

MAA FORUM

Cities, sub-regions and local alliances



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MAA Forum Essay Collection

Edited by Nick Hope

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The MAA forum is administered by the New Local Government Network (NLGN).

NLGN is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities.

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Prepared by NLGN
First floor, New City Court, 20 St. Thomas Street, London SE1 9RS
Tel 020 7357 0051 . Email info@nlgn.org.uk . www.nlgn.org.uk

Contents

About the Authors	4
Foreword <i>The Rt Hon John Healey MP</i>	9
Executive summary <i>Nick Hope</i>	11
1 MAAs: Making cases for integrated places <i>Alan Harding and James Rees</i>	16
2 Birmingham, Coventry and the Black Country <i>Simon Murphy and David Howl</i>	21
3 Devolution for smaller cities <i>Neil Darwin</i>	28
4 Reflections from a first wave City-Region <i>James Flanagan</i>	33
5 The Gatwick Diamond <i>John Jory</i>	39
6 The Pennine Lancashire MAA <i>Graham Burgess</i>	45
7 Sub-regional governance: making it work for Lancashire <i>Kieran Curran</i>	51
8 Breaking the regional straight jacket <i>Bob Neill MP</i>	57
9 Conclusion: Where next for sub-regions? <i>Nick Hope</i>	60
About the MAA Forum	64

About the authors

Graham Burgess

Graham Burgess has been Chief Executive of Blackburn with Darwen Council since October 2006. Graham joined the authority in 1998 as Executive Director (Regeneration and Technical). Before this he worked at Liverpool City Council as Assistant Director of Social Services.

Graham chairs Pennine Lancashire Chief Executives (PLACE) group which was instrumental in achieving the Pennine Lancashire MAA. He plays a key role across the county, including co-ordinating counter terrorism initiatives and chairing the newly established Lancashire CONTEST Board with the support of Lancashire Constabulary.

Blackburn with Darwen Council has recently received 4-star CPA for the 8th time, in an important recognition of the high quality of council leadership and services.

Kieran Curran

Kieran Curran is an External Relations Policy Officer for Lancashire County Council. Educated at University College, Durham and the John F. Kennedy School of Government at Harvard University, where he studied as a Kennedy Memorial Scholar, he worked in Boston for 12 years as a political correspondent and later as an operative on local, state and national campaigns.

He served as press secretary, speechwriter and political consultant for a number of candidates and elected officials before returning to his native Lancashire in 2007. He now works on legislative and public affairs policy at Lancashire County Council.

Neil Darwin

Neil Darwin joined Regional Cities East in July 2006, becoming a full time member of the Core Team in January 2007 and Director in March 2009. Prior to joining RCE Neil worked for a range of authorities within

their Economic Development functions, including the Unitary authorities in Peterborough and Milton Keynes.

Having started his local government career with Milton Keynes in 1996 he joined Peterborough City Council in January 2000 as the Council's Economic Regeneration Manager, with responsibility for the area's sub-regional economic partnership and programme delivery. Neil is an economics graduate from Nottingham and has an MA in Economic Development from Middlesex University.

James Flanagan

James Flanagan joined Leeds City Council's Regional Policy Team in October 2007. One of his first tasks was to lead on the development of the Leeds City-Region Multi-Area Agreement, which was signed off by Government along with 6 others in the "first wave" in July 2008.

James has a background in economics, with an MBA from Bradford University, and a track record in sub-regional partnership working. He has worked both within a number of local authorities - for example establishing the South Yorkshire Investor Support Programme between 2000 and 2002 - and for Business Link West Yorkshire between 2002 and 2007, where he led on the development of a range of flagship business support programmes, including those for social enterprises and high growth start ups.

The Leeds City-Region was recently announced in the Budget as one of two national city-region pilots to test the devolution of the delivery of key economic outcomes.

Alan Harding

Alan Harding is Professor of Urban and Regional Governance and Director of the Institute of Political and Economic Governance (ipeg) at the University of Manchester. He was the author of NLGN's 2000 publication, 'Is there a missing middle in English governance?', and has since been centrally involved in developing the case for city-regionalism in research sponsored by the then Office of the Deputy Prime Minister, the Northwest Development Agency, the Northern Way and the Manchester Independent Economic Review, and through a series of academic and popular publications.

ipeg is NLGN's research partner in the MAA Forum and is engaged in a variety of research on spatial economic change and governance designed to contribute directly to policy debate and strategy development within and beyond the world of local government. In recent years it has been the academic research partner of the North West Improvement Network and a contributor to the Devolution Monitoring Programme led by UCL's Constitution Unit. Currently it is undertaking an international comparative study of agglomeration and city-regional governance with European partners, sponsored by ESPON.

Nick Hope

Nick Hope joined the New Local Government Network as a Researcher in April 2008. His research fields are regional governance, Multi-Area Agreements and sub-regions, economic development, education and skills policy, parliamentary and Whitehall reform. His publications include 'Challenging Perspectives: Improving Whitehall's Spatial Awareness' and 'Lords of our Manor? How a reformed House of Lords can better represent the UK'.

He was previously Senior Researcher for the Rt Hon John Prescott MP in the Houses of Parliament, conducting research on economic regeneration, neighbourhood renewal, regional development, the environment, transport and housing. Prior to that he worked for the Rt Hon Ed Balls MP and in a FE College. He holds a first class Joint Honours BSc in Politics and Social Policy from the University of Bristol and a MA with distinction in British Politics (Parliamentary Studies) from the University of Leeds.

David Howl

David Howl is an adviser on urban policy at Birmingham City Council. David has been Birmingham's policy representative with the Core Cities Group since its establishment in the mid 1990s, and was the Group's co-ordinator until 2006. He has been the City Council's policy adviser supporting the City-region of Birmingham, Coventry and the Black Country since 2002.

David has also been a member of five European funded projects involving city networks collaborating on issues concerning strategic city development. Prior to his current role, David worked on market research in the motor industry in Birmingham, strategic planning at Shropshire County Council and economic strategy at Manchester City Council.

John Jory

John Jory has worked in local government for 28 years, at a range of local authorities across southern England. Eleven years were spent working in London. For the last 5 years he has been Chief Executive at Mid Sussex District Council.

When he joined Mid Sussex District Council, it was judged to be one of the worst 40 District Councils in the country. Two years later it was shortlisted for a Municipal Journal award for “Most Effective Leadership Team of the Year”. At the same time, the Council was recognised by the Audit Commission for its very good progress with the award of 3 stars. The Commission said the Council is now “performing consistently well and is a more confident organisation, with an enhanced capacity to deliver its priorities and service improvements”.

Mid Sussex District Council has just been ranked 23rd out of all District Councils for improvement in key services over the last 12 months. This places it in the top 10% nationally. New central government figures show that the Council has been judged the 3rd best Council in the country in terms of the level of efficiencies achieved in the last three years, managed without any frontline service cuts.

Simon Murphy

Simon Murphy is the Birmingham, Coventry and the Black Country City-region Project Director. Prior to this he was Chief Executive of the professional and financial services policy and lobby organisation, Birmingham Forward. From 1994 to 2004 he was a Labour Member of the European Parliament for the West Midlands. He has also worked as a company director, a University Tutor, and as a local government officer.

He has held a number of unpaid positions, as a member of the Better Regulation Task Force, the MG Rover Taskforce, the Technology Transfer Fund Investment Group, and as a Governor of the University of Wolverhampton. He is also currently the non-executive Chair of the Sandwell Local Improvement Finance Trust Company, and is a member of the West Midlands Ambassadors group.

Bob Neill MP

Bob was elected as the Member of Parliament for Bromley and Chislehurst in June 2006. This followed the sudden death of The Rt. Hon. Eric Forth.

After a year in Parliament Bob was appointed Shadow London Minister, joining the Shadow Communities and Local Government team. In 2008 he was made Shadow Local Government Minister and Deputy Chairman of the Conservative Party and in January 2009, Bob took over the shadow planning brief.

Bob has represented communities around London for nearly thirty years and has a wealth of local government experience. Prior to the creation of the Greater London Authority, he served on the former GLC, representing Romford. Bob also served as a Councillor in the London Borough of Havering for 16 years, chairing the Environment and Social Services Committees.

Bob served as London Assembly Member for Bexley and Bromley from 2000-2008. During this time he served as Leader of the Greater London Authority's Conservative Group until June 2006.

James Rees

James Rees is a Research Associate at the Institute for Political and Economic Governance at the University of Manchester. With colleagues in Manchester, he is part of the English Regions Devolution Monitoring Programme, a long-term initiative led by University College London's Constitution Unit. He was involved in developing the framework for city-regions for the then ODPM in 2006, and has since been engaged in a number of research projects on regional and sub-national governance, most recently including a focus on the development of the local institutional architecture associated with Multi-Area Agreements.

Foreword

We are facing the most serious economic turmoil for over 60 years, the effects of which are being felt in every continent, country and community across the world. If Britain is to respond to this challenge we must further increase the ability of local authorities to drive economic growth. We need active government and we need flexible government, willing to prioritise economic needs over any dogmatic commitment to old ideas or institutional self-interest.

The Government's sub-national review of economic development and regeneration (SNR) set out three key principles: ensuring policy is managed at the right spatial level, ensuring clarity of roles, and helping places to reach their potential. Current administrative boundaries, whether regional or local, rarely capture functional economic areas, with labour markets, for example, often cutting across multiple jurisdictions. Therefore, the need for sub-regional collaboration is clear – built on firm evidence, strong commitment and with clear economic outcomes.

Ten Multi-Area Agreements have now been signed across the country – bringing local areas together to focus on those economic issues which most affect them and giving them the flexibility and freedom they need in their sub-regions to address real economic challenges. Each has devolved more local autonomy to deliver home-grown economic resilience, covering a range of policy areas including employment, skills, transport, regeneration, housing and planning.

In arriving at this point, we must not underestimate the change of mindset in Whitehall, as well as in local authorities. But, although we have come a long way, we must go further in empowering local authorities and build on the progress that has been made in developing sub-regions. We are now legislating to allow for the creation of statutory sub-regional arrangements for economic development to further increase the options available to local authorities to sub-regional collaboration. In April two areas were awarded forerunner pilot city-region status, including the Leeds City-region which has contributed to this collection to showcase the work they are doing.

We will extend the scope for sub-regions, but we must do so both with local authorities as the base and within a wider regional policy. I know some doubt the value of regional level policy and strategy. But regional economies of around 5m people are as big as many EU member states. Our own in Yorkshire is a bigger economy than Ireland or Norway or Singapore. We will lose out with serious investment if we do not have clear economic priorities at this level.

With economic shocks – like Longbridge, the Selby pit closures and foot and mouth – Regional Development Agencies (RDAs) have proved that they can respond more rapidly than Whitehall and with more clout than a single council could bring. Although regional policy can not claim all the credit for this, the role it plays is vital. The alternative is either national decisions, taken by people in London without the local knowledge needed, or big councils holding sway, with smaller towns and cities losing out.

As the SNR stated, the important thing is that decision making takes place at the most appropriate spatial level. That means local authorities working together and with partners across sub-regions and for support at the regional tier for those relationships – there is a clear and logical role for RDAs in acting as a galvanizing force for the development of greater local and regional coordination, particularly with the new Leaders Boards. But, it also means that those strategic decisions of regional significance should be taken at the regional level. An integrated, coordinated and collaborative approach between all levels is needed if we are to increase growth and reduce disparities between the regions and sub-regions.

Since 1997 the Government has undertaken a series of reforms to devolve powers to regions and local authorities. But more is required so that localities are able to better respond to local challenges and provide the economic environment for sustainable development. I therefore welcome this essay collection, which gives excellent examples of the great work already being done by councils and provides some sharp perspectives on the debate about further devolution to sub-regions.

Rt. Hon. John Healey MP

Minister for Local Government

Executive summary

Nick Hope

Cities, sub-regions and local alliances

Sub-regional collaboration is continuing to go from strength-to-strength. But, as the policy frontiers are pushed, the debate about the future direction for the sub-regional agenda – or, perhaps more accurately, sub-regional agendas – is heating up. We hope that the publication of this series of essays, from some of the leading thinkers on this debate across the country, will prove a valuable and timely contribution.

In 2006 the New Local Government Network published ‘Evolution and Devolution’, co-authored by Ed Balls MP and John Healey MP, in which they argued that local government and RDAs needed to work in new ways to ensure that decision-making would drive growth and prosperity and not impede coordinated, collegiate working between alliances of towns and cities. Since then significant progress has been made.

We are now coming up to one year since the signing of the first Multi-Area Agreements (MAAs). An MAA is a voluntary agreement between local authorities and their local partners, who enter into a contract with central government to deliver specific outcomes – these sub-regions are granted freedoms and flexibilities in order to remove some of the barriers to effective delivery of targets around economic development. Since the first successful round last summer, further MAAs have been signed, two city-region forerunners have been announced and the Government has introduced the Local Democracy, Economic Development and Construction (LDEDC) Bill to legislate for the creation of new, more formal, statutory sub-regional arrangements.

It is also just over a year since the MAA Forum held its first meeting in 2008. The forum is independent from central government and is made up of areas that are interested in strengthening sub-regional collaboration. It provides a space to share learning and ideas, as well as to influence policy thinking from the ground up. It also forms a lobbying base in order to ensure national

momentum is sustained in sub-regional policy development and acts as a joint resource to drive forward shared goals, make joint representations, and target specific obstacles.

Since the first meeting the forum has met several times in locations across England and is often joined by senior civil servants and Ministers. The forum is hosted and co-ordinated by NLGN, and supported by its academic partner, the Institute for Political and Economic Governance (ipeg) at The University of Manchester. Along with contributions from NLGN and ipeg, this essay collection has given forum members the opportunity to showcase the work they are doing and express their views on future policy directions. We are also glad to have the views of John Healey MP, Minister for Local Government, outlined in the foreword and a summary of what we might expect from a Conservative Government from Bob Neill MP, Shadow Minister for Local Government. Every contributor has a different take on the agenda, but they are united in their belief that sub-regional working has a key role to play in driving economic growth and prosperity.

Alan Harding and James Rees' introductory chapter provides some background and context to current approaches to sub-regions. The essay explores how MAAs have developed and places them within a wider narrative about regions and sub-regions since 2000. It also considers the challenges that the rapid development of sub-regional policy in recent years has placed on both local authorities and national government departments. Alan and James suggest that a focus on better working in areas that correspond to economic realities, rather than administrative geographies, seems certain to survive any potential change of Government. Indeed, they argue that the repercussions of the MAA experience may be profound – representing an early step on the road to what might ultimately be a radically different approach to the way central-local government relationships have operated in the past.

The essay by Simon Murphy and David Howl highlights some of the progress that has been made since the Birmingham, Coventry and Black Country City-Region partnership was formed in 2002, but it also outlines the infrastructure and skills challenges that their sub-region faces. They are currently in negotiations with Government on their ambitious employment and skills proposals and the work they have done on the concept of an Accelerated Development Zone (ADZ) is particularly interesting. ADZs are a mechanism

based on the United States model of Tax Increment Financing (TIF) that would allow local authorities to borrow against future tax income to pay for infrastructure. The scale and potential impact of this innovative approach to infrastructure financing could make a real difference in the sub-region and there is real scope for similar models to be implemented elsewhere in the country.

The Birmingham, Coventry and Black Country City-Region represents 50% of the population of the West Midlands. But, not all areas fit this model of large contiguous sub-regional economic geography. Neil Darwin's essay makes a compelling case for a more flexible and inclusive approach to MAAs and sub-regionalism from central government. He warns central government against an exclusive focus on the traditional larger city-region model and calls for greater recognition of diversity and more control for smaller cities in England. His contribution considers the benefits of greater collective priority setting and local control across these administrative boundaries to better drive economic growth. The Integrated Development Programme (IDP) concept developed by the Regional Cities East partnership, in which the priority infrastructure investments that are needed are identified, provides an innovative framework to align funding from all the agencies to locally agreed priorities. This bottom-up approach, built by local authorities and rooted in an understanding of the economic engines in the region, provides a template worthy of exploration by other areas facing similar challenges.

James Flanagan provides reflections from one of only two forerunner city-region pilots in the country. The essay considers how the city-region collaboration has evolved since the eleven partner local authorities agreed in 2006 to the city-region development programme – describing how the Joint Committee of Leaders from these areas was established in 2007 and the MAA developed to be in the first wave of those signed in 2008. James outlines the outcomes the city-region has sought to achieve through the MAA and the new ways of working being developed to meet them. But, he also provides a very honest and candid account of the key challenges that the partnership faces. Though early days, he describes the exciting opportunities ahead for the partnership as they look to pilot devolved responsibilities and funding as a forerunner city-region.

Though areas such as Leeds City-region have signed MAAs, other areas have opted for less formal arrangements for collaborative working. In his essay, John Jory sets out the vision of the Gatwick Diamond Initiative, which is made up of

parts of West Sussex and Surrey and has the world-class airport at its heart. It tells the story of how the Gatwick Diamond was born and has developed, outlines the economic challenges it faces and opportunities it must realise, and the work it will need to do if it is to build on its existing strengths to achieve sustainable prosperity. Crucially, he argues that it is only by having a business-led partnership of public and private organisations working in collaboration that the shared aims and objectives of the sub-region can be delivered.

Graham Burgess describes how Pennine Lancashire provides an example of how a large two tier area can successfully come together to form an MAA. He provides a full and frank account of the challenges the sub-region faces following the loss of 20,000 manufacturing jobs between 1995 and 2005. But, what shines through is an understanding of the complex interdependencies of these different challenges and a determination for joint working to improve economic outcomes. There is a clear recognition that if Pennine Lancashire is to prosper, no local authority can afford to make stand alone achievements, and each commitment has to link to others. Whether in housing, employment or skills policy, joining-up policy and co-ordinating action across the functional economic area of the sub-region is vital. Graham also outlines the capacity that has been put in place to help achieve this, such as the Pennine Lancashire Development Company and PLACE Strategy Unit, and the work that is being done to develop a more formalised partnership with a constitution and governance structures.

Kieran Curran's essay provides an overview of the sub-regional partnerships that Lancashire County Council have formed and are currently developing. As one of the leading areas in the country on sub-regional activity, the County is part of the Pennine Lancashire MAA that Graham Burgess details, the embryonic Flyde Coast MAA, and is currently in the process of developing a mid-Lancashire MAA. Kieran advocates a flexible and pragmatic approach to working together which respects local identities without losing the benefits that collaborative partnerships bring. He describes the work of 'Team Lancashire', their sub-regional service improvement and efficiency partnership, in generating greater innovation between two tiers of local government. Kieran also provides an insightful comparison with the United States and the approach the Obama administration is adopting of allowing new ideas to be tested, whilst maintaining partnership between the federal states and Washington. His key message to central government is that they must resist enforcing

complexity from above and create a less restrictive policy environment in order to foster greater strategic working and innovation locally.

Bob Neill MP, Shadow Local Government Minister, provides a critique of the Government's approach to regions and localities and outlines what we might expect from a Conservative Government if they win the next general election. He argues that local government has been stifled by over centralised government control and states that a Conservative Government would provide for the replacement of Regional Development Agencies, returning their powers to local government. He outlines Conservative plans to localise all non-economic activities of the RDAs, which he sees as built on arbitrary boundaries, too distant from those they are supposed to help, and ultimately too costly and often insufficiently effective.

The Shadow Minister states that a key plank of the Conservative's approach will be for local authorities to come together to establish new enterprise partnerships that reflect natural economic divisions and take over responsibility for economic development in those areas from the RDAs. This collaboration would be made possible through Special Delivery Vehicles, formed under a new general power of competence, but he warns that any arrangements would have to be non-bureaucratic and totally focused on helping businesses out of recession and into growth. Importantly, he makes it clear that the Conservatives are certainly open to encouraging building on existing partnership arrangements where appropriate.

What is striking about all the contributions is the enthusiasm and drive for the sub-regional agenda. There is no shortage of ideas. But collaboration across policy strands and administrative boundaries requires a change of mindset and new ways of working in both central and local government. The challenge this poses should not be under-estimated, but neither should the opportunities that sub-regional collaboration presents. This essay contribution shows the variety of collaborative approaches between local authorities that are developing across the country to improve economic outcomes, as well as providing a range of strategic perspectives on the future of sub-regionalism. In a time of severe economic challenge this kind of innovate thinking and working will be vital if, as a country, we are to weather the economic storm and emerge from it well placed in the increasingly competitive global economy

1 *MAAs: Making cases for integrated places*

Alan Harding and James Rees

In 2000, NLGN published a pamphlet entitled ‘Is there a missing middle in English governance?’ which argued that, if Government was serious about its intention to devolve power and responsibility in England, especially in fields related to economic development, it should consider whether the city-region provided a more appropriate scale for policy integration and delivery than the region. At the time, this idea, last debated seriously in the lead-up to the 1974 local government re-organisation, was considered faintly exotic. Even though new, directly-elected metropolitan governance arrangements had quickly been introduced for London by the first post-1997 Labour administration, its priorities for sub-England governance outside the capital were taking a very different course. Regional Development Agencies (RDAs), along with partly indirectly elected and partly appointed Regional Assemblies, had been established in each of the standard administrative regions beyond London and most attention, at that point, focused upon the Government’s commitment to democratise these new arrangements by enabling the creation of Elected Regional Assemblies (ERAs) where there was demonstrable regional demand.

The decisive rejection of the option of creating an ERA by the people of the North East in a referendum late in 2004, however, brought the tentative move towards a relatively weak form of democratic regionalism to a juddering halt. In the absence of a Plan B, the effect of the referendum vote was to trigger a substantial rethinking of Government’s approach to sub-national economic development and governance. The slow realignment of policy that followed was increasingly influenced by the ‘case for city-regions’ then being advanced by academics, think tanks and the Core Cities group of local authorities and the effect they were beginning to have upon the thinking of some, but by no means all, Government departments.

2006 marked an important stage in the evolution of the city-regional ‘movement’. The beginning of the year saw the publication of ODPM’s Framework for City-Regions and a growing debate, fed by NLGN and others,

stressed the growing appetite for greater devolution of powers and resources from the centre and the role that could potentially be played in this process by inter-jurisdictional collaboration between local authorities and other stakeholders, at a scale that made greater economic sense than existing district and counties or the relatively arbitrary regions. For some, the driving force of a new city-regionalism was seen to depend upon formal devolution. There were calls for example, for city-regional authorities overseen, as in the London model, by powerful new mayors. Others called for the merger of existing local authorities into new, super-sized cities or for the creation of better incentives for voluntary city-regional collaboration. The Local Government White Paper published in October of that year tended towards an organic view of 'city-regionalisation' and committed Government to moving forward with Multi-Area Agreements (MAAs). The decentralist and largely permissive approach taken towards the development of MAAs set out in the White Paper was re-emphasised, in 2007, with the publication of the Review of Sub-National Economic Development and Regeneration.

However the so-called 'SNR', whilst it acknowledged the important contributions that key towns and cities and their neighbouring areas have increasingly made to regional and national economic modernisation, was careful to emphasise that a decentralist approach to economic development should not only seek to improve the performance of city-regions but should also aim to encourage regional agencies and local authorities to be more strategic and effective in their approach to the promotion and management of spatial economic change. It therefore saw city-regions as but one, albeit important, form of sub-region and made it clear that new policy approaches should promote bottom-up collaborations wherever a flexible and non-prescriptive, cross-local authority approach to 'functional economic areas' was likely to bear fruit.

National policy in the post-SNR period has therefore emphasised a multi-level approach to 'sub-regionalism' and has effectively rejected the suggestion that a more selective approach to city-regional development should be adopted in order to enable Government to deliver on its aspiration to reduce the gap in economic growth rates between the English regions. In essence, the emerging policy environment has sought to let a thousand sub-regional flowers bloom, with all the implications that follow for national and regional agencies in their anticipated roles as gardeners.

As the contributions to this volume demonstrate, local authorities have taken Government at its word. Much progress has been made, by a diverse range of sub-regions, on progressing MAAs at a time when the Government's approach to sub-regional working has continued to evolve. The first round of MAAs saw the sign-off of 7 agreements at Downing Street in July 2008, followed by a second round of three in January 2009. The appetite shown for cross-boundary working outside the core cities and their hinterlands and the Government's tendency to learn from emerging experience as it goes along has led to the evolution of a growing menu of sub-regional options. The Government's response to the consultation on the SNR at the end of last year, for example, introduced the possibility of building upon the experience of voluntary MAAs by developing MAAs with statutory force, where the appetite existed for clearer forms of accountability, along with the creation of sub-regional executive capacity through the establishment of Economic Prosperity Boards (EPBs). Rather than waiting for the legislation that will enable stronger sub-regional working through these routes to come into force the Government also announced, in its Pre-Budget report, that pilot city-regional status would be offered to a small number of places – Leeds and Manchester were the pilots approved in April – which would be given the opportunity of working more intensively with Government department on strategy-development and governance arrangements. At the same time, Government is currently working with both existing MAAs and a number of candidates for the designation of a third wave of MAAs later this year.

The development of stronger sub-regional governance arrangement options has partly been driven by concerns, raised through the MAA process, to provide dedicated executive capacity for sub-regions and to grapple with thorny issues about how to make new arrangements accountable whilst at the same time enabling them to identify and face difficult strategic choices. They have also been given greater urgency by the rapidly deteriorating economic situation and are increasingly seen in relation to the variety of initiatives designed to mitigate the impact of the economic downturn. A good example of this is the encouragement that MAA partnerships have been given to bid into the Future Jobs Fund announced in the 2009 Budget.

As this collection of essays demonstrates, MAAs nonetheless remain broadly true to the 'bottom-up' spirit articulated by the SNR. They have formed around a range of pragmatic concerns with the way more effective joint

working can boost economic performance and delivery across a range of related policy areas. In many cases, the focus has been upon employment and skills issues, particularly the development of new ways of tackling entrenched worklessness, but current MAAs cover a wide spectrum of concerns, ranging across transport, housing, land-use planning, sectoral economic development, the environment and quality of life issues.

The speed at which the development of sub-regional policy and the delivery of approved MAAs has unfolded has clearly generated significant pressures on the key participants, not least in national departments. CLG, for example, has had to balance working with prospective MAAs with the need to make progress, with Whitehall colleagues, on the 'asks' put forward by existing MAAs. The encouragement given to MAA partners to be radical in their 'asks' of Government has also generated pressure on Whitehall departments not only to 'buy in' to a departure in the way central-sub-national government relationships have traditionally worked but to ensure that their commitment to new ways of working cascades down to the variety of bodies and agencies they oversee.

The remaining challenges for both vertical integration with central government departments and the difficult work of aligning and bedding in MAAs at the local level with existing strategies and institutions should not be underestimated. Whilst MAA partners report a great deal of commitment to devolving decision-making powers to the sub-regional level, the picture remains patchy between departments and the practical challenges involved in working in a more collaborative way continue to test the creativity and resolve of those involved in MAA delivery.

At the local level, early MAA development has generally been able to build upon a creative, collaborative, and solution-focused process with officers and other stakeholders, and a high level of commitment from executive and political leaderships within local government and amongst key partner agencies. The challenges of making sub-regionalism work at the local level, however, are also far from negligible. Partisan political loyalties and variable histories of partnership working have been tested over challenging issues, such as transportation and housing allocations, that have long proven difficult to resolve between sub-regional partners. The development of robust governance arrangements that can demonstrate legitimacy and

accountability is the key challenge here, which MAAs have begun to face in a variety of ways.

As we enter a fin de siècle period in national politics and with respect to the economy, it is remarkable that the push towards the decentralisation of responsibility for economic development and the importance of sub-regions that has characterised recent years has not just developed quickly compared to the situation in 2000. The same broad approach also appears to be shared across the major political parties. Whilst there are radically different positions on the desirability and effectiveness of regional agencies across the political spectrum, it seems that the focus on better joint working for areas that correspond to economic realities rather than administrative geographies would survive any potential change of Government.

The experiences shared by MAA participants in this NLGN publication will have a different flavour in the future as the emphasis shifts from repositioning sub-regions to take advantage of a relatively benign economic context to one that will inevitably need to focus on coping with the consequences of economic downturn and contributing to the building blocks upon which future growth can be built. It is equally inevitable that the current search for sub-regional 'fixes' will continue to be modified in the light of experience. The MAA experience nonetheless represents an early step on the road to what might ultimately be a radically different approach to the way central-local government relationships have operated in the past. The essays in this volume therefore offer some fascinating glimpses into the way a more fluid approach to spatial development, based on high quality evidence, sub-regional leadership and case making, inter-governmental bargaining and joint work may evolve in the future.

2 *City-region of Birmingham, Coventry and the Black Country*

Simon Murphy and David Howl

History and Membership

The city-region partnership was formed in 2002 as a result of the joint Government / Core Cities work on city competitiveness. In 2003 it produced its first prospectus, “Creating a Distinctive European City-Region”. This was launched by John Prescott, the then Deputy Prime Minister, at the Core Cities Summit in Newcastle in 2003. The partnership’s membership currently comprises seven local authority areas:

- The Core City of Birmingham
- The four Black Country authorities to the west of Birmingham – Dudley, Sandwell, Walsall and Wolverhampton
- Solihull and Coventry, to the east of Birmingham

The partnership includes the Regional Development Agency, Learning and Skills Council, Regional Assembly, Jobcentre Plus and business representatives.

Economic Significance of City-Region

The city-region represents 50% of the population of the West Midlands region, and 27% of the West and East Midlands combined. In 2005, the city-region economy provided 1.2m jobs and generated about £44bn, representing over 50% of the total output for the West Midlands Region. Birmingham is the largest regional centre outside of the South East. The city centre alone provides 160,000 jobs.

The city-region provides a unique gateway role at the heart of England. It is the hub of the national motorway and rail networks, and possesses major international and national facilities such as the National Exhibition Centre, the International Convention Centre and the National Indoor Arena. Birmingham

International Airport is the second largest outside the South East, with almost 10m passengers in 2008.

There are six universities in the city-region, with more than 110,000 students. Birmingham and Warwick Universities have a range of world class research facilities.

The city-region has a range of nationally important sports facilities that host international events in athletics, football, cricket and tennis. Its world class cultural and heritage facilities include Symphony Hall, the home of the City of Birmingham Symphony Orchestra, and the Birmingham Royal Ballet. It is in close proximity to the World Heritage Site at the Ironbridge Gorge and the Royal Shakespeare Theatre in Stratford.

The City-Region's Agenda

In essence, the city-region's long term agenda is to be able to compete with the most successful cities around the world in terms of Gross Value Added and quality of life. The first step towards this aim and the goal for the coming 15 years is to match, and then exceed, the global competitiveness of the most competitive city-regions in Western Europe such as Munich, Helsinki and Barcelona.

To achieve this goal, the city-region wants to develop progressively over time its capacity to deliver a step change in the quality and quantity of the urban infrastructure that will stimulate investment, growth, jobs and competitiveness. This step change in infrastructure would be achieved through:

- a)** the power to co-ordinate and align the existing investment made in the city-region by the local authorities, Government departments, and national and regional agencies;
- b)** the power to raise additional resources through innovative funding mechanisms;
- c)** the power for member local authorities to pool resources and risk, and to invest anywhere in the city-region.

So what are our priorities for investment in urban infrastructure? Our overall priorities have been identified through studies of the international

competitiveness of urban areas, such as the research undertaken by Professor Michael Parkinson in 2004 for the ODPM / Core Cities, “Competitive European Cities: Where do the Core Cities stand?” These studies have led us to focus on ten broad types of “competitiveness infrastructure”:

- 1.** Strategic decision-making capacity
- 2.** First class international, national and internal connectivity
- 3.** A Core City Centre with a critical mass of high level business, leisure and other services, and a range of other thriving strategic centres
- 4.** Major national and international facilities
- 5.** Innovation – the expansion of our world class research universities
- 6.** Innovation – the creation of an effective “triple helix” system of collaboration between the private, public and university sectors
- 7.** Economic diversity
- 8.** A skilled workforce – covering both graduate and medium level skills
- 9.** Quality of life – high quality residential areas and balanced communities
- 10.** Quality of life – a world class cultural, leisure and sporting infrastructure

Within this broad agenda, evidence from the West Midlands Regional Economic Strategy, our own City-Region Strategic Economic Assessment, and other local research has resulted in our identifying immediate priorities to address specific infrastructure issues such as the city-region’s weak international, national and internal connectivity (particularly between the west and east of the city-region), and the city-region’s low skills base. This evidence has, for example, driven our proposals for a Transport Accelerated Development Zone and an Employment and Skills Multi Area Agreement (see below), and the priority that the city-region is giving to the redevelopment of New Street Station and the runway extension at Birmingham International Airport.

The spatial priority for our investment in infrastructure will be the city-region’s seven strategic centres and a series of growth corridors between them.

City-region Capacity and Structures

The city-region has so far achieved a lot without creating a large bureaucracy. The key decision making body is the City-Region Board. This currently comprises the Leaders of the seven local authorities; the Chairs of the Regional Development Agency, Learning and Skills Council and Regional Assembly; and a senior business representative appointed by the West Midlands Business Council.

The Board is supported by a Steering Group comprising the Chief Executives of the seven local authorities, the three regional bodies and Birmingham Chamber of Commerce, the Regional Director of Jobcentre Plus and a representative of the city-region's Universities. Technical officer working groups are established on either a permanent or "task and finish" basis. Their role is to identify possible projects, and to develop them to concept and broad design stage.

Once a project is approved by the Board, delivery mechanisms are then established to take the project forward. There is also a jointly funded team of planning and transport officers that provides support on planning and transport policy, and oversees transport programmes. The whole is supported by a full time jointly funded City-Region Project Director with a team of three staff, and by the National and Regional Team at Birmingham City Council. Wider support is provided by a Core Policy Officers Group comprising policy advisers from the partner organisations.

This structure has served us well. In the last two years we have designed and delivered the City Strategy Pathfinder, prepared a detailed MAA proposal and established a network of Employment and Skills Boards to deliver it, and produced a business case for a unique £1 bn Accelerated Development Zone covering six local authorities.

We recognise that, as our programme of projects grows, we may need to strengthen this capacity significantly. Whilst this might also include expanding our decision making structures further, our capacity building will focus mainly on the creation of effective delivery mechanisms for our projects, and we will seek to continue to keep Committees and Commissions to a minimum.

Current Projects

City Strategy Pathfinder for Worklessness

In 2006 Birmingham, Coventry and Wolverhampton, along with other major local authorities in England, were invited to submit individual bids to be a City Strategy Pathfinder for worklessness. The three authorities agreed not to compete against each other. Instead, the city-region submitted a successful bid embracing all seven local authorities plus Telford and Wrekin, covering 40% of the city-region's population. After the first year of the City Strategy, 4,800 people had been removed from claiming benefits (nearly 60% of target), 41,000 people had achieved Level 2 qualifications (nearly 200% of target), and 32,000 people had achieved Skills for Life (nearly 400% of target).

Accelerated Development Zone (ADZ)

In October 2008 the Board approved significant funding to commission PricewaterhouseCoopers to prepare a business case for an ADZ. At the time of writing, it is the only city-region wide ADZ proposal in the country.

The ADZ concept originates from work undertaken by the Core Cities Group and PricewaterhouseCoopers. In an ADZ, the local authority would take out a loan to pay for vital infrastructure, and would repay the loan by retaining the increase in Business Rates resulting from the economic growth generated in the Zone. New legislation would be needed to allow the local authority to retain a proportion of this Business Rate income.

The Core Cities / PwC study focused on ADZs involving £50-100m of infrastructure, and based within a single local authority. The city-region has, however, taken the ADZ concept further. Its proposal is for a £1bn ADZ comprising a package of eight projects to provide highways and public transport infrastructure on a west-east axis through the heart of the city-region and covering six local authorities – Wolverhampton, Walsall, Dudley, Sandwell, Birmingham and Solihull. Other schemes may be considered for inclusion in the ADZ in the future.

The scale of the proposal is designed to create the transformational change that is needed to enable the city-region to compete effectively in the global economy and play its part in driving economic growth in the Midlands.

The ADZ also reflects the partnership's commitment to achieving balanced growth across the city-region – while part of the package would provide the infrastructure to unlock growth in some of the economically strongest parts of the city-region, other projects in the ADZ would stimulate growth in those areas performing less well, with revenue from the financially stronger projects helping to fund the others. The ADZ therefore also involves the pooling of resources and risk, and reflects the local authorities' long term commitment to the city-region partnership and to its economic growth agenda.

Estimates based on established forecast projections, including HMT methodology, indicate that up to 44,000 jobs could be created by the ADZ. The funding gap for the ADZ is £1.03bn from 2009 to 2018. Using the ADZ model, there would be a positive impact upon business rates of £202m per year, which would support the repayment of all borrowing required to fund the projects by 2024/25. The net benefit to the national exchequer would be £700m over a 30-year period.

Employment and Skills Multi Area Agreement (MAA)

In March 2009 the Board agreed a final detailed proposal for an Employment and Skills MAA for negotiation with the Government. In the context of the current economic climate, the MAA would aim to maintain workless levels at their current rate, and to increase the number of adults with a Level 2 qualification and above by 12% and those with Level 3 and above by 11%.

The scheme for the MAA would give the city-region new powers which would progressively allow it to direct up to £170m a year of national employment and skills funding in support of regional and local priorities. The MAA will be delivered through a network of four Employment and Skills Boards, with overall direction provided by an Employment and Skills Strategic Management Board, which has already been established.

Other Work Areas

Officer groups have been established to consider inward investment and marketing, climate change and cultural infrastructure. For example, a City-Region Climate Change Summit is planned for September 2009.

In addition, the city-region is advised by working groups of legal officers,

finance officers and communications officers, with the communications service being provided by Birmingham Chamber of Commerce and Industry.

The Future

Our city-region has not been selected by the Government as a Statutory City-Region Forerunner. Nevertheless, the Government has announced that it will continue to work with us on our ADZ and MAA proposals. At the same time, we are seeking parallel discussions with the other major political parties. There is, for example, much common ground between our own agenda and the thinking in the Opposition's Green Paper, "Control Shift: Returning Power to Local Communities".

Our overall aim in these discussions will be to negotiate the powers referred to earlier: the power to co-ordinate and align the existing investment made in the city-region by the local authorities, Government departments, and national and regional agencies; the power to raise additional resources through innovative funding mechanisms; and the power for member local authorities to pool resources and risk.

In the short term, these powers would give the city-region the ability to mitigate the impact of the recession. Perhaps more importantly, we could begin to lay the foundations for leading the Midlands to recovery when the recession has run its course. Infrastructure projects would stimulate the construction and development industries, and create confidence more widely across the business community. The MAA would help to ensure that the necessary skills were available for the upturn, and that the unemployed could benefit from the job opportunities created.

In the longer term, the powers we are seeking would enable the city-region to move towards the goal set out at the beginning of this paper – to compete with the most successful cities around the world and, as a first step, to match and then exceed the global competitiveness of the most successful city-regions in Western Europe.

3 *Devolution for smaller cities*

Neil Darwin

Everyone wants control of their own destiny. Following someone else's diktat when you have a better way of doing things (and who doesn't?) is a frustrating experience. It rarely produces the best outcomes or the best working relationships. This simple truism underpins the complex devolution agenda that has occupied the minds of local, national and regional government for so long.

Some important milestones in that debate have been reached in the last 12 months. Two rounds of Multi Area Agreements (MAAs) have been signed. Statutory MAA status is now available and the Budget saw this extension of autonomy go further, with the announcement that Manchester and Leeds will gain full city-region status. These are welcome measures. They will allow areas to influence their own economic futures and tackle difficult economic challenges in the most appropriate way.

But, in heralding these new devolutionary models, let's not forget the gaps that remain in the policy patchwork of local governance. My argument in this short essay is that the principles that underpin MAAs – collective priority setting and local control of investment planning – could produce valuable returns for the UK economy if they are allowed to extend beyond the traditional large city-region model. I go on to argue that, with a little flexibility from central government and regional bodies, those returns could be generated relatively quickly, across the whole of the country, in a simple and streamlined way.

In the East of England, we have no core city. Our economy is driven by a number of smaller engines of growth. Six of these – Peterborough, Luton, Ipswich, Norwich, Colchester and Southend – supported by the Government Office and the East of England Development Agency (EEDA), form the Regional Cities East (RCE) partnership.

The six cities of RCE are all significant urban areas in the East of England. They are all growth points in their own right or part of growth partnerships, so

they face challenging targets to create jobs and homes. The East of England regional economic strategy and spatial strategy set out enormous ambitions for every part of the region. By 2021 the regional economic strategy calls for half a million new homes and by 2031 a doubling of total regional output from £100bn to £200bn per year.

Those targets will not be delivered unless we can put in place the infrastructure on which development depends. As recognised in the Sub-National Review, infrastructure at the sub-regional level is often the key to unlocking housing and economic growth. However, getting agreement across local authority boundaries on sub-regional priorities, and then getting the necessary support to fund them, is a complicated and time consuming task.

On the face of it, this need for cities to collaborate on common priorities is a compelling case for MAAs. MAAs recognise that local economies stretch beyond administrative boundaries. They allow for powers and resources to be pooled in ways which best reflect the nature of local circumstances and priorities. They place decision making at a level where decision makers are likely to understand the particular needs of the community.

But, MAAs do not offer a panacea. Encouraging as they are for proponents of devolution, the opportunities and threats confronting smaller cities like those within the RCE network are likely to be different to those faced by the sub-regions which have been given MAA status.

Current MAA areas are on the whole dominated by large urban authorities orbited by the other authorities, as in Merseyside with Liverpool City Council, or Tyne and Wear with Newcastle. This is not a feature exclusive to the big former industrial cities of the North. In the Partnership for Urban South Hampshire (PUSH), the lead authorities driving the MAA are Southampton and Portsmouth City Councils. And each of the lead MAA authorities is a unitary council, able to act without the oversight of a county. The situation in areas of two tier local government is much more complex. Here, the economic sense of devolution for small cities and their surrounding catchment areas conflicts with the historic administrative boundaries.

The focus on top-tier, metropolitan-council-led city-regions is likely to be reinforced as the Economic Prosperity Board (EPB) model takes root, devolving more power over things like economic development, transport and skills.

Already, the Government has signalled that the preferred option for this new tranche of devolution will be towards large 'economically significant' city-regions.

So what of England's smaller cities, which according to the state of the cities report are home to some 12m people and roughly 28% of all jobs?

The infrastructure to support our growth needs to be planned at an appropriate scale that accurately reflects functioning economic markets and the real geographic reach of people's daily lives. That level is the 'functional urban area' (FUA) which represents the real economic footprint of a place. If plans are to reflect the logic of functional urban areas then a disciplined process that results in all parties feeding in to a single delivery plan is needed.

The cities of RCE decided on a logical step-by-step approach. First, working with the Regional Development Agency – EEDA – and sub-regional partners, we agreed a detailed evidence base for each city. This determined a set of priority infrastructure investments that would best deliver sustainable economic growth. Then we set out the series of public and private sector interventions needed to deliver that infrastructure. The results, which we call Integrated Development Programmes (IDPs), could, we feel, form the evidence base for a series of MAAs if one or more is required. Or, each could serve as a stand-alone programme of development if an MAA is not practical or necessary.

Already the IDPs have had a positive impact for the RCE cities. In North Colchester, housing development was in danger of coming to a complete standstill because the developer due to pay for key improvements to an interchange with the A12 pulled out. The local IDP identified this work as critical to future development. On the basis of the evidence in the IDP, advance funding was provided by EEDA, with a provision that private sector contributions would be clawed back over time. This will allow house building to continue and hopefully help restore confidence. A second example, in Norwich, has seen the sequence of funding changed in order that a cycle and foot bridge at St Anne's Wharf could be built, saving a major development that would otherwise have been mothballed.

IDPs do not rely on the presence of a top tier metropolitan authority to offer a framework within which outside agencies can direct regional or national funding to locally agreed priorities. The RCE sub-regional areas that

have produced IDPs – Haven Gateway, Greater Norwich, Luton and South Bedfordshire, and Peterborough – have been able to approach a range of regional and national agencies with a complete picture of the growth priorities for their areas. EEDA has agreed to allocate its capital spending on the basis of the IDP model and the Highways Agency, Environment Agency and Arts Council have formally committed to working in the same way with sub-regional partnerships to help achieve priorities in a joined up way. This level of partner engagement will be compounded with the roll out of the IDP programme across the East of England region. Each of the regional ‘Engines of Growth’ is now in the process of developing an IDP.

The IDP concept has the scope to fill the gap that remains unfilled by MAAs and EPBs. They allow smaller cities their own bespoke form of autonomy, based on the agreement of joint priorities and engagement of outside agencies, rather than the forming of cross boundary committees. Given the right level of government support and recognition they have the potential to go further.

How much further? Well, RCE and EEDA have a simple template that other cities can follow to develop an IDP. Smaller cities up and down the country could adopt the model. For those cities that are working towards a MAA, the process could be a simple way to establish a reliable evidence base. For smaller cities, for whom a MAA is not appropriate, IDPs can help identify those ‘ready to go’ infrastructure priorities that need investment now in order to deliver growth and get the economy moving.

If Government can be flexible with its approach to MAAs, and with the license for its acronyms, then we could save ourselves a few bureaucratic headaches too. Our proposal is this: If Government and its funding agencies could agree a Multi Agency Agreement, which commits funders to use IDPs (where they exist, or an equivalent investment planning tool) as a key part of the framework for their investment decisions, then funding from all agencies could be properly aligned towards locally agreed priorities. This would not only bring funders together to pull in the same direction, but would streamline the process of repeated funding applications that local authorities currently face. This simple process to deliver targeted investment that supports long term growth would benefit everyone - local, sub-regional, regional, and national alike.

Devolution to large city-regions is an excellent step in the right direction. But, while MAAs are powerful tools for large urban conurbations, they are less so for some smaller cities. Our partnership is showing that the right solutions can emerge from local authorities themselves, with RCE councils leading the way in developing the IDP concept. The challenge for central government is to recognise this diversity of need and give its backing to a national 'patchwork' of devolutionary mechanisms, so that each area can enjoy the benefits of increased autonomy.

4 *Reflections from a first wave City-Region*

James Flanagan

An introduction to Leeds City-Region

Comprising of densely networked and interconnected cities and places, Leeds City-Region represents a naturally functioning economic space. The local authority partnership is made up of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, North Yorkshire, Selby, Wakefield and York.

With close to three million people, a resident workforce of 1.5m, over 100,000 businesses and an economy worth £46bn per year, Leeds City-region has diversity and it also has scale. The city-region is home to 56% of the Yorkshire and Humber region's population and 59% of regional Gross Value Added (GVA), yet occupies less than 37% of the land area, suggesting that the 'agglomeration' benefits of the city-region are substantial.

With its self-contained labour and housing markets, the city-region provides an ecosystem for its business sectors and institutions to create the new ideas and innovative products and services which are the drivers of comparative advantage and economic growth. And in what is generally considered to be the most challenging economic climate for more than a generation, it is these inherent assets that have made Leeds City-Region one of the most resilient city-region economies in the country.

Yet despite many strengths, the productivity of Leeds City-region is not growing quickly enough to close a 10% productivity gap — Gross Value Added of £37,500 per full time employee lags the national figure of £41,700. The case for a step change in business competitiveness is compelling, and the evidence suggests this can be achieved by a re-focusing of public economic development policy on the spatial level of the city-region.

Eleven local authorities, one vision

The Leeds City-Region Development Programme (CRDP), agreed by all eleven partner local authorities, focuses on addressing the specific city-region drivers

and inhibitors of economic competitiveness, such as: transport infrastructure; skills and the labour market; housing market; business sectors; and innovation. Seizing the opportunity to unlock prosperity within our communities is central to our driving vision for the sustainable growth of our city-region:

“To develop an internationally recognised city-region; to raise our economic performance; to spread prosperity across the whole of our city-region, and to promote a better quality of life for all of those who live and work here.”

In line with the original aspiration of the Sub National Review, and to drive forward the delivery of our CRDP, in winter of 2007/08 the Leeds CRDP opened a new chapter with government on more locally determined economic growth, with the Multi Area Agreement (MAA) model central to the ensuing narrative.

Strong local governance

It is recognised that in isolation governance structures are not able to drive economic growth. However, they are a pre-condition for strong local leadership and accountability, and for effective policy development and delivery. The focus of our partners has therefore been to seek the alignment of governance arrangements with the functional city-region economy, creating a robust and democratically accountable mechanism for identifying the key economic challenges of the day and producing the most effective policy solutions.

These governance arrangements, including a legally constituted Joint Committee of eleven Local Authority Leaders (established in 2007), have been designed to create a policy making environment which enables public and private partners to respond quickly and proportionately to changes in the economic environment, such as the impact of periodic economic shocks.

Our MAA was developed firmly in partnership with the strong support of local partners such as Yorkshire Forward, the private sector, the Learning and Skills Council, Metro (the West Yorkshire Integrated Transport Authority) and the Government Office.

Development of an Agreement

Although driven by a challenging lead time in which to develop, agree and

sign off our MAA proposition (including specific asks and targets), during the development phase the consistent aspiration of our partnership was to secure the tangible support and delegation from government to enable decision making and delivery at the appropriate spatial level.

The partnership therefore elected pragmatically to focus on two strategic issues currently holding back the economic success of the city-region:

- Transport connectivity, in particular addressing chronic and growing congestion along key commuting routes; and
- Labour market failures, specifically higher level skills gaps in our key business sectors, such as financial and business services.

One of the most powerful features of the MAA model is its flexibility, allowing coverage of the functional economy, rather than being restricted to traditional sub-regional, or even regional boundaries. Moreover, where it makes sense to do so, local authorities have been able to choose to participate in more than one MAA, and to cover those economic development priorities which are deemed relevant to local partners.

Delivering on outcomes

Signed off with 6 other MAAs by Hazel Blears in July 2008, our MAA has sought to deliver a number of desired outcomes.

- *Better value for money.* Although collectively Local Transport Plan (LTP) funding for the city-region amounts to more than £40m per annum, this funding is provided to individual authorities and, because of technical funding constraints, cannot be readily aggregated at the city-region level. Our MAA agreed financial freedoms with the Department for Transport (DfT) so that in 2011 the partnership's authorities will be able to pool LTP funding for the first time, to deliver fully integrated transport schemes such as park and ride, bus priority routes, and smart ticketing across all local authority boundaries.
- *Faster, better decisions on investment.* The partnership is working directly with DfT and its agencies including Network Rail and the Highways Agency to speed up investments in the transport infrastructure of the city-region. Together, we are piloting a series of better ways to

appraise and bring forward major investments in key regional road and rail schemes. For example, in April 2009 DfT agreed to pilot the Leeds Rail Growth and Leeds Station Southern Entrance for light touch appraisal, reducing lead times and minimising abortive design work.

- *Local solutions to national issues.* Inadequate investment in higher level skills is an important drag on productivity and therefore on economic resilience. By working with the Department for Innovation, Universities and Skills and its agencies, the Learning and Skills Council and Qualification and Curriculum Authority, the partnership is piloting ways of making national training arrangements more flexible so that accrediting work-based learning is less of a burden for those involved. This will enable more of our small and medium sized employers to receive public funds for training and provide a boost in the local take up and formal recognition of higher level skills in our key business sectors. Our pilot links in with the national Employer Provider Recognition Programme and initially will support a cohort of 200 SMEs in our financial and business services sector, with a view to significantly increasing the propensity to upskill employees to levels 3 and 4.
- *A simpler working relationship with central government.* Government has recognised that the partnership is best placed to understand the challenges facing the city-region economy and also that it has the capacity and ambition to respond appropriately. Measures in our MAA have brought government to the table with us to agree plans for transport and skills, along with the commitment to formally consult with the partnership on national proposals. For example DfT, along with Network Rail and the Highways Agency, have been fully engaged in the development of a ten year Leeds City-region Transport Strategy, providing for the first time a shared understanding with government of the key connectivity bottlenecks as a basis for agreeing appropriate solutions.

Some key challenges

Despite making progress in terms of developing and delivering our MAA, a number of issues have presented a particular set of challenges to the partnership, including the following:

- Like any other series of large complex organisations, engagement with

Whitehall departments can prove difficult. It is clear that at the most senior levels in government there is strong cross-departmental support for MAAs. It nevertheless remains an ongoing project to ensure that delivering agreed asks is recognised as a priority at all levels, including within the key departmental agencies.

- Although starting from a strong evidence base, the processes of developing our MAA asks tested the partnership rather more rigorously than had been anticipated, in part because of the requirements to articulate the specific technical flexibilities required to remove identified barriers, and to provide proof-positive that those freedoms would make a difference to economic outcomes.
- Our MAA provides a detailed snapshot in time. With the global downturn showing starkly that the world does not stand still, MAAs need to be reviewed and refreshed where appropriate to reflect the change in economic realities, shifting the focus from short term growth to economic resilience and ensuring that our asks continue to both deliver the intended results and also add value to a rapidly changing national policy environment.
- The MAA process has not been seen as an end in itself; it has built trust and shared understanding with government that the partnership has both capacity and ambition, and this has provided a platform for seeking new opportunities to accelerate the pace of delegation and devolution.

Forerunner pilot city-regions

In November 2008 it was the Pre Budget Report which, perhaps with more visibility than SNR final proposals, charted the way forward on genuine devolution to city-regions, in part a natural response to the economic downturn by the Treasury. The weight of evidence that cities had been drivers of unprecedented growth, and therefore are best placed to drive the national economy out of recession, had been accepted. In the 2009 Budget, Leeds City-region was selected, along with Greater Manchester, as a forerunner to pilot devolved responsibilities and funding.

Our ambition as a pilot is promote the best outcome for the city-region and allow for the joint planning of significant investment streams at this spatial

level, acknowledging the obvious challenges, such as negotiating existing accountabilities in Whitehall and elsewhere, the impact of funding decisions made within the next Comprehensive Spending Review, and ensuring the robustness of the local governance arrangements that are in place. Some of the key immediate challenges that lie ahead include the following:

- **Skills.** There is a real opportunity to build on the MAA to secure a consensus around rationalisation, simplification and focus of the adult skills system, helping business and helping individuals whilst underpinned by strategy-setting powers to ensure that the skills system meets the needs of city-region employers.
- **Housing.** Combining related funding streams to fast track key housing developments across the city-region, such as urban eco-settlements in Aire Valley in Leeds and the British Sugar site in York, with a focus on conserving the construction sector and helping those requiring homes.
- **Innovation.** Realising the emergent proposition of Leeds City-region as an Innovation System and using innovation as a growth driver to lead the economy out of recession.
- **Regeneration.** Piloting an innovative Accelerated Development Zone model to fund infrastructure, building on the pioneering work in Leeds Aire Valley which has the capacity to accommodate up to 27,000 new jobs and several thousand new homes.

Final thoughts

Although it was agreed on the cusp of profound global economic change, the rationale for the development of our MAA remains sound: to drive forward more locally determined economic development. The inherently flexible, voluntary nature of the MAA model has ensured that government has been enabled to respond to local needs and that local partners have been able to focus on some of the critical local economic issues of the day.

Pilot forerunner city-region status presents a huge opportunity to improve the economic and social outcomes of the city-region and drive the wider economic recovery of the national economy. It makes sense for these proposals to build on existing arrangements, in particular our strong governance model and our MAA, as a flexible, adaptive framework for effective delivery.

5 *The Gatwick Diamond*

John Jory

The Gatwick Diamond Initiative is a partnership. Business-led, it comprises a wide range of public and private sector organizations all sharing the common goal of ensuring that the Gatwick Diamond achieves its undoubted potential as a world-class sustainable business location. Delivery of the aims and objectives will be the result of collaboration and joint working between these partners. This essay sets out how this will be done.

The Gatwick Diamond Today

The Gatwick Diamond is an economic sub-region comprising parts of West Sussex and Surrey. With Gatwick Airport at its heart, it includes areas within the administrative boundaries of Crawley, Horsham, Mid Sussex, Mole Valley, Reigate and Banstead and Tandridge District and Borough Councils. The area has been a significant location for business growth and investment and is a key economic driver in the greater South East Region. With good transport connectivity and an outstanding environment, the Gatwick Diamond is already a location of choice for major businesses and multinational companies.

However, while characterised by a number of economic strengths, an outstanding environment and fine quality of life, the area needs to work harder to maintain its position and its level of economic performance. The Diamond is experiencing greater competition from other business locations, regionally, nationally and internationally. Compared to other international airport regions its ranking is at best middle order in terms of business performance. It has under-performed compared with similarly placed locations elsewhere, including internationally, and unless action is taken to address this issue there is a risk that the sub-region will continue to fall further behind its competitors. Greater effort is needed to safeguard and enhance the area's economic health, vibrancy and way of life, and to create a world-class place to live and do business.

What has been done so far?

The Gatwick Diamond Initiative was created to address this imperative. It began in 2003 when the West Sussex and Surrey Economic Partnerships began to look at ways of reducing the dependency on the airport-related economy by encouraging the non-airport economy to improve the economic prospects of the area. It was soon realised that to be successful the initiative would have to address the economic needs of the whole sub-region and its businesses. An initial response was to create an identity and brand for the sub-region that would promote an internationally recognised business location where people would want to live, work and invest. The Gatwick Diamond was born and the initiative has continued to develop since then.

In 2006 an economic strategy was adopted, establishing a vision for the Diamond and focusing on four key objectives:

- To secure a higher level of economic performance
- To improve the skills of those in the area and match to business needs
- To increase new investment in high growth business activities
- To maintain and improve transport accessibility to, from and within the area

The Strategy sought to establish the Gatwick Diamond as an international business location capable of competing with leading economic centres within the UK, Europe and the rest of the world. To help progress this objective additional work was commissioned in 2008 to further develop a strategy for implementing the vision for the Gatwick Diamond. The outcome was the 'Future Plan', which sets out a pathway for delivering the vision based on three strategic objectives - Inspire, Connect and Grow. It lays the foundations for the action plans that will need to be developed and implemented by the thematic groups to achieve its objectives. This essay will outline the actions, corporate structure and governance arrangements needed to deliver these strategic initiatives.

The Gatwick Diamond Initiative

The Gatwick Diamond Initiative is a business-led group, comprising a range of organisations that have joined to work together to secure the achievement of a shared vision for the future of the sub-region. The key partners are:

- South East England Development Agency
- GD Overview Group – BAA, ERA Technology Ltd, Time24 Ltd, Novartis
- Learning and Skills Council
- Crawley Borough Council
- Horsham District Council
- Mid Sussex District Council
- Mole Valley District Council
- Reigate and Banstead District Council
- Tandridge District Council
- Surrey County Council
- West Sussex County Council
- Surrey Economic Partnership
- West Sussex Economic Partnership
- Business Link Surrey
- Business Link Sussex
- KPMG
- University of Brighton

A wider partnership includes a range of other public sector organisations, education providers and local businesses that have pledged their commitment and support for working with the Gatwick Diamond Initiative to drive the Future Plan forward.

The Gatwick Diamond has now achieved regional and national recognition as a successful economic sub-region. It has been identified as one of the Diamonds for Investment and Growth in the Regional Economic Strategy.

Economic Overview

The Gatwick Diamond performs well economically against a number of key indicators, particularly in comparison with other parts of the UK. The population of the sub-region is 648,000, with a workforce of 343,000. The economy is valued at £13.3bn, comprising 8% of the southeast region total. Levels of economic activity are high with around 80% of the working age population in employment. Particular strengths of the sub-region's economy include:

- High Gross Value Added per person (around 10% higher than the regional average)
- Excellent communications links by road, rail and air regionally, nationally and internationally
- The UK's second largest business airport
- Many successful international businesses, including R&D and high value manufacturing, and strengths in advanced business sectors
- A relatively skilled and knowledgeable workforce with a favourable proportion of knowledge economy jobs in the private sector
- A high degree of business dynamism

A good quality of life and high levels of connectivity also provide ideal conditions for business development. Overall, it is one of the best performing 'Diamonds' in the South East Region.

However, while current performance is relatively strong a number of factors indicate that action is required to maintain the Diamond's comparative economic position. The Diamond economy has under performed compared to similar locations elsewhere, particularly sub-regions centred on an international airport. There is an over dependence on the airport and the level of business and infrastructure investment is failing to keep pace with leading competitor regions. A failure to diversify and address infrastructure issues may lead to a fall in business confidence and could result in some businesses moving away. Current weaknesses in the Diamond economy include:

- Productivity growth rates below the regional average
- Investment levels below that of elsewhere in the UK, especially in the South East
- High dependence on a small number of key companies
- Low take up rates of high quality office space
- Limited training aspirations for many residents and a low proportion in Higher Education and Further Education
- Marked differences in performance between local authority areas within the Diamond

The Diamond has the potential to become a primary destination for high quality investment from advanced and successful industries and one of the best performing sub-regional economies. However, any current competitive advantages - such as its excellent communications, wealth and contribution to national earnings - must be safeguarded and measures taken to optimise its economic performance in line with its undoubted potential.

Other Constraints

A number of other factors have been identified that constrain the potential of the Gatwick Diamond as an international business location. These include:

- While educational achievements are higher than the regional and national averages and skills levels are adequate, performance will need to improve to meet growth aspirations
- Many of the most productive residents within the Diamond commute to work outside
- The level of sufficient business services from Gatwick does not match an international business location
- A lack of quality of place, including in some town centres
- Local traffic congestion and accessibility constraints
- Disconnected local development frameworks across the area

- Absence of dedicated higher education facilities within the Diamond

The Vision

The vision for the Gatwick Diamond, shared by all the partners of the initiative, is clear:

By 2016 the Gatwick Diamond will be a world-class, internationally recognised business location achieving sustainable prosperity.

This means that by 2016 the Gatwick Diamond will have built on its existing strengths and will be a flourishing knowledge-intensive economy, developed under 'smart growth' principles that encourage innovation, creativity and entrepreneurship. Improved business areas across the Diamond will provide a world-class business and career offer and new centres for research and business innovation will have enhanced its global profile.

At its heart will be a world-class airport, growing sustainably and with an increased range of business destinations. The Diamond and its businesses will be better connected regionally, nationally and globally with improved air links, strategic and local rail links, better stations and enhanced bus services. Improved walking and cycling networks will be in place. Congestion will be reduced through the provision of new transport solutions.

Businesses will have access to the type of sites and premises they need for success and will be attracted by a range of high value added facilities such as higher education institutions, research and innovation hubs, a network of innovation centres and enhanced conference and exhibition facilities. Improved further and higher education facilities will provide the skills and workforce needed to support the development of high performing businesses. Regenerated town centres will provide high quality living environments with improved infrastructure, better transport networks and innovative building design. They will provide attractive communities where people want to live, work and spend their leisure time. All this will be achieved in a sustainable manner with a reduced carbon footprint and impact on climate change.

Crucially, it is only by working together as partners that the Gatwick Diamond Initiative will be able to achieve this shared vision.

6 *Pennine Lancashire MAA*

Graham Burgess

Pennine Lancashire is facing both a challenge and real opportunities. While other places have enjoyed strong economic growth and increased prosperity, Pennine Lancashire has struggled to keep up. The MAA gives us the chance to exploit the advantages the area has.

The challenge

As a cotton town region, Pennine Lancashire has a proud history in manufacturing. However, this heavy reliance on a declining textile industry was the start of the major economic downfall of the area. More recently, between 1995 and 2005, over 20,000 manufacturing jobs were lost. This has still left us with an advanced manufacturing industry of 25% of the economy, much of it high technology, which is ironically now seen as a strength for the region. Whilst many neighbouring city-regions have been able to diversify empty mills into sought-after apartments and offices, many similar premises in Pennine Lancashire remain vacant.

The geography for Pennine Lancashire covers Blackburn with Darwen Council, Burnley Council, Hyndburn Council, Lancashire County Council, Pendle Council, Ribble Valley Council and Rossendale Council. We have a population of over 522,000, bigger than neighbouring cities, and a wider travel-to-work area, covering Manchester, Leeds and Liverpool.

We are a multi-cultural, diverse area with worsening levels of deprivation but breathtaking countryside and enviable picture postcard villages. There are over 117,000 people living within the 10% most deprived areas in the country, which accounts for over 22% of the Pennine Lancashire population. 67,000 of these are living in the 5% most deprived areas in the country. However, Pennine Lancashire also includes the Ribble Valley, one of the highest sought-after residential areas in the country with household income levels at the higher end of the market.

We have high levels of benefit dependency, underperformance on higher-level skills, particularly in young people, and wage levels lag well behind

the national average. We have also experienced a net outflow of people, suggesting low-level job opportunities and a lack of quality of living.

A unique approach

We recognised that trying to improve our own boroughs in isolation would be extremely difficult. Authorities should complement each other, bringing out different strengths and tackling weaknesses together whilst still maintaining our own identities, political differences and neighbourhood working. If we want the area to prosper, we cannot afford to make stand-alone achievements. Each commitment that we make needs to link to others. To tackle worklessness we need to improve aspirations by providing better quality and higher paid jobs. Higher paid jobs demand a skilled workforce. A skilled and higher paid workforce want better housing, and so on. Each goal has a knock-on effect that needs to be supported by other achievements.

Despite our administrative boundaries and two tier local government structures in some parts, we have worked collectively to bring about change for Pennine Lancashire and make the most of our close links to the major growth areas in the North of England. Signing the MAA with the Prime Minister in January 2009 gave a clear example of how collaborative working in a large two tier area with a unitary authority and county council can be successful. It is the culmination of years of partnership working in the area and, more recently, the increased shared services and strengthening of governance structures, through the Pennine Lancashire Leaders and Chief Executives (PLACE).

The Chamber of Commerce, Elevate HMR, Lancashire Economic Partnership and East Lancashire Health Authority also support this partnership and are equally committed to delivering the outcomes the MAA expects.

Through working together, the MAA outlines our commitment, along with that of the Government, to transform the sub-region. We want people in the area to enjoy a better quality of life, have higher aspirations and achieve a GVA boost to the local economy in the region of £400m. Our vision for Pennine Lancashire is “to provide a confident, dynamic and growing economy, characterised by a thriving higher value business base, supported by a responsive education and training system; an area with fast and reliable transport links to employment opportunities underpinned by a revitalised housing market and cohesive communities.”

What we want to achieve

With such a unique composite of areas, the MAA supports our vision to bring sustainability to the whole of Pennine Lancashire, to provide better services for people and, more importantly, improve outcomes. We have identified our barriers to growth and come up with solutions to address the underlying causes but without government action on key elements of the agreement we will not be able to bring about change alone. Our MAA will allow us to build an infrastructure to meet the needs of a modern economy and attract and retain a population which can support sustainable economic growth. To help us achieve this, the Government has committed to more flexible devolved funding and to work with us to improve skills and tackle worklessness, improve transport, economic development, spatial planning and housing.

Like many areas, Pennine Lancashire has benefited from a range of regeneration investment. However, this has, perhaps inadvertently, placed significant barriers to place shaping when regeneration has taken place in an ad hoc manner with strict guidelines. A devolved investment block allocation will allow us to make decisions more locally and fast-track developments which will have the greatest economic impact and combine different funding streams to focus on our main priorities. In the current economic climate this promise of funding will also help us to increase investor confidence and pump prime developments to get them off the ground.

Despite being near to large growth areas such as Manchester and Leeds, Pennine Lancashire has been identified as ‘an area remote from growth’. One of our real challenges is to tap into these growth areas by improving transport connections between Pennine Lancashire and the wider region. Our rural areas provide opportunities for healthier lifestyles and we want to encourage those people who work in the city-regions to live in Pennine Lancashire as a “commuter belt”, surrounded by beautiful countryside and picturesque scenery. We also know that businesses cannot succeed without transport systems that can support commuters and the movement of goods, and with road congestion increasing, poor rail links are a real barrier to economic growth in Pennine Lancashire. Through our MAA the Government has promised to provide opportunities and facilitate discussions with rail providers to improve our rail links to Manchester.

We are the largest area in the country not to have our own university, although both Burnley and Blackburn colleges have received significant investment to improve capacity for higher education. However, we want HE providers to work with businesses and provide higher education, tailored to meet the needs of local businesses, to give them the skills and workforce they need and to develop a graduates-into-industry scheme. The colleges currently have just over 3,000 HE places and additional funding will allow this to increase by over 4,000, at which point colleges may wish to apply for university college status. With skills and qualifications, local people will be able to apply for, and benefit from, the higher value business parks we intend to set up.

In some pockets of the community 65% of the working age population are claiming benefits. Blackburn with Darwen is a city strategy pathfinder and through this, funds are directed to increase capacity for third sector organisations to tackle barriers to work. The MAA provides opportunities to influence welfare-to-work contracts on a Pennine Lancashire footprint, ensuring the back-to-work support on offer aligns with the needs of the local economy.

Building the infrastructure for a healthier economy needs to be supported by a good housing supply. We know that if housing is poor, those people in training or with better jobs will soon leave the area. Although there are pockets of housing at the very high end of the market, there are many residents that face poor housing provision in deprived areas. We want to provide good quality affordable housing for all and continue to reduce and re-develop poor housing. We have developed a housing strategy which delivers housing provision informed by market conditions, as well as delivering neighbourhood regeneration and growth.

Our MAA identifies a number of priority strategic employment sites including Whitebirk, on the Blackburn/Hyndburn border, Burnley Bridge site and Blackburn Knowledge zone. These sites will be targeted for use by high skill industries such as aerospace, advanced manufacturing, health and environment technologies, which will make a significant increase in wage levels for the area. Already BAE systems have created 800 new jobs and it is important that we enable the local workforce to apply for these jobs. Alongside this, government has also committed to consider prioritising the area for public sector job relocations.

In an era where modern technology is moving at such a rapid pace, the need for robust digital connectivity is a real priority as it helps businesses to compete internationally and connects remote rural areas to the rest of the community. Some areas of Pennine Lancashire are still unable to access broadband coverage, particularly Rossendale and the Ribble Valley and the Government has now committed to lobby telecoms providers to ensure 100% coverage.

Future progress

Signing the MAA immediately raised expectations within the authorities and it can sometimes be difficult to actually see the progress being made. People want to be able to see real outcomes up and running and perhaps don't appreciate the milestones achieved by just bringing several parties together to move things forward. Including some 'quick wins' within the MAA and being fully prepared to hit the ground running once signed has proved valuable in providing examples of progress.

Within the first three months of signing the agreement we have already made good progress and have a business leaders forum who, to support the MAA, have committed to work with HE providers and offer apprenticeship places and work experience. Northern Rail have agreed to run an early morning service from Clitheroe to Manchester which means that commuters can now arrive in Manchester before 8am and progress is also being made on other rail lines. We are working with government to develop investment frameworks for single allocation funding, have developed a housing strategy and implementation plan and are providing opportunities for shared services between authorities.

Whilst we recognise that political leadership may change within our own councils over time, our MAA sets out a long term vision for Pennine Lancashire and it is important that all political parties are engaged with the vision. To help us achieve our vision we will need to formalise our partnership working, with a constitution and governance structures that can be adopted by all councils. The Pennine Lancashire Leaders 'own' the MAA but to support this group, co-ordinate activities and provide capacity to take forward the MAA, we have already set up a PLACE strategy unit which is jointly funded by authorities and RIEP funding. Alongside this we have a joint building control unit, integrated transport unit and are looking at opportunities in a number of

other service areas for joint working, such as HR, health and intelligence and integrated programme management.

We have also created the Pennine Lancashire Development Company which will provide additional capacity to deliver elements of the MAA, enabling major developments to occur much quicker through increased capacity and project management. Having this 'visible' development company will also provide greater private sector confidence and investment.

What's next?

We have proven that informal collaborative working can be successful. In Pennine Lancashire we have gained the experience, maturity and confidence to work together, discussing difficult political issues and negotiating outcomes to benefit the whole area.

In view of our strong partnership, we were encouraged by government to consider submitting a bid to become a city-region forerunner. After careful consideration we felt that the time was not right for us to submit a proposal. Government have still given their commitment to support our MAA with the current governance structures we have in place. The MAA has strengthened the partnerships between local authorities, business leaders, third sector, education providers, jobcentre plus etc. and recognises the role each plays in combined efforts to improve outcomes across geographical boundaries.

Finally, we welcome the opportunity for more devolved powers to cluster areas, allowing us to prioritise our own funding to achieve better spatial planning and outcomes. We wish to retain our independence as individual councils allowing us to address the different needs of residents at a neighbourhood level but our formal partnership arrangement of PLACE will ensure we continue to work together to improve Pennine Lancashire.

7 *Sub-regional governance: Making it work for Lancashire*

Kieran Curran

Centralisation has been a dominant theme of British governance since at least the Domesday Book – an early form of economic self-assessment – was published in 1086. English proponents of regional or local devolution have been forced to look beyond our shores for examples of successful local control. The degree to which English local government remains a modern vassal to its Westminster masters is frequently contrasted with the extent of local freedom across Western Europe and North America.

In England, the voices of local government are more or less united in their call for more room to manoeuvre, whatever their party affiliation. Yet, though there has been powerful rhetoric from across the political class, Whitehall has still not granted the freedoms and flexibilities needed by local authorities.

The ruling classes of other mature democracies are keenly aware of the vitality of local government. During the Great Depression, the American Supreme Court Justice William Brandeis said that one of the blessings of our democracy was that “a single courageous state may, if its citizens choose, serve as a laboratory” experimenting with innovative solutions to its economic problems. Brandeis rationalised that decentralised variations offer the greatest chance for the best new practices to emerge and warned that “denial of the right to experiment may be fraught with serious consequences to the nation.”

Brandeis continues to influence policy makers not afraid to let others have a go. President Obama certainly feels an affinity for grassroots solutions, as you might expect from a former community organiser who cut his teeth in the tough tenements of Chicago’s South Side and understands that most government happens at the local level.

At a recent gathering of the nation’s 50 governors, the 44th President reiterated the relevance of Brandeis’ call to arms: “That is the spirit of courage and ingenuity that so many of you embody. And that is the spirit

I want to reclaim in this country - one where our states are testing new ideas, where Washington is investing in what works, and where you and I are working in partnership to move this country forward.” Note the combined emphasis on experimentation, practicality and partnership.

Now the Obama administration wants governors and state legislatures to reassert their role as laboratories for solutions to big problems, like universal health care, climate change and the nation’s crumbling infrastructure. In England, the idea of “experimentation” in the provinces is likely to provoke as much angst at the Treasury as a run on the pound, or a collapse in aggregate demand. But there are sound reasons to question the process behind Whitehall’s views of the hinterland.

The less restrictive policy environment of the United States means that the ascendancy of new ideas is relatively unencumbered. Indeed, the federal government actively relies on the nimbleness of the states. In the 1990s, for example, several states pioneered welfare and education reform laws that later influenced national legislation. In England, policy undergoes the same process of development: Ideas are generated, accepted, discredited and rediscovered. However, the same degree of freedom to generate and execute policy ideas simply does not exist. As a result, too often policy ideas are incubated in Whitehall and imposed on localities.

The model of English governance that developed over time – with London sitting at the spoke of a complex, quango-covered wheel of command and control – meant that even limited experimentation was beyond the pale. But, the rise in the volume of calls for localism has given the centre pause for thought. Is a new paradigm emerging?

England’s constitutional arrangements are unlikely to alter, absent sustained economic or social turmoil, and there is no clarion call from voters for decentralisation. But there is a growing sense that the centre does not always know best and the policy landscape of the last 15 years is replete with examples of cautious, “holding hand” devolution. It is a common staple of localist arguments that only councils and their partners understand their communities. It’s more true to say that no one institution truly understands the complicated overlapping and inter-twined economic, social, geographic and cultural nuances of a given “locality” – the borders of which developed

due to factors which we may no longer find relevant or even understand. What is certain, though, is that councils are more aware of these complexities – what we know we know, what we know we don't know and the Rumsfeldian “unknown unknowns” – than our Whitehall overlords.

Indeed, at a recent NLGN Regional Lunch hosted by Lancashire County Council, a panel of Multi-Area Agreement experts drolly explained how they have become over familiar with claims of local complexity. Lancashire's three Multi-Area Agreements can certainly compete in the complexity stakes. The kaleidoscope of councils in the Red Rose County includes the County Council, 12 city and borough councils and two unitaries. Currently, the county has one MAA signed off by government – Pennine Lancashire in the east of the county – and is developing MAAs for the Fylde Coast and Mid-Lancashire (“the M6 Corridor”). But no one council can lay sole claim to the mantle of complexity.

Every area looking to develop an MAA can play the complexity game because complexity is reality. Evolutionary biology shows us that systems in nature tend toward complexity and, as population increases, technology advances and new economies emerge, socio-economic complexity is certainly not going away.

The public sector is more crowded than ever before and the emphasis on partnership working means more negotiation and greater awareness of where other organisations are coming from. But we still need more freedom to truly become a laboratory of public service reform and allow the dynamics of policy development to adjudicate amongst competing ideas. Currently, Multi-Area Agreements are one of the few policy instruments available to local authorities that want to tackle a varied and complex world. Essentially, MAAs are “deals” with the central government by clusters of local authorities who want a greater degree of latitude. As such, while they fail to free localities in classic federalist fashion, these “controlled experiments” are the nearest equivalent to a Brandeis model.

If local government is truly to become a laboratory of democracy, policy makers couldn't do any better than looking at the Lancashire story. Back in 2006, the spectre of local government reorganisation in Lancashire created uncertainty and mistrust between the county, unitary and districts councils. Lancashire lacked a strong strategic sub-regional direction and, despite a GVA that beats Merseyside and is second only to regional behemoth Manchester,

Lancashire was not punching its weight in the halls of central government, or making the most of its economic base.

Slowly but surely the county gained ground in a manner which exhibits an appropriate policy response to complexity. First, the formation of a new, streamlined sub-regional grouping, the Lancashire Economic Partnership, did away with the artificial and hidebound division of the county between east and west. Public and private sector partners soon got to work on the first Lancashire Economic Strategy. This first stride toward collaboration was followed by new “tell it like it is” pan-Lancashire forums for the county’s council leaders and chief executives. The success of the Lancashire Local Area Agreement and the county’s award-winning Local Strategic Partnership were similarly crucial to this new simple and co-operative trend and winning three Beacon Awards earlier this year attests to the scale of Lancashire’s transformation.

The Sub-National Review, published in the summer of 2007, put a straight-forward seal of approval on our sub-regional efforts. It provided a powerful impetus to intensify co-operation across council boundaries and led to a new spirit of pan-Lancastrian optimism. Lancashire Locals, our nationally-recognised initiative to devolve decision making to districts – joint committees are made up of county and district councillors from the same city or borough – show how counties can take full advantage of a new policy environment. The SNR recast the relationship between localities and the centre, but it meant top-level authorities must consider how they themselves can intervene at the right level. Counties like Lancashire are figuring out how to be strategic and local.

We’re agile and adaptable. Today, Lancashire’s sub-regional blueprints are as diverse as the county and reflect the strong sense of place that is part of Lancashire’s DNA. The Prime Minister recently signed off the Pennine Lancashire Multi-Area Agreement, a collaboration between the County and six districts, built around improving skills and connectivity in an area of outstanding beauty on the doorstep of Manchester and Yorkshire. The embryonic MAA for the Fylde Coast, developed in conjunction with the county, a unitary and two districts, focuses on key infrastructure projects but also addresses niche selling points like tourism, creative industries and renewable energy. In order to complete the picture, we’re developing an

MAA for Mid-Lancashire (alongside Preston, South Ribble, Chorley, West Lancashire and Lancaster councils). While the MAAs enhance our local assets, we can also adapt our focus to work on larger issues – the new Lancashire Integrated Strategy will look at transport, housing, planning and economic development across the entire county.

We are addressing additional costs savings through Team Lancashire, our sub-regional service improvement and efficiency partnership, and generating ideas for greater integration between the two tiers of local government. These initiatives led to Working Better Together, a plain-speaking concordant signed by the leaders of all 15 councils that cemented our belief that real progress requires the efforts of more than one team player.

Now the Local Democracy, Economic Development and Construction Bill creates space for the clear articulation of local needs but forces those voices to be part of a larger debate. The Bill acknowledges and respects a local sense of place but its perspective points to how these places can fit together. If you get the governance arrangements right – the way Lancashire has done – you can be strategic, local and, most importantly, you can get things done.

The Lancashire approach recognises that we live in a complex world but resists the urge to “go symmetrical” and match complexity for complexity. What we have done is create a set of simple responses to the complexities of Lancashire governance. We set a pragmatic course that allowed for MAA development under a flexible, confederate model of Lancashire. We did not create new structures or change existing ones; we changed the way we work. Where functioning economic areas exist, we support them. Where Whitehall policy leaves gaps – what about those parts of Lancashire that are outside the Fylde Coast and Pennine MAAs? – we have sought a new deal with central government that makes sense for that area in and of itself.

Local government finally has an opportunity to make a real deal with government. Lancashire has looked at its own multi-centered assets and “simply” tailored our MAAs to the facts on the ground, be it the need for greater connectivity, improved skills or housing. Policy makers can see the same phenomenon elsewhere too – the Tees Valley MAA is based on a hyper-realistic assessment of its own economic niche areas (like new media and video game development) and resisted the urge to over-complicate its

proposals by ticking every box. In short, we've designed simple processes for a complex world.

So if we realise that not everything can occur on a Lancashire-wide footprint and we're flexible and pragmatic enough to adapt the way we work together, why not split Lancashire up? As we've seen in recent years, reorganisation can be expensive in time and treasure and detracts from service delivery. While there is a growing sense that voters want more control over local decisions, there is absolutely no public appetite for change for change's sake. Our flexible and pragmatic approach means we can respect local identities without losing the synergies thrown up by working across so many boundaries. If we need to aggregate up to achieve our goals, we can. If we need to work on a smaller spatial-economic footprint, we can do that, too. Most of all, Lancashire is good at what it does. We are a leading large authority with a wealth of best practice to share across our sub-region. So, why change structures as long as we can work together flexibly?

The contours of UK government means there may never be a British Brandeis calling for truly devolved experimentation. Central government may well feel that the risk of extreme variances of outcomes across regions is simply too great. But a new generation of councillors, businessmen, local government officers, along with the Third Sector, has grasped the flexibility afforded by MAAs, and it seems there is little turning back. Even in America, the federal government is more than first among equals (Washington always supercedes state law) and no doubt there will forever be more pronouncements from Whitehall. So our challenge is clear: councils must continue to do more with what we already have and, while we may never truly escape the Whitehall paradigm (or would want to), we must resist enforced complexity from above. Most of all, keep it simple.

8 *Breaking the Regional Straightjacket*

Bob Neill MP

A Conservative Government is committed to devolving power from central and regional government down to the local level to ensure that people are given a much greater say in the decisions that affect them. I firmly believe that real innovation within local government is being stifled by the straightjacket of over centralised government control and our localist agenda will change this. Put simply, we want to make local government truly local again.

A key plank of our decentralisation agenda is to have a more localised approach to economic development. Our fundamental premise is that central and regional government cannot offer the tailored service specific to the very different needs of the different parts of England.

Therefore, we would provide for the replacement of Regional Development Agencies, returning their powers and funding to local government.

Local authorities would, in turn, be able to collaborate together to deliver these activities either themselves or through Special Delivery Vehicles, formed under our proposed new general power of competence. These arrangements would be able to reflect the natural economic geography of their areas, much closer to the “functional economic areas” which are, in turn, much more real to people than remote and artificial regions.

This policy will do three very important things. Firstly, it will put local authorities in the driving seat, giving them new powers to support economic development, with the funding to match. Secondly, it will deliver a much needed democratic check to economic development taking away powers from unelected quangocrats and putting it the hands of elected councillors, and thirdly it will massively cut the cost of governing as there are huge savings to be made in cutting regional bureaucracy. To understand why this is the case it's essential to understand just how current structures have failed in promoting sustainable economic development.

The case for regional government has been comprehensively disproved. Significantly, the recent Local Government Association report 'Prosperous

Communities II' concludes that "the boundaries of the government's nine standard regions do not give a good fit with the economic data". This economic analysis is borne out by popular experience. People identify with their neighbourhoods, towns, cities and counties. To give people a justified sense that they have the power and opportunity to shape the lives of their own communities, it is local councils, made up of locally elected representatives, who understand the needs of their localities.

Businesses have also found the performance of the RDAs to be underwhelming. An Institute of Directors' survey complained that the RDAs lack both a prominent profile in their regions and demonstrated insufficient empathy with the needs of business. Damningly, the survey found that for each statutory purpose, over half the IoD members interviewed considered RDA performance to have been neutral or poor. This woeful performance is in large part due to the institutional conflict that leads to a lack of clear direction for the RDAs. Because they are obliged to follow national targets set by their funding departments, investment in regional priorities has come a poor second to meeting Whitehall's goals.

Although there is clear evidence of inherent failings within regional government, it is incredibly expensive. The salary bill for RDAs has trebled from £38m to over £120m and total running costs have risen by 159 % to £202m, including the costs of running a panoply of individual offices in a variety of foreign countries.

Under the Labour Government, the regional gap in income has not improved. Indeed disposable household income per head in the three northern government office regions has fallen as a percentage of the national average since 1997. So, despite the huge expense, RDAs have not done the job they were designed to do.

As development agencies, RDAs are often less effective than they should be, because they are defined by arbitrary regional boundaries. These arbitrary boundaries often fail to reflect the natural, local economies that have formed as a result of transport links, technological links, clusters of natural and human resources, and the choices made by businesses and their customers. As a consequence, the RDAs are much less able than they should be to help local businesses expand in good times and survive in bad times.

The evidence is clear, Regional Development Agencies have not delivered because they are too distant from those they are supposed to help and in reality they are borne out of the government's desire to make local government a creature of central government. Therefore, if the Conservatives win the next election the non-economic activities of development agencies will be localised, we will immediately remove from RDAs all the powers they have been given as part of the present Government's attempt to turn them into unelected regional governments – including powers over housing, planning and 'regional spatial strategies'. These powers will immediately be given to elected local government.

We will also give local authorities the power to come together to establish new enterprise partnerships that truly reflect natural economic divisions, and to take over from their RDAs the responsibility for economic development within those areas. These locally-established enterprise partnerships need to be non-bureaucratic and totally focused on helping businesses out of recession and into growth.

We will look at the swiftest means of bringing these into being, with the least possible bureaucracy. We are certainly open to encouraging building on existing partnership arrangements where appropriate.

These new powers will be reinforced with a general power of competence which gives local authorities an explicit freedom to act in the best interests of their voters, unhindered by the absence of specific legislation supporting their actions. No action – except raising taxes – will any longer be 'beyond the powers' of local government in England, unless the local authority is prevented from taking that action by the common law, specific legislation or statutory guidance.

If the recession teaches us anything it is that for too long our economy was inherently unbalanced, it was concentrated in the South East and relying too heavily on financial services, housing, and government spending. Our decentralisation proposals will change this by fostering a national economy built from strong, vibrant and diverse local economies. Local authorities will have the powers to lead the way on this. They are closest to the people and best placed to work together, not distant Whitehall government or bureaucratic and target driven regional government.

9 *Conclusion: Where next for sub-regions?*

Nick Hope

In these challenging economic circumstances it is perhaps tempting for local and central government to retreat into their comfort zones. Some will question whether they should take on difficult, ultimately constitutional, questions about where decisions should be made and by whom. Indeed, sub-national rewiring and devolution risks being seen as a second order concern that should be put on hold for now. But current economic circumstances demand clearer-decision making and stronger leadership at the most appropriate spatial level.

The economic case for sub-regional collaboration is compelling. Markets for labour, goods and services are sub-regional in nature and industrial clusters, economic performance, and commuter transport networks also coincide reasonably well with sub-regional geography. In short, the places where people live, work, travel and shop, although ‘fuzzy’, tend to follow sub-regional patterns. Working across administrative boundaries to match the activity of citizens with activity from government can help strengthen economic resilience and deliver economic growth. Too often policy is ill coordinated, poorly integrated and not sufficiently strategic in nature. Bringing together economic regeneration, transport, housing, environmental, employment and skills policy strands, as well as a host of other related areas, at the most advantageous spatial level will allow a better joined-up and far more effective approach to sustainable economic development.

Of course, not all decisions should be taken at the sub-regional level. Many policy areas and public services are best understood at different spatial tiers – such as the national or neighbourhood level. But where there is added value in councils coming together it is important that they work hard to do so. There are local obstacles that frequently stand in the way, such as fears about loss of sovereignty, but through strong and visionary leadership this can be overcome. This must come from councils themselves. Involuntary sub-regions carved out by the centre would stand far less chance of succeeding than the bottom-up, organic collaborative structures that are currently emerging and strengthening.

Different local authorities find themselves in different circumstances, with specific challenges to overcome and opportunities that should be taken. It is this diversity that necessitates a more devolved approach and, though there are lessons to be shared in governance models and policy approaches, what works for one sub-region may not work for another. A flexible approach from central government is therefore essential. Whitehall must ensure that the powers unlocked by local collaboration are not the reserve of big urban conurbations and the top-tier metropolitan city-regions of the country. Although sub-regional partnerships may be harder to establish in the two-tier local government areas made up of smaller cities, towns and villages, if there is an economic footprint that means cross-boundary working would 'add value' – and a strong evidence base to support that case – it would be unfair and foolish for central government to exclude such areas.

It is important then for government to be mindful that the majority of England's population does not live neatly within the "classic" city-region boundaries. Within this context, the case for devolution from the centre to regions – covering all towns and cities – does remain strong. It is also important not to reduce the debate to a zero-sum struggle between regions on the one hand and local authorities on the other, but to understand the ways in which they could be most mutually supportive. Regional Development Agencies, for example, have played a central role in supporting and facilitating the development of many sub-regional partnerships.

A big challenge for sub-regions is to devise suitable governance arrangements, which provide a balance between the democratic accountability and mandate of elected members and engaging and evolving other key stakeholders. In particular, businesses must be suitably involved and play a key role, while at the same time a golden democratic thread must run throughout any structures. It would seem that the stronger and more robust the governance arrangements, the greater the powers on offer to them are likely to be. But those pushing these new frontiers are playing a difficult negotiating game with Whitehall. Over the coming months many sub-regions will be testing the commitment of central government to this whole agenda. The two city-regions awarded pilot-city-region forerunner status at the Budget will be looking to be granted meaningful powers by the end of the year. In particular these two areas, and other sub-regions, will be hoping to set up Accelerated Development Zones, which would allow these local

authorities to borrow against future tax income to pay for infrastructure. The essays from Birmingham, Coventry and the Black Country and the Leeds City-region highlight the scale of such initiatives and positive impact it could have on economic growth in their areas. Many sub-regions are exploring particularly challenging “asks” from Whitehall around ‘employment and skills boards’, which would tie in government agencies to a far greater extent, and also ‘joint investment boards’, to have greater control over where spending by the Homes and Communities Agency, Regional Development Agency and Department for Transport is directed.

A message that came from Whitehall in the first round of Multi-Area Agreement negotiations was that they had “hoped for more ambition from the sub-regions”, but as this essay collection demonstrates there are plenty of ambitious ideas. Will central government match this ambition? Or will the sub-regions call Whitehall’s bluff? Only time will tell, but – having come this far – it would be a massively wasted opportunity not to maintain the momentum.

Sub-regional collaboration and governance may sound highly academic, with a “spaghetti soup” of MAAs and ITAs and EPBs and IDPs and ADZs flying around, but it has the potential to deliver important outcomes for citizens. Top-down design can have its place, but it also has its limits. It is challenging for the centre to have analysis from the ground-up and a diversity of bespoke arrangements emerging, but it must let go and allow managed risks to be taken in the process.

However, it is not only central government that must grasp the nettle. Some local authorities still need to change their mindset and break out of the culture of learned helplessness and dependency on central government for funding and guidance. Just as the centre must realise its weaknesses, councils must realise their own limitations. They have to recognise that their geography is sometimes too small and decisions need to be taken on a larger scale. They need to put aside short-term parochial wins and narrow institutional self-interest and work in a more collaborative way to achieve longer-term, more strategic and bigger wins.

We hope that this essay collection might help allay some of the concerns local authorities might have about the future of sub-regional working.

For those unsure about investing time and effort in working towards, or strengthening, a sub-regional partnership with a general election in under a year, the essay by the Shadow Local Government Minister should provide some comfort. He states that local authorities would be able to collaborate together, either themselves or through “special delivery vehicles”, and importantly signalled that a future Conservative Government would be “open to encouraging building on existing partnership arrangements where appropriate”. It would seem then that sub-regions are here to stay.

The key question, whichever political party is in Government, is whether they recognise the wealth of untapped economic potential out there and are willing to provide the leadership in central government to unlock the powers that local authorities need to harness it.



The MAA Forum acts as an alliance of interest between current and prospective sub-regional partnerships.

The MAA Forum is hosted in conjunction with the New Local Government Network (NLGN) and the Institute of Political and Economic Governance (ipeg) at the University of Manchester. It is independent from central government and is made up of areas that are interested in strengthening sub-regional collaboration. It provides a space to share learning and ideas, as well as to influence policy thinking from the ground up. It also forms a lobbying base in order to ensure national momentum is sustained in sub-regional policy development and acts as a joint resource to drive forward shared goals, make joint representations, and target specific obstacles.

Some of the benefits of affiliation:

- Sub-regional policy influence in Whitehall
- Meeting Senior Civil Servants and Ministers
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For more information visit our website www.maaforum.org.uk
If you're interested in joining please contact:

Nirmalee Wanduragala

MAA Forum Coordinator

email: nwanduragala@nlgn.org.uk

phone: 020 7015 1381

fax: 020 7357 0404

MAA FORUM

Cities, sub-regions and local alliances





Institute for Political and
Economic Governance
at The University of Manchester

This Essay Collection marks the one year anniversary of the signing of the first Multi-Area Agreements (MAAs).

Sub-regional collaboration is continuing to go from strength-to-strength. But, as the policy frontiers are pushed, the debate about the future direction for the sub-regional agenda – or, perhaps more accurately, sub-regional agendas – is heating up.

We hope that the publication of this series of essays, from some of the leading thinkers on this debate across the country, will prove a valuable and timely contribution.