



Local Government Association

pushing back the frontiers

the multi-area agreement
pioneers



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foreword

Multi-area agreements (MAAs) are a local government initiative that has the potential to change the way that councils and government agencies work together to challenge the artificial limits of boundaries. They promise to take established patterns of working in partnership to a new level, by looking across administrative boundaries and addressing issues of a new scale and complexity. For the first time, they offer local communities the possibility of transcending the limitations of structures and adapting what the public sector does to match the real geography at which problems occur and at which solutions need to be found: transport solutions that can consider all of the commute to work as a single journey; action on employment that factors in both workers and employers, what they both need and where they are both based; housing and health improvement that can match the shape and scale of the housing market or the health economy.

Councils have been edging their way towards the partnerships that could make this happen for some time, from our major cities and their suburbs, to groups of councils facing new growth challenges. There are already about 50 sub-regional economic partnerships in place, although their ambition, scale and capacity vary enormously. Over recent months, central government has recognised the value of those initiatives and now says that it stands ready to empower them with funding and delegated decision-making powers. We now face the test of putting local initiative together with central policy endorsement, and watching the first pioneers

develop actual working MAAs. Local and central government have agreed to try and put a small number of MAAs in place by next summer.

Making it happen, however, represents a journey into the unknown. There are precedents and analogues for this vision of partnership working, particularly in Local Area Agreements (LAAs). But never before have councils sought to harness collective agreements amongst themselves, and with central government, on such an ambitious scale. To make a success of the vision will require creativity, determination, and trust between organisations.

This LGA paper is intended to give elected politicians and other decision-makers a brief guide to what MAAs might be about. It cannot, and should not try to, predict the road that partnership will take. What it does try to do is map out the frontier which the first MAA pioneers will be seeking to expand. The rest of us need to understand the scale and the potential of their ambition; and, over the next few months, give them what support and encouragement we can as they set off on a journey that could open up new territory for all of us.



Sir Simon Milton
Chairman of the Local Government Association

part 1: what are MAAs?

what are MAAs?

The simple fact is that we do not yet know what multi-area agreements are going to be. This is a theme that underlies the whole of this paper. For MAAs are a genuine example of local initiative setting a national policy agenda. In each area which has chosen to identify what the local community is doing as a collective, something different is emerging. That is what local initiative does, and because it captures the diversity of local challenges and capacity, is entirely right and desirable. There are, though, some common themes to the ambitions that have emerged around the country. They are:

- partnership that goes beyond the boundaries of individual local authorities, whether in the context of cities and city-regions that bring together a number of boroughs, sometimes with neighbouring county areas, or between county and district councils in shire areas, or between those two-tier councils and neighbouring unitary boroughs;
- partnership that includes a range of other public sector service deliverers, including central government and its agencies, but also regional bodies, especially Regional Development Agencies together with business and voluntary sector;
- a focus on real economic geography, whether travel-to-work areas, housing market catchments, or patterns of industrial clustering, reflecting a wish to start with citizens and businesses putting their real-life needs ahead of any preoccupation with administrative or organisational issues;

- a focus on delivering improved outcomes, by identifying concrete problems which they want to solve, whether it be tackling infrastructure gaps, reducing worklessness, or driving business growth.

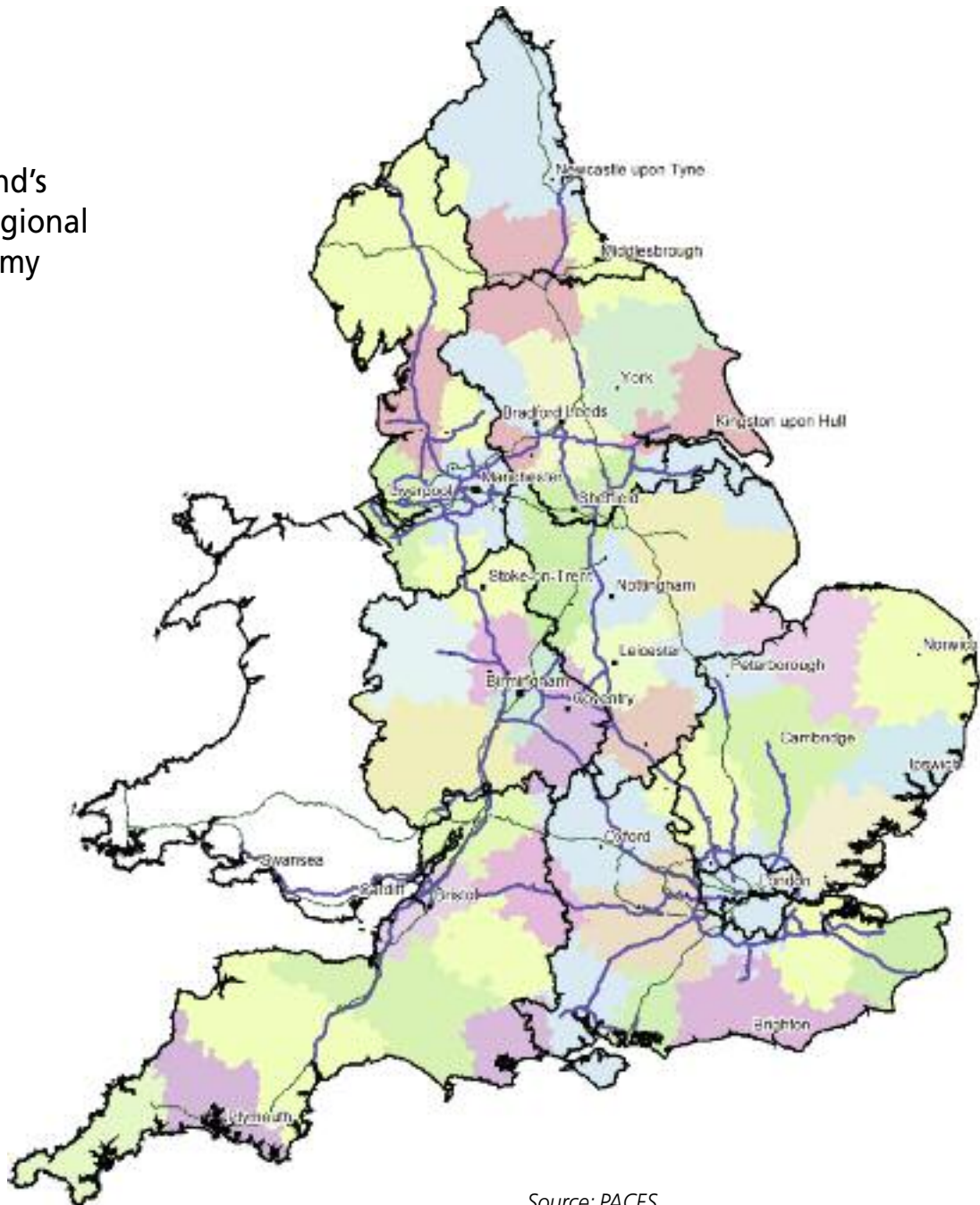
These are clear anchors for the overall scope of MAAs. Part of the challenge that individual areas will now face, together with the government, will be to ensure that the agreements which emerge allow these themes to become realities, eliminating the bureaucratic and administrative barriers that still make problem-solving in partnership needlessly hard.

where do MAAs come from?

Councils lead public service delivery in their places, in particular through their role as convenors of Local Strategic Partnerships (LSPs) and LAAs. But these arrangements are based on the area within a council's boundaries. Councils know, however, that there are many issues where public services need to be driven by genuinely local demands, but which affect wider areas than the boundary of an individual council. Many councils already work in partnership with neighbouring local authorities to tackle them. In some cases, these arrangements have their roots in residuary bodies that date from the abolition of metropolitan counties. In others, they have grown organically out of the challenges of dealing with economic or housing growth. Many have been facilitated by action at the regional level and have the status of formal sub-regions within regional plans.

So many councils have been discussing the possibility of creating ways of formalising their own joint working, and also of locking in other public

map 1
 England's
 sub-regional
 economy



Source: PACES

sector partners in ways that broadly parallels the partnership work across the public sector represented by LAAs. But they have also been keen to go beyond the scope of LAAs, by looking at issues of economic and land use planning, capital investment and infrastructure provision, which the LAA framework and timescale cannot capture. Many see a qualitative difference between the wider vision they see reflected in their cross-

boundary working and the improvement agenda for bread-and-butter services reflected in LAAs. Section 2 of this paper contains a number of examples of the structures which councils have been developing and the issues that they have been trying to tackle.

The wish to formalise these cross-boundary arrangements, and lock in the wider public sector,

has attracted the label 'multi-area agreements'. Although this sounds like 'Local Area Agreements', it is clear that the debate on MAAs has the potential to be about some very different issues and we need to understand that there is more involved in this new initiative than changing a letter from the existing policy instrument.

why work across boundaries?

It is clear that both councils and the government see MAAs as likely to relate closely to the economic agenda which has so far formed part of the economic block of LAAs. Both partners share an analysis that suggests economic issues create a particularly strong dynamic in favour of cross-boundary working between councils and their partners.

In our report *Prosperous communities II – vive la dévolution!*¹ we showed that the real economic geography of England does not respect the administrative boundaries of either regions or districts. It does, however, map well onto groups of district boundaries at the level of the city, city-region, and county. The functional economic level at which markets for labour, housing and goods and services operate is the sub-region rather than region or the area of an individual council. The consequence of this, our report demonstrated, is that decisions about the key economic drivers such as transport, housing and planning and welfare and employment policy should be decided at that sub-regional level, which is the level at which these markets actually operate. Map 1 shows one view of how this sub-regional economic geography operates.

Many councils already work with regional and local partners in this sub-regional way. A recent LGA survey of sub regional partnership arrangements, which was not comprehensive, identified twenty-four current partnerships with an economic focus, involving 170 councils. Map 2 shows their scale and coverage.

Allowing decisions to be taken at the level at which markets operate will mean devolving powers to sub-regional partnerships led by local councils and

Prosperous communities II sets out a detailed list of thirty-four economic decision making powers that need to be devolved. Some of these proposals have since been reflected in the devolutionary proposals set out in the government's review of sub-national economic development and regeneration. These are set out in the Annex. But if councils are to exercise these powers, they will need to find new ways of working across their boundaries with their neighbours.

Economics need not be the only driver of cross-boundary co-operation through MAAs. For example, in many places councils working together across a travel to work area are likely to be able to make more progress on reducing congestion and emissions from private cars if they can work together. Adaptation to climate change may well be better organised in relation to river catchments or a whole section of coastline.

what is the government doing about it?

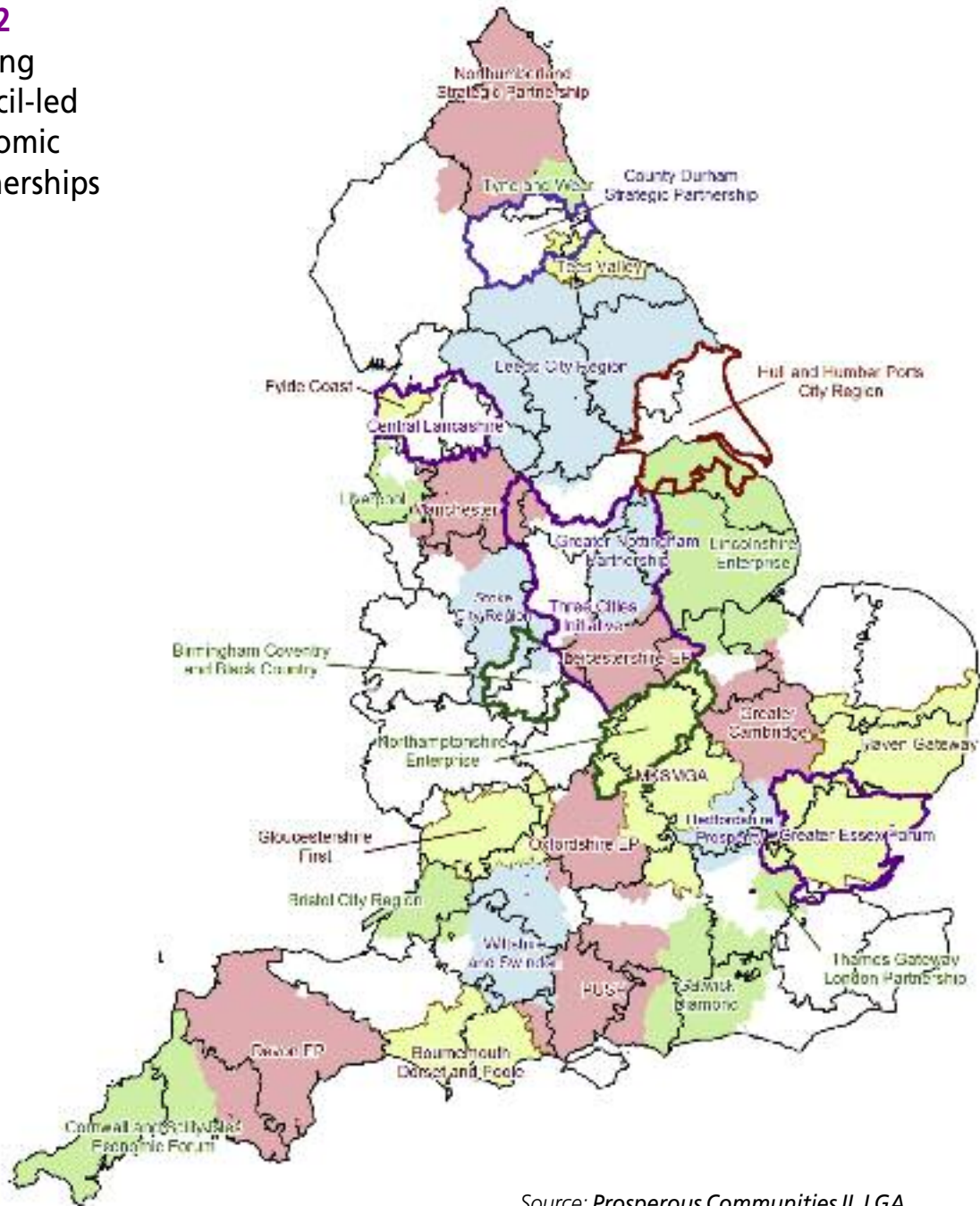
The government has taken up the MAA concept, particularly in its approach to local government's role in economic development. Last year's local government white paper endorsed the concept of MAAs, as set out overleaf.

This sees MAAs as a development of the LAA framework. They would be a voluntary agreement between central government and a group of councils, focussed on a specific set of outcomes and targets. The government clearly also sees itself encouraging the development of MAAs by offering additional powers or funding devolved from the centre and the region. In return, in the government's vision, the partners in the LAA will establish a democratically accountable way of working together across their boundaries acceptable to ministers and civil servants.

This is one possible view of the scope of MAAs. But it is important in developing this new concept not to allow it to be limited by the model provided by LAAs – either the first three years of LAAs, or the new statutory framework being put in place with the local government and public involvement in

1. *Prosperous communities II – vive la dévolution*, published by LGA, February 2007
2 *Strong and prosperous communities – the local government white paper*, paragraphs 4.94 and 4.95 CLG October 2006

map 2
existing
council-led
economic
partnerships



Source: *Prosperous Communities II, LGA*

health bill/act. The new LAA framework is about to be codified in statute, while MAAs remain a piece of work in progress. Some councils may indeed want a cross-boundary LAA to help them work with their neighbours on shared LAA priorities. But in our informal discussions with councils about MAAs, many have said that the attraction of the MAA concept lies precisely in the potential for them to develop differently from LAAs.

In part, this is a reaction to what is seen as an excessively bureaucratic and target-driven tendency in the government's approach to some LAAs. In part, though, it is also a reflection of a wish to see MAAs serving a different set of ambitions, with, for example, a focus on longer-term, more investment-driven and holistic development priorities, which lend themselves less easily to the LAA model and may require a very different approach.

MAAs in the local government white paper

“There are a number of outcomes which may be best delivered through collaboration at sub-regional level. In particular, many of the interventions needed to deliver sustainable economic development rely on action at a broader geographic scale than a single local authority. We will work closely with local authorities that are developing multi-area agreements, in particular in considering how the LAA framework could be developed to accommodate them. These could provide greater flexibility in shaping interventions within the sub-region and strengthening cross-boundary working between local authorities and their partners.

We expect that development of MAAs will be voluntary. It will be for groups of authorities and their partners to develop and deliver the MAA, and ensure democratic accountability in the governance arrangements.

They will be able to agree shared outcome-based targets drawn from the national indicator set and local priorities, which will then be reflected in each area’s LAA. Authorities and their partners will also be able to agree to pool funding to be used across the sub-region. These funding streams will need to be managed by a single accountable body nominated by the partners².

In the Review of Sub-national Economic Development, the government developed its policy further, giving a set of principles that would guide its approach to negotiating MAAs with local government. These were:

- MAAs should be voluntary at the point of creation;
- MAAs should focus on activities where sub-regional working can add most value – the rationale for cross-boundary delivery of objectives should be evidence-based;
- MAAs should have an economic core and relate principally to economic development (although MAAs for other activities will not be ruled out);
- local authority partners and public sector bodies will share collective responsibility for outcomes;
- sub-regional partnerships will have transparent arrangements for ensuring financial and democratic accountability;
- sub-regional partnerships should include representation from businesses and other key stakeholders such as RDAs;
- as far as possible, MAAs should show economic areas that reflect the policy scope for the MAA (and therefore may include partners from more than one region and may also include parts of counties);
- in two-tier authorities, county councils and participating districts will be cosignatories in MAAs;
- MAAs will be consistent with the regional strategy and local Sustainable Community Strategies, and complement the LAAs of the participating authorities; and
- MAAs will build on existing sub-regional partnerships and arrangements³.

what is going to happen next?

The government has indicated that it would like to agree an initial group of MAAs by June 2008, which is also the deadline for the next generation of LAAs.

To set the negotiation process in train, the government is inviting in September 2007 groups of councils which have already expressed an interest in negotiating an MAA to begin talks, through their regional government office.

³ Review of sub-national economic development and regeneration, paragraph 6.76. HM Treasury July 200

part 2: what are MAAs going to be for?

Tees Valley MAA

The Tees Valley City Region Business Case was presented to government in October 2006 in response to the Secretary of State's visit in May last year. It was not intended to represent a "wish list" of requests from government, but rather a robust, evidence based appraisal of how it is planned to improve the economic performance of the Tees Valley over the next ten years in particular, thus improving the quality of life for residents, workers and visitors.

The Tees Valley Partners feel that the City Region Business Case provides a good basis for an MAA, which would include four elements:

- priorities – based on the projects within the City Region Investment Plan;
- resources – the projects have already been prioritised to complement expected funding envelopes and the delivery capacity;
- governance – a new City Region Metropolitan Economic Partnership including strong representation from the private sector;
- performance monitoring – indicators that draw on, rather than add to, the emerging national indicator set for LAAs.

The Tees Valley Partners feel that MAAs should as much as possible draw on the work already in place in City Regions, but provide added value. In

essence, 80 per cent of what they wish to achieve can be done without an MAA – the MAA itself facilitates the delivery of the final 20 per cent through the following key areas:

- comfort – for the Tees Valley in being able to say that their proposals have the outline support of government, and for government to show that the City Region has taken hard choices in prioritising our interventions to account for funding availability and delivery capacity;
- certainty – greater long term funding certainty which will facilitate greater private sector leverage and provide agreed 'limits' for government to work to;
- flexibility – an ability to vire resources between projects and funding streams so that overall programme (and cost) management is improved, and to share efficiency savings between all partners;
- buy in – a document that has a protocol, and is signed, committing parties to delivering real benefits for communities, which draws partners together towards a common goal.

Finally, the Tees Valley feels that the proposed MAA clearly demonstrates to the public, to members and to other stakeholders that the government can deliver in a joined up way, through a mature relationship with local government.

This section of this paper sets out some of the possibilities that groups of councils and others have

identified for multi-area agreements. The different models presented here give some sense of the

working across boundaries on health in East Berkshire

In 2006 an NHS restructuring led to the merger of three Primary Care Trusts (PCTs) coterminous with unitary councils in Bracknell Forest, Slough and Windsor and Maidenhead into the Berkshire East PCT. Although the aim was to produce more efficient commissioning arrangements through economies of scale, there was a danger that the existing excellent partnership working between the individual councils and PCTs through effective LAAs; jointly funded commissioning teams; and a range of positive relationships and services built over several years were at risk.

The three areas covered by the new PCT are dissimilar demographically, politically, ethnically and in terms of deprivation and health inequalities. They have different service profiles and had different external ratings. East Berkshire as a 'place' does not exist and commands little if no, local connection.

Under Slough's leadership an interim manager, with experience of both the NHS and local government was appointed and local partners determined to find a positive way forward. The intent was to maintain the uniqueness and local responsiveness of the LAAs based on council

areas, whilst at the same time creating a new body which would allow effective working between the three authorities and with the new PCT. In effect local partners have established a 'de facto' multi-area agreement to deliver health and care services and public health outcomes.

A Board has been established with an agreed governance framework. Resources to support joint commissioning have been subject to review and redistribution equitably across the three council areas. Staff in each organisation have been organised to support both the local focus and joint working across the PCT area. A work programme and priorities for commissioning agreed specialist services across east Berkshire and possibly beyond are being examined alongside exploration of improved procurement arrangements. External facilitation has been used to support stakeholder exercises across the three authorities and the local NHS at examining the strengths and opportunities of the new commissioning framework.

It is early days, but despite the significant differences the three local authorities are finding ways to work effectively together with health colleagues and to ensure that structural change does not hinder excellent partnership working.

range of debate the idea of MMAs has stimulated. Other councils will have yet further and better ideas.

a 'super LAA'

One model for cross boundary working might position an MAA as a 'super LAA', on a sub-regional scale. This would involve a formal contract between central government and groups of councils and other partners to deliver agreed outcomes. This might be accompanied by a pooling and decentralisation of government funding streams and additional freedoms and flexibilities as part of the package.

Much of the initial thinking about MAAs has centred on the economic development component

of LAAs – the so called 'fourth block'. But the new, separate statutory LAAs are moving away from a rigid structure based on four blocks covering health; services for children and young people; economic and environmental issues; and polices to promote safer and stronger communities. All central government funding will be pooled as part of the new agreements. LAAs will increasingly focus on delivering the local sustainable community strategy and integrating a reduced range of national targets into that.

Some councils that are thinking about developing MAAs maybe considered whether any of these local ambitions might be better delivered at a sub-regional level. For example, local government's role

joining up European and neighbourhood funding in London

The EU's European Social Fund (ESF) aims to increase employment by funding vocational training. It normally provides up to 45 per cent of the cost of a project and the rest needs to be match funded with other funding sources. This is known as co-financing and this process is carried out by government selected co-financing organisations (CFOs). There are currently 70 CFOs; eight of which are local authorities.

London Councils, the association representing London boroughs, has been designated as a CFO. Working with the economic development company owned by the London boroughs, Greater London Enterprise (GLE), it has developed a programme for ten participating London boroughs to match fund their Neighbourhood Renewal Funding (NRF) with ESF. This requires the councils' NRF funding to be pooled, so that it can be matched with ESF.

To achieve this, a service-level agreement was set up between each of the boroughs, London Councils and GLE, detailing the roles and responsibilities of each partner. Boroughs make quarterly match funding payments into the London Councils bank account and ESF is drawn down once payments are made to projects.

After some initial teething problems resulting from the complexity of the arrangement, the system is working well. Indeed, a number of non-NRF boroughs have also indicated that they would be interested in participating in a similar scheme under the 2007-13 ESF programme if suitable match funding can be found.

The current ESF/NRF programme runs from April 2006 – March 2008. To date, it has assisted 2674 people (936 have completed the programme and 1595 are still participating). 54.96 per cent of leavers have found employment, 24.93 per cent other positive outcomes, and 15.29 per cent have gained qualifications.

in tackling climate change has risen to the top of the political agenda recently and a 'super LAA' approach might provide a way of making rapid progress on that issue.

a bank

Perhaps all that a partnership requires is a way of pooling and spending money, holding assets in common and providing an accountable body for audit purposes. An MAA could be used to provide a legal framework to allow this. A recent example of where this might be useful is the administration of ESF funding (see box). Another use of an MAA as a bank would be for the partner authorities to pay income receipts for, for example planning gain, to finance joint infrastructure projects.

a multi-purpose agreement

Reference has already been made to the wide variety of cross boundary initiatives that already exist and one model of an MAA might be as a multi-

purpose agreement to co-ordinate a variety of initiatives. Within a particular area for example, there might be a Housing Market Renewal Pathfinder, a Cities Strategy pilot and a sub-regional economic partnership. Many of the partners might be the same for each and they might find it useful to have a partnership that is able to look at the 'big picture' and making sure that the separate initiatives are joined up.

a governance structure

Many groups of councils have already come together in city region and sub-regional partnerships and MAAs might be used to provide a formal basis for this partnership without the need to set up legal structures such as formal joint committees or establish new models of governance such as city region mayors or directly elected executives. An MAA is at heart a contract – a time limited agreement that is voluntarily entered into by all parties. An MAA's ability to be extremely flexible while at the same time offering legal

Gateshead and Newcastle in partnership

Gateshead and Newcastle councils have collaborated since 1998 through the NewcastleGateshead Partnership. The partnership has had a significant impact in several important areas including culture-led regeneration and tourism.

Gateshead and Newcastle councils have recently agreed that there is both an economic and strategic reason to further strengthen joint activities to increase competitive advantage and improve the economy of NewcastleGateshead. This is based on increasing evidence of the interaction between the economy and the housing markets in NewcastleGateshead and the increasing connectivity between the two areas.

a multi-area agreement

This joint activity will be governed through a partnership of elected members of the two councils. A MAA will be the framework and the delivery plan to achieve objectives.

Enhanced partnership working should measure success against long-term indicators such as output and employment growth and the development of an industrial base related to growing markets. Improved outcomes through the MAA could include:

- population growth
- increased GVA
- increased employment
- increased and more diverse businesses
- increased visitor numbers
- city development company

In response to this, Gateshead and Newcastle councils and One North East have agreed to develop a city development company (CDC) which would be an independent delivery vehicle to engage the private sector and develop strong public sector co-ordination regarding economic development.

The CDC would report to the renewed overarching partnership between the two councils.

The work of the partnership will be diverse including the CDC, Bridging NewcastleGateshead working to improve housing markets and the NewcastleGateshead Initiative which leads growth in the tourism sector. This could be co-ordinated through a MAA between the two councils and other partners which would set out shared objectives, the financial and other resources that will be pooled and deployed more flexibly to deliver them and give strong accountability.

This could also provide a framework for possible future joint bids such as Eco City status and any future LEGL rounds.

certainty might make it an attractive model for formalising partnerships.

When councils are working across their administrative boundaries and decisions are being taken by a partnership there is a justifiable concern that these decisions should be seen to be democratically accountable. Ultimately that accountability will come through the ballot box



sub-regional co-operation in Gothenburg, Sweden

The Gothenburg Region Association of Local Authorities (GR) is a voluntary partnership bringing together the thirteen municipalities in western Sweden covering the functional economic area of Sweden's second city with a combined population of 880,000. Its aim is to promote co-operation across municipal boundaries and provide a forum for the exchange of good practice within the sub-region.

GR focuses on issues that can best be dealt with at a sub-regional level, such as: planning, environmental policies, traffic, job market policies, welfare and social services, education and research. It works closely with the economic development and inward investment company owned by the municipality of Gothenburg, Business Region Göteborg.

There are three democratic tiers in Sweden, with 290 municipalities; 18 county councils and 2

regions; and the national government. However there is no hierarchy, because each tier has its own specified competencies and tax-raising powers. The municipalities are responsible for the majority of local public services, except health, which is the responsibility of the counties and regions. Local councils raise about two thirds of their income directly from income taxes on local citizens, with the balance coming in the form of grants from central government.

As well as being able to deal with issues at the level of the functional economic area, the main benefit for the councils in the partnership is in being able to 'punch above their weight' in negotiations with central government about resources and the design of national programmes. Municipalities around Stockholm and Malmo, Sweden's other major cities, are now beginning to co-operate more closely in a similar way.

when the individual councils represented on the partnership come up for election. But enshrining transparent ways of working in MAAs – for example provisions about how the partnership is to be led and how the decisions arrived at – might add to the democratic accountability of sub-regional working.

a way of formalising a shared sense of 'place'

Councils are already working in partnerships to reflect the reality of a shared sense of 'place' or a shared economic area that does not fit administrative boundaries. The most obvious examples are the partnerships among the different councils that cover a town or city such as Greater Manchester or Merseyside. However, the Partnership for Urban South Hampshire (PUSH), which includes districts unitary authorities and the county council, also covers an area that local residents would recognise as being a shared economic area.

Although councils can already work together in this way, an MAA might be used to formalise a coherent

'place' brand for a functional economic area, to promote inward investment, marketing or tourism. It could also be used to provide a mechanism for deciding representation of an area to allow it, for example, to hold regional and national bodies to account. It might also be helpful as a mechanism to collecting data at the level of the functional economic area.

a transport authority

In the major cities that used to have a metropolitan county tier, Passenger Transport Authorities (PTAs) act as statutory joint committees with powers over public transport⁴, including the bus network and some powers to influence local rail services. So a starting point might be to allow councils working together in an MAA in areas without PTAs to have similar powers. The government is also proposing to strengthen PTA powers over buses and the LGA has argued that these powers should be available in all areas and MAAs might be a way of achieving this.

4 In England, Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire have PTAs

Birmingham, Coventry and Black Country City Region City Strategy Pathfinder – a de facto MAA

In 2006 the Department for Work and Pensions invited local authorities including Birmingham, Coventry and Wolverhampton to bid for City Strategy Pathfinder status to tackle worklessness. In deciding to work together the eight City Region local authorities joined the Learning and Skills Council (LSC) and Jobcentre Plus to submit a single bid covering 55 deprived wards – in effect a de facto MAA.

The City Strategy Pathfinder offers an integrated approach to employment and skills that will improve the skill level of individuals based on employer demand.

By May 2009 the Pathfinder will move 8,514 people into employment, enable 20,500

individuals to achieve first Level 2 qualifications, and address the basic skills needs of 8,500 people. These aims will be achieved by closing the gap between the numbers in employment in the target wards and the City Region as a whole, reducing the proportion of people claiming key workless benefits by 7 per cent. To do this partners will align and focus resources to meet employers' needs utilising Deprived Area Funds, Jobcentre Plus mainstream funding, LSC commissioning money, Train to Gain and ESF Co-Financing, Neighbourhood Renewal and other smaller funding sources.

An immediate challenge will be to align the new City Strategy Pathfinder targets with current mandatory employment targets. The more universal challenges will be to align targets and ensure efforts are not duplicated as MAAs evolve alongside LAA.

the DWP Cities Strategy in the Liverpool City region

The Liverpool City Region is a partnership of six authorities – Liverpool, Halton, Knowsley, St Helens, Sefton and Wirral that has established a Consortium Board “to increase the supply of suitably skilled labour to meet demand from growth and for replacement labour across the whole Travel To Work Area.” The consortium will build on and enhance the existing skills and employment programmes currently being delivered

by the LSPs in the boroughs. This will be done by working with key partners including Jobcentre Plus, Business Link, the LSC, PCTs, the voluntary sector, trade unions and the North West Regional Development Agency. Most importantly, the consortium see the role of employers as crucial to the initiative and propose to work with employers through existing bodies and through new partnerships to be established as part of the Pathfinder project.

The Eddington Transport Study⁵, commissioned by the Treasury, argued strongly that decisions over all types of transport (private and public, road and rail) should be taken together at the level at which local transport systems operate – the sub-regional level. This would promote rational cross modal decision making, allowing trade-offs between investments in different types of transport. An MAA approach, bringing the national and regional agencies responsible for roads, rail and transport investment to the same table as local transport bodies would be one way of achieving this.

National agencies such as the Highways Agency and Network Rail are used to run the road and rail networks precisely because they have national, as well as local importance and cross local administrative boundaries. However, if councils could join together in MAAs at the level at which local transport networks operate, they could take on these functions – running the strategic road network in an area or overseeing the local rail franchise. National interests could be protected by including the national agencies in the partnerships.

5 The Eddington Transport Study: *Transport's role in sustaining UK's Productivity and Competitiveness: The Case for Action* HM Treasury December 2006

a Regional Cities East perspective

Regional Cities East (RCE) is the network of leading towns and cities in the East of England that believes that by collaborating, rather than competing, they can deliver more jobs, homes and prosperity. The network has explored with the Department of Communities and Local Government (CLG) and the government office GO-East the possibility of using MAAs to set stretching growth targets in return for greater freedoms and flexibilities.

The focus would be the RCE cities sub-regional partnerships, where both county and district councils need to work together to deliver sustained and co-ordinated growth across their functional economic areas. The proposal is for an MAA in each of the RCE sub-regions – it is not felt a single MAA would work for a polycentric partnership.

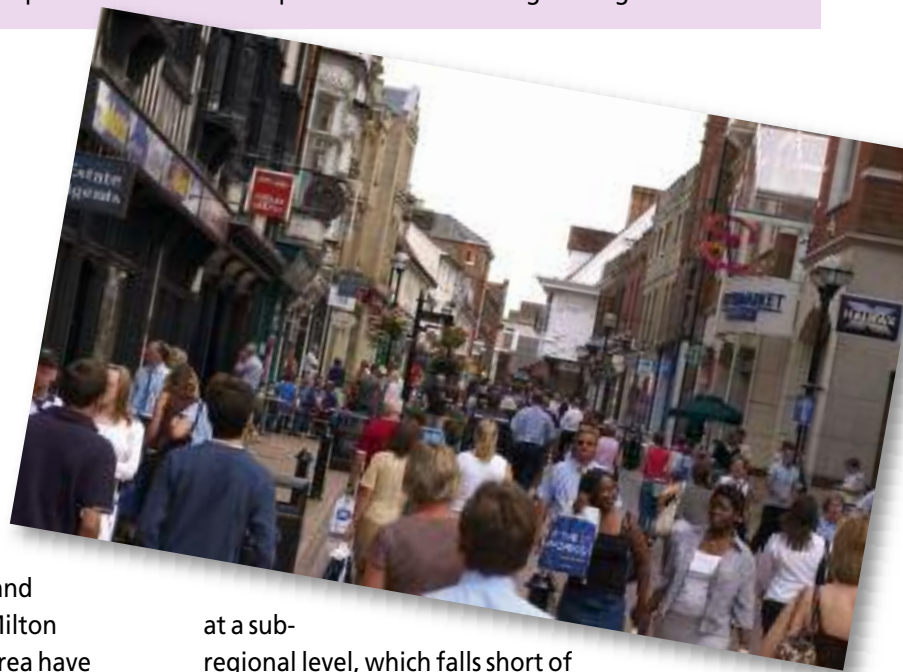
One example is the Haven Gateway sub-region, centred on Colchester and Ipswich, which is now a CLG Growth Point. The area is currently covered by two different LAAs (which are not fully co-ordinated) and five district planning authorities and it is felt that an MAA could deliver significant benefits in terms of joint working across council boundaries.

However, the councils involved will only be interested if MAAs can be individually tailored to address a tightly focussed set of key sub-regional priorities and targets in return for specific new freedoms and flexibilities. They would not be interested if they were subjected to the same straight-jacketing and bureaucracy that LAAs have been. To work effectively they would also need to be endorsed and committed to by all government departments and their regional agencies.

a strategic planning and housing body

Powers already exist for authorities to set up joint committees to discharge their planning functions at a sub-regional level. One example is the North Northamptonshire joint planning committee which includes the councils of Corby, Wellingborough, Kettering and East Northamptonshire, together with Northamptonshire. The legislation also allows groups of authorities to draw up formal sub-regional spatial strategies for their areas and authorities in the Black Country and the Milton Keynes South Midlands (MKSM) growth area have pursued this option.

These powers are not as widely used as one might expect and this is probably because the processes involved are quite drawn out and arduous. The MKSM growth area straddles three government office regions, for example, and their sub-regional spatial strategy had to be agreed through three separate regional spatial strategy processes. In this context MAAs might provide a more straightforward way of joining up spatial planning



at a sub-regional level, which falls short of statutory joint plans, but allows councils to do spatial planning with their neighbours at the appropriate functional level.

Planning new housing is done at a regional level and targets for delivering new housing are handed down to individual councils. The LGA has argued that planning for housing growth should be driven from the bottom up, not by regionally set targets. Housing markets work at a sub-regional level so it would make more sense for growth to be planned

and delivered at this level by groups of authorities working together and an MAA could be one option for achieving this.

Finally, the government is consulting on new approaches to capturing planning gain, whether through a Planning Gain Supplement or through alternatives set out in the Housing Green Paper. In all cases, the purpose would be to capture value generated from new development to provide the new infrastructure needed to support the development, such as new roads, schools and other community facilities. Whatever the mechanism for capturing value, LGA argues that it should all be retained locally, not diverted to regional level as some of the proposals under discussion suggest.

If infrastructure provision needs to be planned and provided at a more strategic level than that of the individual authority, the appropriate level is the sub-region. MAAs could provide the vehicle for infrastructure planning at this level, either allowing councils to pool the proceeds of planning gain if they retain all of it, or as a mechanism for spending any element which is not captured and retained locally.

an employment and skills partnership

Some of the DWP's cities strategy pathfinders are undoubtedly examples of prototype MAAs that are already in existence⁶. They aim to bring together the key players at a sub-regional level to tackle long-term unemployment in a joined-up way, using local knowledge to target the particular groups who need most help to get back into the labour market.

a business promotion body

The government is currently reviewing the public sector provision of support to business with the aim of rationalising the plethora of schemes available and making them easier to access and understand. A key aim is to establish an enduring governance structure for business support services to make sure that schemes can adapt to the changing needs of business but that this does not lead to a re proliferation of competing schemes. MAAs could

allow businesses and public sector bodies to engage at an appropriate functional economic area, so would be an ideal mechanism for allowing them to organise the ongoing provision of public sector business support schemes.

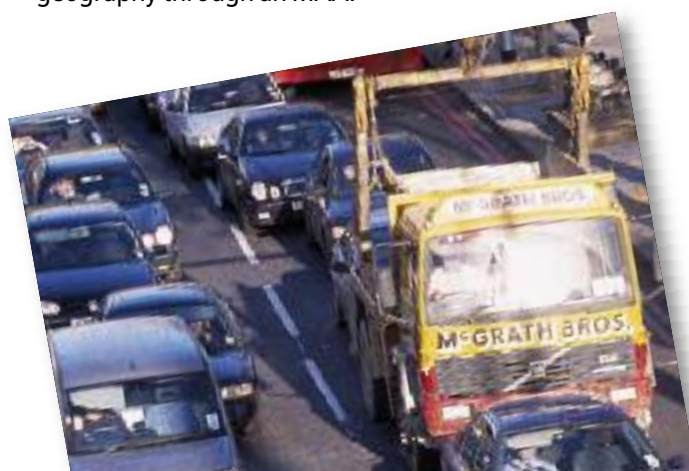
a sub-regional economic development agency

Economic development is the broad concept that encompasses many of the 'economic' issues we have already discussed. In *Prosperous communities II* the LGA argued that the overriding issue in economic development in its widest sense was joining up and rationalise the plethora of plans, strategies and funding streams that exist.

MAAs could play a key role in this, by joining up the economic elements of LAAs at a more appropriate level – the level at which markets for labour and goods and services operate. By allowing partners to pool and allocating funding for economic development from different national, local and regional agencies. And as a way of planning economic policies and interventions and collecting statistics at the sub-regional level and informing regional strategies such as the Regional Economic Strategy and Regional Spatial Strategy. They could also be used to help in delivery – for holding assets jointly or for land assembly, although existing vehicles such as development companies might be more appropriate for this kind of task.

Sometimes an economic sub-region may be a better geography for building strong business partnerships. Many businesses will tend to operate on a natural economic geography, whether they are small and medium-sized local businesses, or operating units of national and multi-national companies. In areas where administrative and economic boundaries don't match, there might be a case for managing the relationships on a broader geography through an MAA.

⁶ Although some city Strategy Pathfinders operate within a single council area.



drawing up the Bournemouth, Dorset and Poole MAA

An MAA is being developed for Bournemouth, Dorset and Poole to address the growing economic interdependence of the sub region, particularly South East Dorset, the second largest urban economy in the South West. Initial proposals for the MAA's content emerged through Raising the Game, the sub-regional economic strategy, and an assessment of key cross-boundary issues. They relate to:

- skills
- housing
- transport
- strategic employment sites
- legacy from the 2012 Games sailing events
- strategy and economic intelligence

A steering group of representatives from both the public and private sectors is drawing up the MAA, with the close involvement of the LSPs. Initial thoughts are that a board with similar membership will oversee the MAA. Parallel discussions are taking place with communities and local government and the Government Office for the South West and they are supportive of the approach being taken.

The partnership is anxious that the MAA focuses on matters that will make a significant difference to the economy of the area. It believes that targets should be identified locally and limited in number better to ensure delivery.

Tampere sub-regional employment strategy

The Tampere sub-region of Finland developed its second employment strategy from 2005-2012 (the first took place from 2000-2006).

The partnership comprises 42 organisations including seven municipalities, labour administrations (local and regional outposts of the Ministry of Labour), the third sector, employers and unions. The partnership used the European Social Fund (ESF) to prepare the ground for the second employment strategy, define the content, and write the strategy. In parallel, the other sub-regions of the Tampere region also applied for ESF to develop what would be their first strategies, so the region has six sub-regional employment strategies. The Tampere sub-region is the biggest sub-region in the Tampere region, with around 300,000 inhabitants of 450,000 in the whole region.

The membership of the sub-regional strategy is voluntary rather than contract based. Each partner decides which objectives and measures of the strategy it would contribute towards, and how. These commitments form 'action cards', and actions are self-evaluated annually. For certain actions, an agreement is made to mark out the roles and responsibilities of various partners.

The reason why the strategy has been so effective is because a steering group consisting of representative organisations co-ordinates and evaluates the implementation. Although it does not have any legal status, the steering group's members are influential in the sub-regional strategy's participating organisations, so decisions have real value; they are morally binding.

Rather than drawing in additional money, the sub-regional strategy helps co-ordinate the activity of participating organisations to improve the labour market, and to this end, direct existing resources, with the biggest block of funding coming from the municipalities themselves. Financial resources are not pooled except in certain cases, which are funded by several organisations (eg the seven municipalities and ESF funding).

An example of the Tampere sub-regional employment strategy's success is that the Labour Force Service Centre – LAFOS (multi-professional service outlets run together by labour administration, municipalities and the social insurance institutions of Finland) and several developing projects on employment services are now carried out by the sub-regional partnership (including the seven municipalities, labour administration and other organisations). Establishing a sub-regional LAFOS was defined as an important goal in the employment strategy.

part 3: what might the government bring to the party?

Leeds City Region: joint committee governance and Multi Area Agreements

After just over two years of informal collaborative working, the leaders of the eleven authorities that make up the Leeds City Region Partnership (Bradford, Calderdale, Kirklees, Leeds and Wakefield in West Yorkshire; Craven, Harrogate, Selby and York in North Yorkshire; North Yorkshire County Council and Barnsley in south Yorkshire) legally constituted the leaders board as a joint committee on 1 April 2007. The member districts agree that this area represents the true geography of the functioning Leeds city region economy.

Under the joint committee arrangements, the leaders board is empowered to discharge on behalf of the councils the function of doing anything it considers likely to achieve the promotion or improvement of the economic well being of the city region area (under section 2 the Local Government Act 2000). The leaders board provides the political accountability and 'voice' for the Leeds city region. Decisions on city region positions are taken upon the basis of one authority, one vote.

The leaders board is currently supported by two theme-based panels covering transport and skills

and the labour market, both of which include wider partner representation. A business leadership group has also been established to provide a strong and coherent private sector input on key issues affecting the economic growth of the city region and to champion the city region within business networks. A housing panel and an investment panel are in the process of being established.

Work has commenced on the development of a Multi Area Agreement (MAA) with the aim being to have the first MAA in place by June 2008. Initial thoughts are centred around a cross-cutting transport and skills MAA to address issues around connectivity and labour market mobility. It is envisaged that the MAA will play a key role in facilitating the delivery of the 25 year vision for Transport in the City Region by setting city region targets and aligning funding streams to city region priorities. Transport planning across the city region is currently undertaken by four separate transport planning partnerships, so it is envisaged that the MAA will assist in joining up activities at the city region spatial level. The joint committee will provide the accountable body for the MAA and will be used to drive delivery of MAA outcomes.

As the case studies in part 2 show, groups of councils are already working along the lines of MAAs. Much of what they want to do they have the powers and mandate to do now.

So why do councils need the government to be involved at all? What makes all this the subject of a government policy labelled 'MAA'? What, in short, should councils ask central government to bring to the party as its price of admission?

money

As ever, one of the most important things that central government and the agencies it controls might be able to offer is freedom over how resources are spent or allocated. MAAs might also allow sub-regions to 'speak with one voice' in discussion with funding bodies like RDAs.

The straightforward devolution of funding streams to MAAs, as has happened with LAAs, is one option. But as these funding streams will already have been devolved to individual LAAs, the issue might be more about the ability to pool them at the level of the MAA, spend them in line with MAA priorities and perhaps spend money allocated to one LAA area in a different part of a sub-region.

The other straightforward option would be to devolve responsibility for funds allocated at a national or regional level to an MAA. So the MAA could, for example be given a sub-regional allocation by its RDA or Regional Housing Board (RHB) and be responsible for allocating the funds within its area. Or the Regional Funding Allocation process itself could be devolved to the sub-regional level.

However it could just be a case of giving the partners sitting at the table the freedom to allocate their budgets in line with the partnership's priorities. So while the overall allocation of Housing Market Renewal funding, RHB funding and homes agency funding to the MAA area would remain unchanged, the partners at the table might wish to have the freedom to frame the objectives of their particular initiatives within the overall MAA programme for housing and focus spending on priorities agreed within the MAA.

Another freedom that government could give could be the power to transfer or vire money between funding streams and priorities over the lifetime of a MAA. This might be necessary either to allow the phasing of an investment programme in a sensible way; to recycle savings made as a result of joining-up programmes in the MAA; or to make sure that any underspends due to the slippage of a particular project can be used for another part of the programme.

Initial discussions with authorities interested in MAAs suggest that their focus might be more on capital than revenue spending. Many authorities see them as having a particular role for long-term and integrated programmes of capital investment. So one of the freedoms needed might be the ability for partners and government to commit funds to a three, five or even 10 year programme.

powers and freedoms

The annex to this paper, sets out the range of powers the LGA has argued should now be devolved to councils working in sub-regional partnerships. All of these should, in principle, be available for negotiation with MAAs if they will help the partnerships achieve their objectives.

Some of them could be devolved by giving a government agency that currently exercises them the freedom, and the encouragement, to exercise its powers in line with agreed MAA priorities. So, for example, the Highways Agency would be a party to the MAA and would participate in setting the highways objectives for a particular sub-region and undertake to exercise its powers in future accordingly.

Another model would be to allow an MAA to be designated as the body responsible for fulfilling a particular function – drawing up a sub-regional spatial strategy, entering into a bus franchising agreement (Quality Contract) or drawing up a skills strategy for a sub-regional area.

But in some areas there might be a need to devolve a function directly to an MAA – for example some of the functions currently exercised by Jobcentre Plus in relation to getting people off benefits and into work or the power to direct Network Rail on local rail strategy, timetabling and station infrastructure.

co-operation

Another key role for the government will be delivering a real commitment from all its departments and agencies to co-operate together in an MAA and make it work. The government has expressed strong support in the Sub-national Review for strengthening collaboration across sub-regions. Achieving a joined-up response to MAAs by central government and its agencies will be a test of whether this policy intention can be achieved in practice.

The local government bill currently before parliament will make LAA targets binding on a specified list of government agencies and these bodies will be under a statutory duty to co-operate with LAAs. This obligation could also apply to MAAs built on priorities specified in the LAAs of the constituent authorities, and using the new statutory framework as one way of reinforcing government and agency co-operation with MAAs.

performance management

What local government does not want from government is performance management of MAAs outside the new Comprehensive Area Assessment (CAA) framework that is being developed to replace the current Comprehensive Performance Assessment (CPA) system. Insofar as the targets or priorities in an MAA reflect one or more of the 200 agreed national outcomes in the CAA framework, the individual authorities participating in an MAA will be performance managed in the normal way. There should be no additional centrally-set target framework specific to MAAs. Where a central government agency commits to an MAA, it will clearly remain accountable for delivering the targets ministers have imposed on it. Any additional targets or priorities that are agreed locally in an MAA will be for local partners to decide and it will be for the partnership to measure their success or otherwise in achieving them. MAAs will not be local authorities, but agreements between local authorities. As such, and future performance regimes should apply to LAA areas, not to MAAs.

permission

What partnerships do not need from the government is permission to establish MAAs. The case studies in this paper show that many multi-area agreements already exist, even if they do not have an 'MAA' label; and some of them do not involve the government at all. From the council-led partnerships shown in map 2 to the East Berkshire Health Partnership, sub-regional working is already developing from the 'bottom up' to tackle the challenges that transcend administrative boundaries.

The government and its agencies have played an important role in supporting and fostering these developing MAAs. The city summits convened by Office of the Deputy Prime Minister (ODPM) and Communities and Local Government (CLG) helped galvanise and encourage sub-regional economic partnerships in England's towns and cities. The Department for Work and Pensions' city strategy has provided funding and support to local consortia seeking to tackle worklessness. And a number of RDAs have encouraged sub-regional working by devolving funding to partnerships.

That is why so many interesting ideas are emerging. The fertility of the MAA debate is proof that adopting a 'permissive' rather than 'permissioning' approach encourages innovation and local initiative. The conclusions of the sub-national review, with its explicit encouragement for sub-regional working and commitment to devolving of powers and funding from the national and regional level are evidence that the government understands this. The government's involvement to date in talks with would-be MAA areas has been entirely in this constructive, devolutionary spirit, and that is to be applauded. We look forward to seeing the government and its agencies working as partners with local councils, rather than as regulators in this exciting enterprise.

summary of the menu of powers for devolution

	co-ordination	delivery	funding	incentives
transport	<p>The Highways Agency should be under a duty to co-operate with sub-regional partnerships</p> <p>Individual Highway Authorities should have the power to transfer responsibility for a network of local roads to a partnership or lead authority.</p> <p>Network Rail and Train Operating Companies should have a duty to co-operate with sub-regional transport bodies.</p> <p>Transport partnerships outside London and PTA areas should have powers to influence rail franchises.</p> <p>Transport planning regimes should take account of the new powers devolved to local transport bodies.</p> <p>The Local Transport Plan system should be simplified and outcome-related.</p>	<p>Sub-regional partnerships should be able to take over responsibility for HA roads where their main impact is sub-regional.</p> <p>Sub-regional partnerships outside London and PTA areas should be able to give directions and guidance to Network Rail on local strategy, timetabling and station infrastructure.</p> <p>The government should implement measures to enhance partnership working between local authorities and bus operators.</p> <p>Bus franchising (Quality Contracts) should become a more realistic option and this power should be available to any sub-regional partnership, not just existing PTAs.</p>	<p>Regional Funding Allocations for transport should have a sub-regional dimension and future allocations should also recognise any extension of sub-regional responsibilities for rail.</p> <p>Local and sub-regional transport bodies should be fully able to retain the income from fares and charges to provide new and upgraded transport infrastructure.</p> <p>Bus subsidies should be reformed and devolved to local and sub-regional transport bodies.</p> <p>More local flexibility should be allowed to vire between capital and revenue expenditure on transport.</p>	<p>Network Rail and Train Operating Companies should be encouraged to jointly fund schemes with local partnerships to improve local networks or infrastructure.</p> <p>The HA and sub-regional partnerships should make more use of the power to jointly fund schemes.</p> <p>The current power to prepare joint Local Transport Plans should be used more widely.</p>

	co-ordination	delivery	funding	incentives
economic development	<p>The process for producing regional strategies should be radically streamlined around a single plan that relates the economy to the resources – land use, transport, and funding – that will be deployed regionally to drive growth.</p>	<p>Sub-regional partnerships should be a major delivery vehicle for business support under the Business Support Simplification Programme.</p> <p>The new set of business support products should explicitly include a power for sub-regional partnerships to co-ordinate flexible support in the case of a one-off unforeseen event.</p>	<p>Where sub-regional partnerships exist, EU, central and regional economic development funding should be pooled sub-regionally and allocated in accordance with local priorities.</p> <p>The link between economic prosperity and growth in the business tax base should be restored by the relocalisation of the business rate.</p>	<p>The current well-being power in the Local Government Act 2000 should be turned into a duty and councils given the powers they need to give effect to this.</p>
planning and housing	<p>It should be for sub-regional partnerships to determine the areas covered by their sub-regional spatial strategies.</p>	<p>The Planning Inspectorate's definition of soundness should be clarified.</p> <p>The Planning Inspectorate's ability to overturn local decisions should be restricted.</p> <p>Housing targets and funding should be decided at the sub-regional level.</p>	<p>Planning Gain Supplement should be fully retained locally and invested according to local discretion.</p>	<p>Regions should be in the business of empowering and supporting sub-regions in pulling together funding and strategies. Regional bodies and government offices should be under a duty to have regard to sub-regional partnerships where they exist.</p>
labour market	<p>The government should commit national agencies to join sub-regional Employment and Skills Boards and align their planning with them.</p> <p>Sub-regional partnerships should be able to access benefit claimant data.</p>	<p>The government should identify conditions for receiving welfare-to-work support, and possibly benefits, which do not need to be set nationally and devolve decision making to local employment and skills partnerships that want this.</p>	<p>The government should pay block grant to sub-regional partnerships and allow them to manage any under- or over-spend within that budget.</p>	<p>The government should ensure that key agencies such as Jobcentre Plus and LSC are fully able to engage in local partnerships by deploying resources locally and reflecting locally-set priorities in their plans.</p>

For further information, please contact
the Local Government Association at:
Local Government House
Smith Square, London SW1P 3HZ

or telephone LGconnect, for all your LGA
queries on 020 7664 3131
Fax 020 7664 3030
Email info@lga.gov.uk
Website www.lga.gov.uk

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