The development of a more diverse workforce, which more accurately represents the make up and range of talents within the communities in which we operate.
4. The development of recruitment, retention and reward systems which reflect the expectations we have of GO staff and ensure that we are able to attract and keep the right people.
5. The development of HR systems and processes which provide excellent customer service for all staff and which facilitate an efficient and productive working environment.

Measures are identified in the GO People Strategy and include the use of a Staff Survey, Department and Stakeholder Survey, and Staff in Post Data.

Section 6: Resources

We have undergone significant changes following the Government Office Review. Our new organisational structure – introduced in April 2007 – strengthens the focus we put on ‘place’ and enhances our emphasis on cross-cutting work. We are also looking at how we can embed greater analytical and strategic thinking in the organisation. To this end we are reviewing our skills and learning requirements and seeking smarter ways of working.

The Government Office Review requires a decrease in staff numbers of at least 33 per cent by the end of 2008. By the end of September 2007 we had achieved a reduction of 33.9 per cent. We have also increased the proportion of senior staff, in order to deliver the greater focus on a strategic approach envisaged by the Government Office Review, from 13.9 per cent to 18.2 per cent.

A review of Corporate functions across the Government Office network is taking place to ensure that the way we deliver these services provides the best value for money. Any changes in our corporate functions are likely to be introduced by April 2008.

We will also continue to work to improve our environmental footprint in relation to our building and facilities management, our travel and wider operations.

The table below shows our budget for the year:

| Running costs budget | 2007-2008 (£ million) |
|-----------------------------|------------------------------|
| Pay | 9.179 |
| Accommodation | 2.553 |
| Non Pay | 0.738 |
| Non cash costs | 0.123 |
| UKTI | 0.415 |
| Income | -0.967 |
| Total | 12.041 |

Section 7: Working with Stakeholders

The Review of Government Offices identified the need for significant changes in the way we relate to our stakeholders. It set out an ambitious vision for Government Offices to become more strategic, influential and evidence based.

This more strategic function places the Government Office at the interface between central government and local authorities, regional and sub-regional bodies. Whitehall wants a more powerful presence in the region and regional stakeholders have told us they want a stronger voice in Whitehall and a clearer focus on place.

We established a workstream group to review our engagement with local stakeholders. Following an initial letter sent to all our stakeholders in January outlining the key points of the GO Review and the proposed restructuring of the office, we propose to maintain contact through a regular e-bulletin and a Stakeholder Open Day now being planning for April 2008.

Annex 1: Public Service Agreements (PSAs) relevant to Government Office for the North East

List of 2004-2007 PSAs for Government Offices, categorised by government department.

Full details available at:

www.hm-treasury.gov.uk/spending_review/spend_sr04/psa/spend_sr04_psaindex.cfm

Communities and Local Government

PSA 1: Tackling Deprivation/Neighbourhood Renewal

PSA 2: Regional Economic Performance

PSA 3: Fire

PSA 4: Local Government Efficiency

PSA 5: Housing Demand and Availability

PSA 6: Planning

PSA 7: Social Housing

Department for Culture, Media and Sport

All PSAs

Department for Environment, Food and Rural Affairs

PSA 1: Sustainable Development

PSA 4: Rural Productivity

PSA 5: Sustainable Farming and Food

PSA 6: Waste

Department for Children Schools and Families (formerly Department for Education and Skills)

PSA 1 to 12: Support and challenge of local authorities across Every Child Matters, Youth and Early Years and 14-19 Agendas

PSA 10, 11 and 12: 14-19 Reform

PSA 2: Early Years, Childcare and Extended Schools

PSA 3, 11 and 12: Youth

PSA 3: Health

Department for Transport

All PSAs

Department of Health

PSA 1, 2 and 3: Improving Health

Department for Business, Enterprise and Regulatory Reform (formerly Department for Trade and Industry)

PSA 7: Regional Economic Performance

Department for Work and Pensions

PSA 1, 4 and 8: ESF-Employment

Home Office

PSA 1, 2 and 4: Crime and Drugs

PSA 6: Voluntary and Community Sector and Social Exclusion

PSA 7: Race and Community Cohesion

Annex 2: Government Departments supported by Government Office for the North East

Business, Enterprise and Regulatory Reform
Cabinet Office
Communities and Local Government
Department for Children, Schools and Families
Department for Culture, Media and Sport
Department for Environment, Food and Rural Affairs
Department of Health
Department for Transport
Department for Work and Pensions
Home Office
Ministry of Justice