



Research into multi-area agreements  
**Long-term evaluation of LAAs and LSPs**





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January 2010

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The findings and recommendations in this report are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government.

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The views in the report are entirely those of the author who accepts full responsibility for any errors of fact, omission or interpretation.

# Glossary

BERR	Department for Business, Enterprise and Regulatory Reform
CAA	Comprehensive Area Assessment
CLG	Department for Communities and Local Government
CRDP	City Region Development Plan
DfT	Department for Transport
DIUS	Department for Innovation, Universities and Skills
DSO	Departmental Strategic Objective
DWP	Department for Work and Pensions
GO	Government Office
GVA	Gross Value Added
HCA	Homes and Communities Agency
HMR	Housing Market Renewal
HMRF	Housing Market Renewal Fund
HMT	Her Majesty's Treasury
LAA	Local Area Agreement
LDF	Local Development Framework
LEGI	Local Enterprise Growth Initiative
LSC	Learning and Skills Council
LSP	Local Strategic Partnership
MAA	Multi Area Agreement
NIS	National Indicator Set
OECD	Organisation for Economic Co-operation and Development
OGD	Other Government Department
PPS	Policy Planning Statement
PSA	Public Service Agreement
R & D	Research and development
RDA	Regional Development Agency
RES	Regional Economic Strategy
RIEP	Regional Improvement and Efficiency Partnership
RSS	Regional Spatial Strategy
SCS	Sustainable Community Strategy
SNR	Sub-National Review
ToC	Theory of Change
VCS	Voluntary and Community Sector



# Executive summary

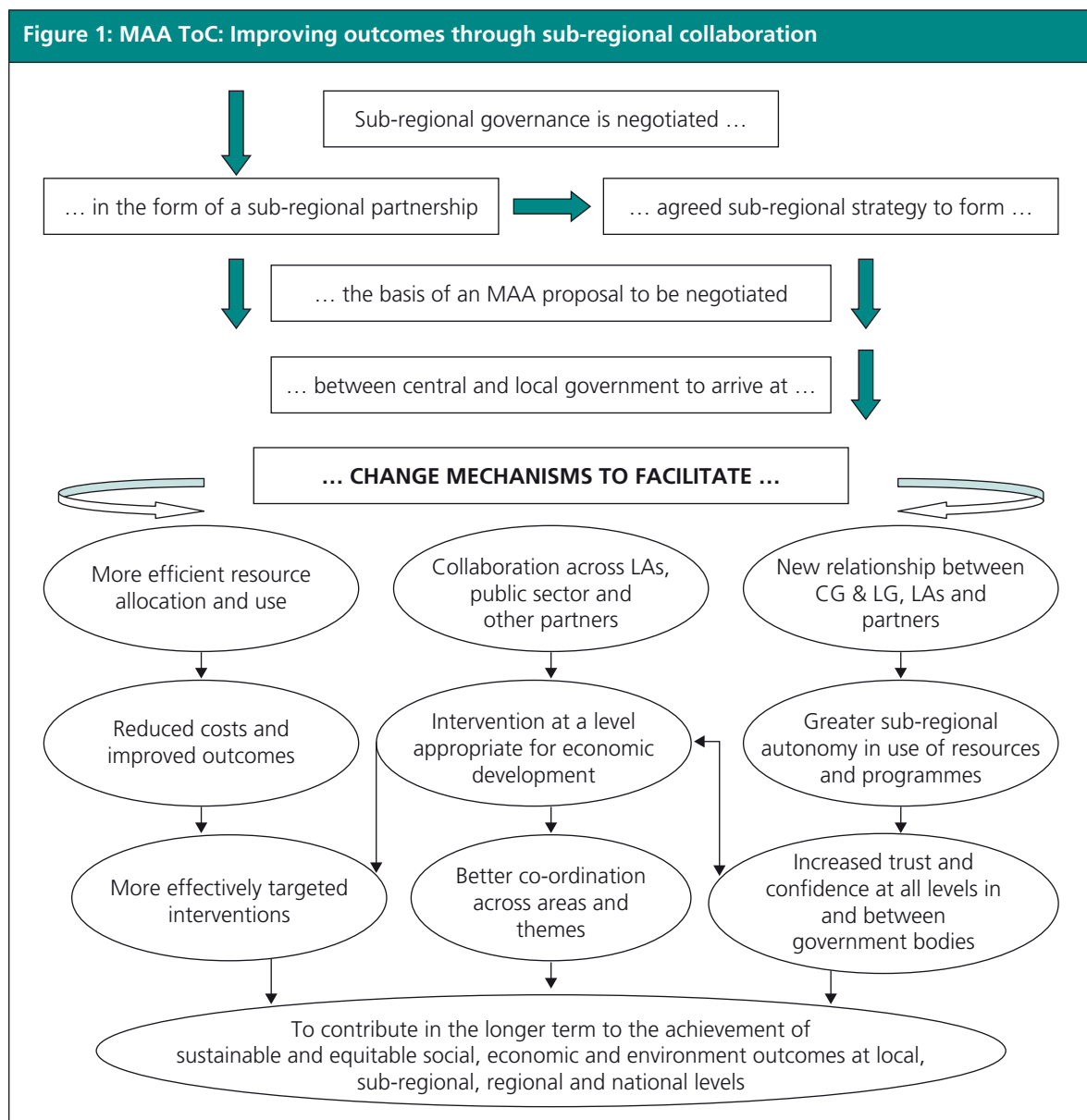
## Policy background

- E1 Functional economic areas are important because investment, labour and housing markets work across administrative boundaries. The idea of multi-area agreements (MAAs) was first introduced in the local government white paper, which signalled the possibility of powers and resources being devolved to enable and support economic growth. The Sub-National Review took the concept further. MAAs were to “*facilitate greater cross-boundary collaboration, particularly on key economic development issues*”. The SNR underlined the importance of flexibility to allow different sub-regions to use the mechanism in the most appropriate way for their areas. By summer 2008, eighteen areas were working towards MAAs. The first seven agreements were signed off in July 2008 and a further three in January 2009.

## Research methodology

- E2 This study was commissioned by CLG as part of the long term evaluation of local area agreements (LAAs) and local strategic partnerships (LSPs). The purpose was to examine the negotiation phase of MAAs in order to identify areas of learning and good practice for the development and establishment of MAAs and contribute to CLG’s understanding of MAAs as a policy tool. The research methodology combined:
- a literature review
  - telephone interviews with key contacts in the first set of MAA partnerships
  - network events
  - two case studies
  - telephone interviews with a range of national stakeholders from central government departments, agencies and other interested organisations
- E3 The LAA/LSP evaluation has adopted a ‘theory of change’ (ToC) approach, which can provide a framework for the research to focus not only on whether the policy assumptions are borne out in practice, but also on what is or is not working and why. Figure 1 is an adaptation of the ToC being used in the LAA/LSP evaluation. It identifies three spheres within which change mechanisms might operate:
- efficiency
  - service improvement
  - trust and relationships

E4 The change mechanisms consist of the interactions between the relevant policy drivers and levers. “Policy *drivers* describe the general aims of government in specific policy areas, while policy *levers* are the instruments available to government to effect change in public policy and service.” Drivers relate to government’s overall goals; levers are the mechanisms, such as targets, funding streams, inspection programmes and specific initiatives. The way that these function depends upon wider political and policy contexts, local political, economic, social and cultural contexts and on local institutions and actors.



## The MAA approach

E5 The MAA partnerships were driven by a variety of motives:

- some were seeking steps towards a longer term strategy to address shared problems and take advantage of opportunities

- for some, the focus was more on delivery against a background of already well-developed strategies: sharpening and prioritising actions, integrating and co-ordinating funding streams and targeting resources in a more effective and cost effective way
- both the more mature and less developed partnerships wanted to take partnership working to a new level and were looking for an enlarged arena for partnership working as a result of having more flexibility, powers and resources devolved to the sub-region
- some aimed not only to improve cross authority relationships, but also to move from informal collaboration to formal arrangements and governance structures

E6 Critical characteristics of an MAA are that it:

- is a voluntary agreement specific to the particular characteristics, challenges and opportunities of the area concerned
- is pitched at a spatial level that will provide maximum added value and makes most sense in terms of strategic priorities
- nests within and complements strategies above and below the sub-regional level
- has a rationale grounded in thorough analysis
- is partnership-based and represents a consensus amongst partners
- it is underpinned by firm governance structures and the capacity and skills required for planning and delivery
- is integrated within the democratic accountability and scrutiny processes of its partner authorities
- is a negotiated settlement between central and local government, underpinned by a new direct relationship between central and local government, whereby a sub-regional partnership agrees to deliver outcomes and central government agrees to a set of requests ('asks') from the partnership

E7 However, MAA partnerships vary in the size and definition of the sub-region and the challenges faced; the policy themes that are prioritised; the nature and formality of the governance structures in place. MAA areas include cities and their surrounding authorities and polycentric areas. Their variation underlines the significance of the story of place. The MAA business case – the vision and priorities and the 'asks' of government (that is, the requests for freedoms and flexibilities) – can only be assessed in relation to the context. Developing the story of place can also be an important building block in developing a consensus around the vision and clarifying the spread of likely costs and benefits across the MAA area.

## 'Asks'

- E8 The 'asks' (requests for freedoms and flexibilities) are essential to MAAs and an important test of the Government's commitment to devolving power. Key lessons emerging from the process were about the need to be realistic, to be very clear about *what* is being sought and to provide evidence about *why* it is required. MAAs have varied widely in the number of their 'asks' and they have been addressed to a range of government departments. However, they also often involved other interested parties and sometimes focused on 'asks' that were not in the gift of the department concerned, but rather affected organisations such as RDAs, the HCA, the LSC, HEFCE, the Highways Agency and Network Rail.
- E9 A question that arose about the process was whether, rather than Partnerships going to the table with pre-packaged 'asks', it would be better for them to evidence the barriers and then enter into a joint process with the department or agency concerned about how they might be overcome. In other words, should the process be more one of co-design than negotiation? Or, at the very least, would it have been helpful for partnerships to know from the outset if there were 'asks' that would never be granted in order not to waste time on fruitless requests?

## MAA relationship to local strategies

- E10 Although an MAA is an agreement between local partners and central government, it also entails local partners committing themselves to certain actions and greater collaboration. One dimension of this is ensuring consistency between local and sub-regional plans. Sustainable Community Strategies often encompass goals beyond the scope of the Local Area Agreement but relating to the MAA agenda. Views differed about how closely MAA proposals and LAAs should be linked and the relationship varied from close integration to parallel tracks. In general, the principle of subsidiarity operated: outcome targets and indicators were agreed alongside the LAA ones to ensure appropriate synergy and avoid duplication.
- E11 Integration with other sub-regional and regional strategies is also important. The regional economic strategy provided the regional policy context for most MAAs and, insofar as partnerships needed to have their RDA firmly onside, this was essential politically as well as strategically.

## Governance

- E12 The MAAs all had some tradition of partnership working, but it varied in its extent and duration, in how far the partnership was formally constituted and how far there were extended partnership structures. The background of partnership working appeared to be more important than socio-economic

factors in the decision to develop an MAA, influencing whether there was already the requisite degree of trust and existing working relationships.

- E13 In addition to local authorities, a range of other organisations have been brought into MAA partnerships or endorsed the MAA. The engagement of the private sector has been variable and even thinner in relation to the voluntary and community sectors. This was sometimes because there was no sub-regional infrastructure with which to make the necessary connections.
- E14 Sub-regional working is still evolving. A common feature of the varied governance arrangements is a Leaders' Group or one comprising the appropriate cabinet members of the local authorities involved. Democratic accountability is exercised through the accountability and reporting mechanisms within the scrutiny arrangements of the authority concerned.
- E15 Leadership and capacity are critical issues. How far there has been a strong drive from elected members in MAAs has varied but once political commitment was secured managerial leadership was very important. Developing an MAA is a resource intensive activity not only in terms of developing the proposals but also in creating and nurturing relationships, co-ordinating efforts and ensuring good communication. Having access to appropriate expertise may be difficult, especially in smaller authorities. Differences in capacity helped to explain different rates of progress. In some areas, joint strategy units already existed. Some partnerships used consultants or secondees. Assembling and sharing information across several local authorities also raised questions about openness and data systems. Once the MAA is signed off, new delivery challenges arise.

## Negotiating the MAA

- E16 MAAs were intended to be non-prescriptive. Although this was generally welcomed, there is a distinction between being non-prescriptive and being unstructured. Early in the process many local partners would have liked clearer guidance.
- E17 Going for an MAA invariably represented an advance on existing relationships and, therefore, local negotiation had to precede national. Drivers included:
- the MAA being seen as a natural progression on the basis of longstanding links
  - feeling limited in their freedom of action in relation to national programmes or funding streams
  - recognition of challenges that could not adequately be tackled at individual local authority level
  - the wish to go with the flow of government policy which was stressing sub-regional working *and/or*

- getting a grip on the sub-regional agenda in relation to the RDA

E18 Inhibiting factors included:

- disagreements about the scale of the area stemming from different views of the purpose of the MAA
- concerns about surrendering control and/or fears of being dominated by a larger neighbour
- tensions over how far the costs and benefits of an MAA will be evenly distributed

E19 National negotiations were facilitated by the small MAA team in CLG and their role was generally appreciated. Government Offices also had a significant brokering and negotiating role and were able to bring a better understanding of the areas than central government departments.

E20 A number of learning points about the negotiation process were voiced by local partners, that:

- there needed to be Treasury involvement early in the negotiations
- a lot of the negotiation seemed to be the sum of a set of bi-lateral talks rather than there being a joined up approach from Whitehall
- where there were joint meetings, departmental representatives had only read the section of the proposals specific to them and were still not trying to get to grips either with the particular locality or with integrating different policy areas
- departmental representatives were not necessarily senior enough to be able to speak for their department

## National stakeholder views

E21 A large number of national stakeholders were consulted as part of the research, including Whitehall departments and agencies responsible for key policy areas of relevance to MAAs, including the Homes and Communities Agency, HEFCE, and the Learning and Skills Council. Although the views expressed were wide-ranging, interviewees generally supported the thinking behind MAAs. In the light of experience, there were questions about whether:

- the proposals were sufficiently ambitious
- there was too much preoccupation with freedoms and flexibilities at the expense of local players finding their own solutions
- too much focus was put on the agreement process and not enough on delivery
- departments and local players need more knowledge about what the other does and a better understanding of different policy tools

- there should be stronger private sector input to MAAs
- there should be more MAAs

## Conclusions and lessons

- E22 The study has found considerable support for the concept of MAAs amongst both local and national players and, in particular, that:
- working at the level of the functional economic area is necessary for certain types of intervention and the stress on economic development is appropriate
  - strategies need to reflect the specific strengths, weaknesses and opportunities of the area concerned
  - moving towards sub-regional strategies that can add most value requires the collaboration of central government departments and some delegation of powers to local players
  - there is a need for robust and accountable governance structures but the precise form of these should not be prescribed
- E23 The literature review and the rest of the research identified issues and challenges for central government and sub-regional partnerships:
- Some issues were ones that in part motivated MAAs: over-centralisation and fragmentation affecting *central-local relationships*
  - The targets regime for central and local government imposes more targets and outcome measures than delivery organisations can sensibly manage, promotes conflict between organisations by failing to align incentives, and over-emphasises accountability to inspectorates
  - Capacity is a challenge for national and local bodies in terms of time and resources, developing a better understanding of each others' language and drivers and embedding a culture of collaboration
- E24 Issues affecting *local-local relationships* include local government reluctance to concede powers to other levels competition between municipalities in polycentric regions and unease about the dominant city in monocentric ones. Co-operation is likely to be more difficult if there is no history or culture of partnership working and no strong leadership; if there are differences in political leadership in the local authorities concerned and/or significant differences in their size and nature. Transaction costs tend to increase when there is a large number of local authorities. Co-operation will also be harder if the benefits are small or uncertain or take time to emerge; if there is no mechanism for sharing them or for compensating those bearing the costs or if it is unclear whether or not commitments are being fulfilled. The challenges presented by these inter-authority issues include the creation of appropriate institutional forms for policy making and delivery that will also ensure accountability and transparency and enable co-ordination and integration across geographic scales.

## Policy messages

- E25 The MAA process to date has been an important learning experience. Messages for *CLG and other Government Departments* about the early implementation of policy largely revolved around the need to think through the full implications of policies at the start. Local players had to make progress in advance of knowing precisely the parameters within they were working in relation to aspects such as the negotiation process, future flexibilities and implementation and beyond. There was uncertainty about the precise 'rules of engagement' in the negotiations: how far local partnerships were coming to government with a list of requests or how far it was a dialogue around shared priorities and working out together what needs to be done. Additional clarity would not have constrained the diversity of MAA approaches.
- E26 Local players felt there was no common understanding across Whitehall about devolution, its costs and benefits and how it might be achieved. Other factors that might have been anticipated were the need for high level Treasury involvement early in the process and the likelihood of 'asks' that would be in the gift of agencies such as HEFCE or bodies such as Network Rail. It has become clear that central government departments need to address the question of involving their agencies more in the process of policy development over MAA flexibilities.
- E27 Another general message that came through strongly from local players was the need both for a more corporate approach from Whitehall and one that is able to take more account of the distinctiveness of different areas: to see MAAs through a lens of place and in a joined up way rather than from the perspective of individual departments. Some national stakeholders wanted Whitehall to generate greater dynamism and felt that the government needs to give a clearer message about the value of different MAA models as they might apply to different sorts of area.
- E28 The study showed that *Government Offices* need a virtual team for each MAA to use all the links with Whitehall effectively, but it is also important to have one person co-ordinating the process. Questions arose about how GOs can develop and maintain a light touch support and monitoring role during MAA implementation. The economic downturn has underlined the importance of being led by the long term vision. This suggests the need for flexibility, agreeing realistic milestones with Partnerships and assessing the development of their partnership working rather than getting bogged down in the renegotiation of targets.
- E29 The research identified a number of policy messages for *MAA Partnerships* about the need to determine the right level of collaboration and the importance of convincing potential partners that the MAA will add value and will benefit all the constituent parts of the area, rather than seeming to boost one local economy at the expense of others. The MAA needs to focus on what binds different areas, what cannot be tackled singly and what will make most difference to people and places. It is important to start from a



firm base of collaboration and a clear common perception that this is the right level of working. Developing an evidence-based strategy and deliverable programme requires analysing the strengths, weaknesses and performance of the local economies within the sub-region.

- E30 There needs to be realism about the timescale involved in preparing a bid and having the requisite capacity means time, expertise and authority. Driving an MAA forward entails styles of leadership appropriate to different dimensions of the task. Moving from strategy to delivery requires revisiting questions of capacity and expertise.
- E31 A central message about MAA governance was to “*let form follow function*”. However, in establishing or refining structures, it is important to overcome any democratic deficit and have clear accountability routes back into the partner local authorities/LSPs. Engaging stakeholders entails knowing how and when to involve them, developing appropriate structures and processes for participation, gaining their commitment and taking full advantage of their expertise. It is also necessary to map and engage delivery partners.

## Looking ahead

- E32 It has now been announced that the Greater Manchester and Leeds City Regions will be the two pilot city regions for economic prosperity boards – ‘MAA plus’ agreements. These are designed to deliver even stronger integration of planning, housing, transport, regeneration, employment and skills responsibilities, underpinned by new statutory arrangements for co-operation between local authorities and key support from RDAs.
- E33 The advent of economic prosperity boards does not lessen the usefulness of MAAs or mean that they do not have a major role to play. At least in the short or medium term, many areas would not want statutory underpinning. The voluntary basis of MAAs, their focus on functional economic areas and the importance of the story of place are all distinctive and valued principles. There are a number of issues to be tackled in taking them forward, such as the transferability of freedoms and flexibilities, simplifying the performance framework, determining capital investment instruments and moving towards wider stakeholder involvement. In addition, however, a longer term evaluation should now be planned to examine the implementation of MAAs and to assess their progress towards social, economic and environmental outcomes and in the three spheres of changes mechanisms identified in the ToC: efficiency, service improvement and trust and relationships.
- E34 The public consultation *Strengthening Local Democracy* which closed on 2 October 2009, asked for views on a number of key issues relating to local authorities including issues relevant to the future of MAAs and sub-regional working. Government is preparing its response to the consultation and will issue this in due course.

# 1. Introduction

## Policy background

- 1.1 Functional economic areas are important because investment, labour and housing markets work across administrative boundaries. The idea of multi-area agreements (MAAs) was first introduced in the local government white paper, which also signalled the possibility of powers and resources being devolved to enable and support economic growth. MAAs were to *“facilitate greater cross-boundary collaboration, particularly on key economic development issues”*.<sup>1</sup>
- 1.2 The Sub-National Review (SNR)<sup>2</sup> took the concept further. It talked of a group of local authorities *“coming together on a voluntary basis to agree collective targets and performance indicators, rather than each having individual targets in separate Local Area Agreements. Local authorities and their partners would also be able to agree to pool funding streams to be used to achieve these collective outcomes.”* Bodies such as RDAs, LSCs, the Highways Agency, Jobcentre Plus and the Homes and Communities Agency (HCA) should be involved as partners in developing MAAs and supporting the achievement of targets. The SNR indicates that the Government would consider whether to apply the duty to co-operate to MAA targets following a review of LAA experience of the duty. It also underlined the importance of flexibility to allow different sub-regions to use the mechanism in the most appropriate way for them to build on their areas of comparative advantage.
- 1.3 Another significant feature of the SNR was its overarching growth objective which had five outcome areas. Regional performance was to be directly linked to these so that it was important that MAAs could also contribute to them:
- employment and worklessness
  - education and skills
  - investment in housing and infrastructure
  - enterprise
  - creating an attractive local environment for businesses and citizens
- 1.4 Once in place, MAAs were to last for three years. The SNR stated that *“the Government will expect to give funding certainty for sub-regions over the period of MAAs, including funding from the RDAs and from the proposed new Homes Agency”*. It is also recognised that some sub-regions may wish

<sup>1</sup> CLG (2006), the local government white paper, p.69

<http://www.communities.gov.uk/publications/localgovernment/strongprosperous>

<sup>2</sup> HM Treasury, (2007). Communities and Local Government and Business Enterprise and Regulatory Reform *Review of Sub-National Economic Development and Regeneration*

[http://www.hmtreasury.gov.uk/media/9/5/subnational\\_econ\\_review170707.pdf](http://www.hmtreasury.gov.uk/media/9/5/subnational_econ_review170707.pdf)

to establish permanent structures in order to bind in the relevant local authorities to long-term decision making. As transport is a key issue, the Government would be willing to consider extensions to the six existing passenger transport authorities and the establishment of new ones, as well as allowing them to take on greater responsibilities for transport. If requested, there was also commitment to explore the potential for allowing groups of local authorities to establish statutory sub-regional authorities. This would enable the pooling of responsibilities on a permanent basis for economic development policy areas beyond transport, though such a proposal would be subject to primary legislation.

## Research methodology

- 1.5 This study was commissioned by CLG as part of the long term evaluation of local area agreements (LAAs) and local strategic partnerships (LSPs). The purpose was to examine the negotiation phase of MAAs in order to identify areas of learning and good practice for the development and establishment of MAAs and contribute to CLG's understanding of MAAs as a policy tool. Another element of the study was to propose a specification for a later evaluation of MAAs. This is the fourth report arising out of the research, though the first to be published by CLG. The first product in March 2008 was a literature review; the second in July 2008, a proposal for a longer term evaluation framework and the third was an interim report in August 2008. This final report incorporates some of the earlier research messages as well as the findings and conclusions arising out of the second phase of the study.
- 1.6 In the period up to the interim report, the research methodology combined:
- a literature review that covered academic and policy literatures. It looked at the background to MAAs: issues of competitiveness; the case for and against city regions; the landscape of functional economic areas and questions about governance. It included international comparisons
  - telephone interviews with the key contacts in the first set of MAA partnerships to ascertain the reasons for seeking an MAA, its coverage, its governance, the process of negotiation, the 'asks' and the helps and hindrances in the process
- 1.7 There were also network events, which served both to inform the study and as a means of disseminating and obtaining feedback on the findings.
- 1.8 The second phase of the research comprised:
- two case studies: one of a signed off MAA partnership and one of a partnership that was in the latter stages of negotiation prior to being signed off. In addition to a documentary review, these included semi-structured interviews with a range of partners and Government Office and RDA representatives

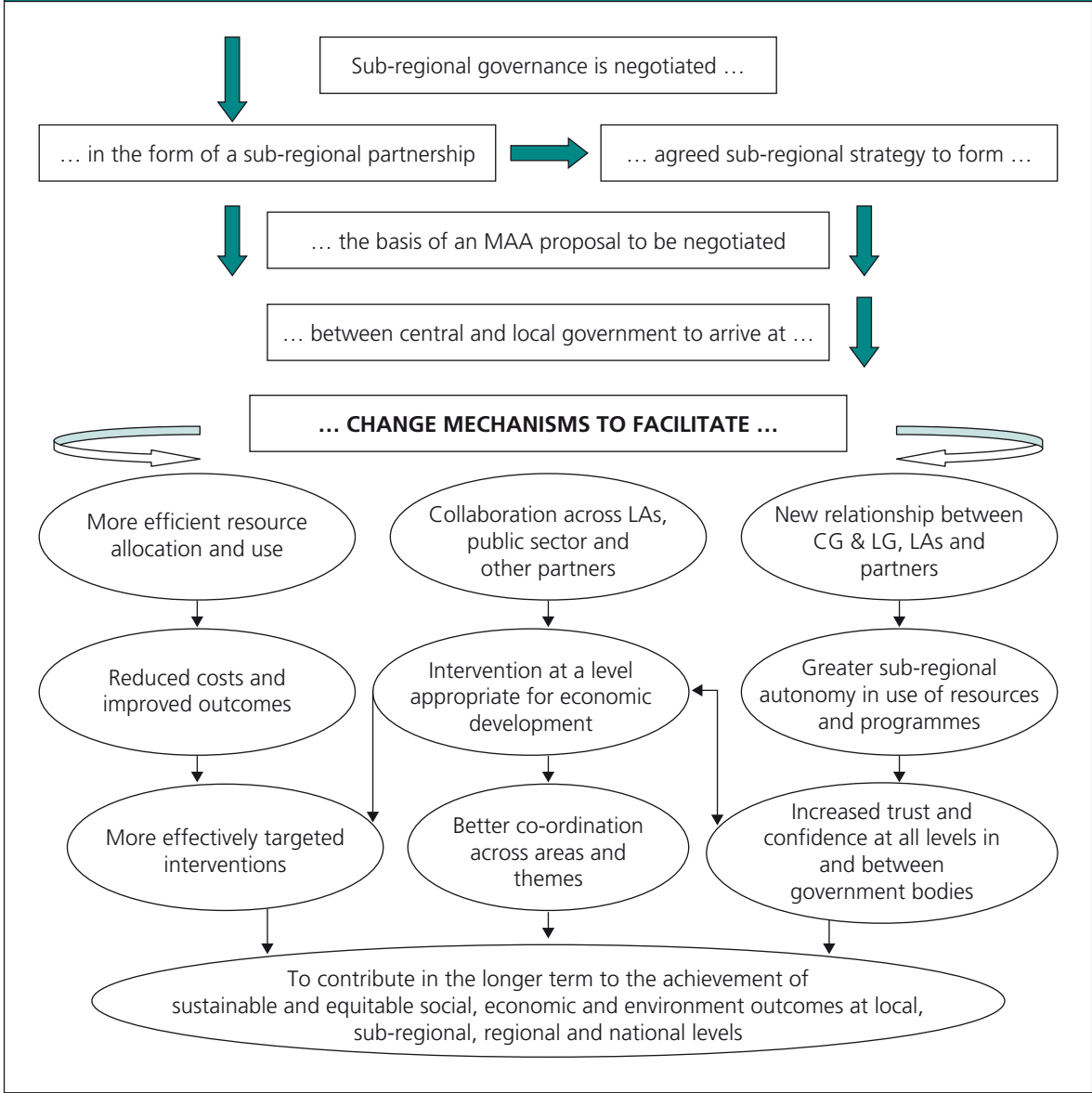
- semi-structured telephone interviews with a range of national stakeholders in central government departments, the RDA Secretariat, LGA, IDeA, the Audit Commission, NLGN, NACVA, CBI, Core Cities. These sought to find out about stakeholders' initial hopes and expectations of MAAs, whether their opinions had changed about their potential use and, if they had been involved, their views on the negotiation process

## MAA theory of change

- 1.9 The LAA/LSP evaluation has adopted a 'theory of change' (ToC) approach, which can provide a framework for the evaluation and helps it to focus not only whether the policy assumptions are borne out in practice but also on what is or is not working and why. The development of the ToC has focused on describing the key change mechanisms in the LAA/LSP framework and the MAA research has followed a similar route.
- 1.10 Figure 1.1 is an adaptation of the ToC being used in the LAA/LSP evaluation. It identifies three spheres within which change mechanisms might operate:
- efficiency
  - service improvement
  - trust and relationships
- 1.11 The change mechanisms consist of the interactions between the relevant policy drivers and levers. "Policy *drivers* describe the general aims of government in specific policy areas, while policy *levers* are the instruments available to government to effect change in public policy and service."<sup>3</sup> Drivers relate to government's overall goals; levers are the mechanisms, such as targets, funding streams, inspection programmes and specific initiatives. The way that these function depends upon wider political and policy contexts, local political, economic, social and cultural contexts and on local institutions and actors.

<sup>3</sup> Helen Sullivan, (2007) *Evaluation of LAAs and LSPs: Developing a 'theory of change'*, CLG

**Figure 1.1: MAA ToC: Improving outcomes through sub-regional collaboration**



## MAA partnerships

- 1.12 Initially, thirteen areas started working towards MAAs in autumn 2007 and the first MAA agreements were signed off by the Secretary of State for Communities and Local Government in July 2008. By autumn 2009, fourteen areas have signed off MAAs, with a further MAA covering the Olympic Boroughs in the final stages of agreement.

Table 1.1: MAA partnerships			
Region	MAA	Partner local authorities	Population
North East	Tees Valley	Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton-on-Tees.	660,000
	Tyne and Wear	Gateshead, Newcastle upon Tyne, North Tyneside, County Durham, Northumberland, South Tyneside, Sunderland.	1,089,000
Yorkshire and the Humber	Leeds City Region	Barnsley, Bradford, Calderdale, Kirklees, Leeds, Wakefield, York, North Yorkshire, Craven, Selby and Harrogate.	2,670,000
	South Yorkshire	Barnsley, Doncaster, Rotherham, Sheffield.	1,299,000
North West	Fylde Coast	Blackpool, Lancashire, Fylde and Wyre.	329,800
	Greater Manchester	Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Wigan.	2,562,000
	Liverpool City Region	Knowsley, Liverpool, Sefton, St Helens, Wirral, Halton.	1,350,000
	Pennine Lancashire	Blackburn with Darwen, Burnley, Hyndburn, Lancashire, Pendle, Ribble Valley, Rossendale.	526,000
West Midlands	Birmingham, Coventry and the Black Country	Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, Wolverhampton.	2,766,000
East Midlands	Leicester and Leicestershire	Leicester, Leicestershire, Blaby, Charnwood, Harborough, Hinckley and Bosworth, Melton, North West Leicestershire, Oadby, Wigston.	934,000
South East	Partnership for Urban South Hampshire (PUSH)	East Hampshire, Eastleigh, Fareham, Gosport, Hampshire, Havant, New Forest, Portsmouth, Southampton, Test Valley, Winchester.	1,366,000
	North Kent	Dartford, Gravesham, Medway, Swale, Kent.	571,000
South West	Bournemouth, Dorset and Poole	Bournemouth, Poole and Dorset, Christchurch, East Dorset, Purbeck, West Dorset, Weymouth and Portland.	708,000
	West of England	Bristol, Bath and North East Somerset, North Somerset and South Gloucestershire.	1,056,000
London	Olympic Boroughs	Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest.	1,120,000

1.13 The proposed and signed off MAAs together cover 105 councils (64 unitaries, 7 counties and 64 districts) and account for over one-third of the population of England.

## Report structure

1.14 The remainder of the report is structured as follows:

- Section 2 looks at various aspects of the MAA approach: the policy principles; the similarities and differences in different areas; the significance of 'asks'; and the relationship between MAAs and policies at lower and higher spatial levels.
- Section 3 discusses governance and management.
- Section 4 focuses on the negotiation of MAAs both locally and nationally.
- Section 5 looks at the views about MAAs expressed by a range of national stakeholders.
- Section 6 draws together the policy messages emerging from the research.

## 2. The MAA approach

### Principles of the MAA approach

2.1 The principles of the MAA approach are that:

- MAAs should be voluntary at the point of creation
- MAAs should focus on activities where sub-regional working can add most value
- MAAs should relate primarily to economic development
- local authority partners and public sector bodies will share collective responsibility for outcomes
- sub-regional partnerships will have transparent arrangements for ensuring financial and democratic accountability
- sub-regional partnerships should include representation from businesses and other key stakeholders such as RDAs
- MAAs should reflect economic areas giving the necessary policy scope
- in two-tier areas, county councils and participating districts will be co-signatories
- MAAs will be consistent with the regional and local strategies and LAAs
- MAAs will build upon existing sub-regional partnerships and arrangements

2.2 The evidence from the literature review largely supported these principles. It demonstrated that:

- voluntary collaboration at a sub-regional level is the most promising option. Seeking administrative reorganisation can be time-wasting and ultimately fruitless. Quality of relationships is more important than structures, but structures also need to be flexible and responsive
- in terms of partnership, stakeholder engagement is vital. The additional complexity of two tier areas needs to be taken into account. Collaboration is a means to an end, not an end in itself, so that the benefits and costs of partnership must be evident to all parties and the costs minimised. Partnerships need different forms of leadership encompassing a range of styles and functions
- functional economic areas vary in size and form. Arguments against an undue focus on monocentric areas support the non-prescriptiveness of MAA guidance. Different logics apply for defining areas because the boundaries across which transactions take place vary for housing, labour or investment markets. The choice of area, therefore, needs to be evidence-based and tailored to the policy themes to be pursued



- the economic core of MAAs means they require the capacity to respond to changing circumstances in the economy, technology, markets or policy regimes
- the enabling role of government will be fundamental to the success of MAAs because over-centralisation has been a factor contributing to under-performance. Re-grouping to operate at a level matching the functional economic area is not by itself sufficient for greater competitiveness: some devolution of powers is a necessary counterpart

## Why an MAA?

2.3 The MAA partnerships were driven by a variety of motives. Process goals are a necessary adjunct to improving performance:

- some were seeking steps towards a longer term *strategy* to address shared problems and take advantage of opportunities
- for some, the focus was more on *delivery* against a background of already well-developed strategies: sharpening and prioritising actions, integrating and co-ordinating funding streams and targeting resources in a more effective and cost effective way
- both the more mature and less developed partnerships wanted to take *partnership working to a new level* and were looking for an enlarged arena for partnership working as a result of having more flexibility, powers and resources devolved to the sub-region
- some aimed not only to improve cross authority relationships, but also to *move from informal collaboration to formal arrangements and governance structures*

### Box 2.1: Why an MAA in Pennine Lancashire?

The MAA concept and “*the devolutionary tone of the Sub National Review and the Framework for Regeneration*” fitted well with these other strategies and plans, giving an opportunity for Pennine Lancashire partners to engage the Government and the NWDA in additional explicit commitments to the sub-region and to demonstrate what they would get from local partners in return. A significant motivation was to raise the profile (‘raise the flag’) of Pennine Lancashire because, although it is an FEA, it has not been recognised as such. For example, there was local frustration that communication with NWDA was largely channelled through Lancashire Economic Partnership. Currently, the bidding route is ‘labyrinthine’. It was important that Pennine Lancashire’s role and status be acknowledged in order to exercise more influence over policies affecting the area, to position it more strategically within the North West region and to give it a more competitive edge in relation to Greater Manchester and Merseyside. The MAA was seen as an opportunity for adding value through bringing decisions closer to the point of need and, at the same time, reducing the bureaucracy and time involved in taking projects through an approval process and cutting out the ‘middle man’ of LEP. A further benefit of the MAA was as a way of coping with the very complex local government arrangements in the area and providing an opportunity for the district councils to have more influence and capacity than they would otherwise have. The MAA process has provided a basis for taking forward strategic discussions and further developing the governance arrangements.

*From the Pennine Lancashire case study*

### Box 2.2: Why an MAA in South Hampshire?

The MAA is closely linked to the PUSH (Partnership for Urban South Hampshire) business plan. The move to the delivery phase of their strategy depends on wider agency involvement. PUSH believe that the agreement on a MAA with government will help tie in local agencies to an agreed delivery plan. Local partners also hoped that an agreement with the government would lead to a different relationship, so that negotiations did not proceed on an issue by issue basis but instead a single point of reference and a relationship based on mutual and shared objectives would assist PUSH in achieving its ambitions. Some of the wider partners saw the MAA as a catalyst for collaborative working and for the development of innovative redesign of services and new ways of working to meet local needs. They saw the MAA as bringing people together from the public and private sector and focusing minds on the economy.

*From the PUSH case study*

## Features of MAAs

- 2.4 There are similarities and differences between MAAs. Critical characteristics linked with the principles of the MAA approach are that an MAA:

- is a voluntary agreement specific to the particular characteristics, challenges and opportunities of the area concerned
- is pitched at a spatial level that will provide maximum added value and makes most sense in terms of strategic priorities
- nests within and complements strategies above and below the sub-regional level
- has a rationale grounded in thorough analysis
- is partnership-based and represents a consensus amongst partners
- it is underpinned by firm governance structures and the capacity and skills required for planning and delivery
- is integrated within the democratic accountability and scrutiny processes of its partner authorities
- is a negotiated settlement between central and local government, underpinned by a new direct relationship between central and local government, whereby a sub-regional partnership agrees to deliver outcomes and central government agrees to a set of requests ('asks') from the partnership

2.5 The variation between MAA partnerships is in:

- the size and definition of the sub-region
- the policy themes that are prioritised
- the nature and formality of the governance structures in place

## Socio-economic context and challenges

2.6 The MAA areas vary widely in terms of their socio-economic characteristics and the challenges they face:

- *population*: At one extreme, approximately 329,800 forming less than 5 per cent of the region concerned; at the other extreme of 2.8 m, representing over half of its region. As well as differences in the size of population, there can be significant demographic characteristics, such as a high proportion of retired people
- *size of area*: ranging from 384 km<sup>2</sup> to 5,716km<sup>2</sup>. The geographic spread is not necessarily correlated with size of population because densities also vary
- *economic base* such as the balance of high and low value sectors; strength of knowledge and high technology industries, R and D and higher education sector; financial and business services
- *associated economic characteristics*: levels of GVA, worklessness, economic activity, wage rates, skill levels, house prices

- *extent and intensity of deprivation*: the 'gap' within the MAA area and between the area and the wider region
- *economic assets* such as an airport, ports, major employers, tourism potential.
- *environmental, cultural and historic assets* such as Areas of Outstanding Natural Beauty

2.7 The types of challenge faced include:

- breaking into new economic growth sectors in areas that have suffered a decline in their traditional industries
- raising skill levels and filling gaps and shortages especially within growth sectors, such as financial and business services and the knowledge economy
- raising business confidence
- transport needs are frequently cited: better connections inside and outside the MAA area; transport infrastructure that is adequate for the actual and potential demands on it; measures to reduce congestion
- areas vary in the extent to which they have land available for development or land requiring reclamation and suitable for development in the longer term
- housing issues include problems of affordability whether because of comparatively high prices or the gap between income and prices in areas of high or relatively low prices. Similarly problems of supply affect low as well as high demand areas because, although low demand areas may have high levels of voids, they may still have shortages of the types of properties for which there would be a demand or that would attract people into the area

2.8 These reflect the factors that affect an area's competitive position:

- the quality of hard and soft infrastructure including transport, telecommunications and cultural factors
- the availability of skills and overall labour costs
- the availability, suitability and costs of business premises

## Policy themes

2.9 Overall, there is a spread of policy priorities:

- employment
- employability/skills
- business/enterprise
- transport

- housing
  - planning/sites/physical development
- 2.10 Most MAAs focus on two or three of these. Skills and transport are the ones that feature most often. Most areas need to increase skill levels and develop a labour force able to take advantage of growth in knowledge intensive employment or other new growth sectors. Improving transport infrastructure also plays a key role in economic growth by widening the service supply chain and increasing the supply of suitable staff. The priority headings do not necessarily have the same meanings in different places. For example, for one MAA partnership the focus is primarily on higher level skills, whereas in another skills and worklessness are linked, signalling concerns across the whole skills spectrum.
- 2.11 Similarly in relation to transport, different areas have different needs, such as:
- overcoming congestion
  - access to jobs within the area and ensuring that communities are not physically cut off from employment opportunities
  - overcoming under-investment in road and rail links
  - meeting challenges of transport planning for major employers and public service providers
  - developing road links that can open up new employment sites and enable economic growth
  - connectivity to employment and commercial centres outside the area
- 2.12 Housing also covers different desired outcomes. MAAs can involve developing a business plan to provide more leverage with central government, the HCA and the RDA in relation to using public assets to deliver the plan. The focus can be on:
- affordable housing *and/or*
  - achieving a more balanced market *and/or*
  - tackling housing in a more co-ordinated way
- 2.13 Even in an MAA framed primarily around housing, it is seen as a necessary ingredient of economic development and there is an awareness that it will need to lead onto other policy interventions.
- 2.14 The planning/sites/physical development heading also encompasses a range of issues, usually related to the provision of infrastructure for other priorities such as employment or housing.
- 2.15 Individual MAAs included other themes:
- *identity of place* – linked with better exploiting the area's assets in a more co-ordinated way and marketing it more coherently. Although only

specified as an outcome in one area, others were also seeking recognition as a city region nationally and internationally

- *environment* – recognising that the environment is a key contributor to economic performance
- *waste* – looking for waste infrastructure investment
- *climate change* – to develop a low carbon economy and low carbon housing

- 2.16 Overall, there is little hard and fast delineation between policy themes. Despite the wide variation in the character of the MAA areas, they all face inextricably interrelated issues and most are attempting to tackle them in a fairly comprehensive way. There are exceptions. One example is starting from existing initiatives or funding streams and using the MAA 'asks' to overcome current limitations and exploit them more effectively. Another is focusing on streamlining the major physical development funding streams in order to deliver their outcomes more quickly and cost effectively. In both these instances – as in several others – the MAA is only one of a suite of documents and therefore has to be seen in the wider strategic context.

## Importance of the story of place

- 2.17 The variation across MAA localities underlines the significance of the story of place. The MAA business case – the vision and priorities and the 'asks' of government – can only be assessed in relation to the context. The range of evidence required includes local perceptions and judgements as well as technical and analytic data:
- socio-economic characteristics such as urban/rural features, population numbers and distribution, demography, spread and intensity of deprivation, key industrial sectors, levels of employment, skills and worklessness, GVA, earnings, house prices, land values, transport and connectivity
  - trend analysis of performance
  - identification of economic opportunities and the drivers of, and barriers to, competitiveness and growth
  - governance structures, the history of partnership working and dynamics of local relationships
- 2.18 Developing the story of place can also be an important building block in relation to developing a consensus around the vision and clarifying the spread of likely costs and benefits across the MAA area.

## Institutional differences

- 2.19 MAA areas include cities and their surrounding authorities and polycentric areas. As Box 2.3 shows, some comprise metropolitan counties, sometimes with additional adjacent authorities, whereas others are a mix of unitary and two tier authorities.

### Box 2.3: Examples of the mix of local authorities in MAAs

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• one county council, two unitaries, and eight districts</li> <li>• one county, seven unitaries and three districts</li> <li>• a county council, one unitary council and 5 district councils</li> <li>• five unitaries (× 2)</li> <li>• two county councils and five unitaries</li> <li>• ten unitaries</li> </ul> | <ul style="list-style-type: none"> <li>• six unitaries</li> <li>• four unitaries (× 2)</li> <li>• one county council, one unitary and two districts</li> <li>• eight unitaries</li> <li>• one county, one unitary and three districts</li> <li>• one county, one unitary and six districts</li> <li>• five London boroughs</li> </ul> |
|---|---|

- 2.20 The background of partnership working appears to be more significant than socio-economic factors in the decision to come together to develop an MAA. It influences how far there is already the requisite degree of trust, whether there are existing working relationships and whether there has been a background of vision building and strategy development. It can also affect how far there is joint capacity in place. A number of associated issues are relevant:

- very often the partnership and strategic development processes are more complex in two tier areas. Relative power positions matter and how far all parties feel they will benefit. In addition, if MAAs only cover part of a county, there can be suspicion of motives other than economic development – that the sub-regional partnership might be a stalking horse for advancing, or an attempt to divert the focus from, a unitary local government agenda
- local politics are important and discontinuity of administrations and office holders matters as much as differences along party lines. During the period of negotiating the MAAs, there were anxieties in some places about whether the local government election results would upset the existing equilibrium or, at least, require building up new relationships. Sometimes concerns turned out to be justified where councils changed hands and/or new leaders took over. A change of local authority chief executive could also slow down the development process
- personalities can matter as much as party politics: there is no necessary correlation between good relationships and belonging to the same

political party. In one MAA partnership, the driving force was the unity of purpose between two local authority leaders, one Conservative and one Labour

## 'Asks'

*"The Government will expect to give funding certainty for sub-regions over the period of MAAs, including through funding from RDAs and from the proposed new homes agency."*<sup>4</sup>

- 2.21 The 'asks' of Government (that is, requests for freedoms and flexibilities) are an essential part of the MAA initiative and, as a measure of the Government's commitment to devolving power, are an important test of its credibility. Earlier failures to secure enabling measures left a legacy of suspicion. Past negotiations produced lessons<sup>5</sup>. Requests fell into three categories: primary legislation; changes in interpretation or working practice; relaxations in rules and regulations. As with MAAs, partnerships found it difficult to pitch the discussion at the right level between *"vagueness and getting into the swamp of detail"*. Although the difficulties were often seen to reflect the government's reluctance to engage seriously at the time, sometimes partnerships were unaware of the implications, technical complexity or knock-on effects of their requests or they were asking for something that was already possible. Key lessons, therefore, were about the need to be realistic, to be very clear about *what* is being sought and to provide the evidence of *why* it is required. It was evident early in the MAA negotiations that there was a potential tension between what might be achievable and what might be seen as an appropriate level of ambition on the part of the partnerships.
- 2.22 A question that arose about the process was whether, rather than Partnerships going to the table with pre-packaged 'asks', it would be better for them to evidence the barriers and then enter into a joint process with the department or agency concerned about how they might be overcome. In other words, should the process be more one of co-design than negotiation? Or, at the very least, would it have been helpful for partnerships to know from the outset if there were 'asks' that would never be granted in order not to waste time on fruitless requests?
- 2.23 MAAs have varied widely in the number of their 'asks', in how far they represented firm actions to be taken in a specified timescale and in how far they are agreements to 'explore' or 'review' or 'work towards' or have 'ongoing dialogue'. The following Government Departments were directly involved:
- Communities and Local Government
  - HM Treasury

<sup>4</sup> SNR, paragraph 6.78

<sup>5</sup> Russell, Hilary, (2001) *Local Strategic Partnerships: Lessons from New Commitment to Regeneration*, Policy Press, p.46.



- Department for Transport
- Department for Innovation, Universities and Skills
- Department for Work and Pensions
- Home Office
- Department for Children, Schools and Families
- Department for Business, Enterprise and Regulatory Reform

#### 2.24 The types of ask agreed include:

- flexibility over use of physical development funding streams both in terms of pooling and timing
- greater involvement in formulation of skills policy, freedom to pilot new forms of accreditation and trial new initiatives and develop new forms of co-commissioning bringing together funding from different agencies
- a review of incentives to businesses to co-fund higher level training for their workers
- a cluster approach to 14–19 commissioning and involvement in future plans on the resourcing of commissioning
- exploring the development of a statutory employment and skills board for the city region; support for a co-commissioning approach for employment and skills provision; exploring greater flexibility in relation to Train to Gain
- increasing the geographic area of a city strategy pathfinder to the whole MAA area
- collaboration to develop transport strategies to align sub-regional and Government outcomes and priorities and delegation to improve the efficiency of allocation of agreed transport funding
- exploring greater collaboration between the Highways Agency and city region partners to allow development that might create short term congestion in the context of long term traffic reduction plans
- actions to give greater flexibility in relation to housing market renewal funding in the pace of spend, geographic boundaries and eligible spend criteria
- exploratory dialogue over schemes to attract and support developer contributions to infrastructure development
- working towards a populated, working environmental model to maximise synergies between the environment and economic growth and minimise environmental impacts and developing an approach suitable for others to use
- working towards a protocol to facilitate development in regeneration areas defended against flooding
- government departments and their agencies to sign up to an informal duty to co-operate with the partnership

- 2.25 It emerged in the course of MAA negotiations that, on the one hand, the 'asks' often involve interested parties in addition to the CGD directly approached and, on the other, some were not in the gift of the department concerned. Not only are other government departments often affected, but also organisations such as RDAs, HCA, the LSC, HEFCE, the Highways Agency and Network Rail. The PUSH MAA makes it clear that the commissioning and delivery of many key actions rests with agencies including Jobcentre Plus, the LSCs, Business Link and SEEDA, some of which are *"the sub-regional expression of national Government agencies, and operating largely within target and outcome frameworks determined by sponsor Departments. Ensuring effective prioritisation of resources and joined up delivery at the South Hampshire level will be strengthened by formalisation of their shared commitment to PUSH outcomes through this SHA."* (The South Hampshire Agreement, pp21/22)
- 2.26 However, this can complicate matters when the direct negotiation of the MAA is happening outside of the usual decision-making processes. For example, some of Pennine Lancashire's transport 'asks' would have required by-passing the regional prioritisation process for infrastructure investment and, in any case, needed the consent of Network Rail, which is a private company. Similarly, issues over higher education places in the area were going to entail more prolonged engagement with HEFCE as well as DIUS.

## Local actions

*"We acknowledge that much can be done locally without additional Government action, however the agreement is also between the partners of Pennine Lancashire and it is useful to show the collaborative approach we are now taking to regeneration – these are highlighted as Pennine Lancashire Actions."<sup>6</sup>*

- 2.27 An MAA is an agreement between local partners and central government but it is important that it is not just seen as an opportunity to secure change on the government's side and is also that local partners are committing themselves to certain actions. Experience so far indicates that framing strategy and exploring possible proposals to government leads to new approaches and greater partnership collaboration. In this way, an MAA also represents an agreement between local partners. For example, in Pennine Lancashire, the MAA underlines the commitment of local partners to work together, to identify shared priorities, to speak with one voice for influencing policy affecting Pennine Lancashire, to marshal the necessary resources, to be prepared to test new approaches and to build the capacity to plan and deliver. (Box 2.4).

<sup>6</sup> Multi Area Agreement Pennine Lancashire, p.17

### Box 2.4: Local actions in Pennine Lancashire

In addition to being justified by a rationale drawn from both the local and national policy context and an indication of the barriers likely to be overcome and the potential impact, all 'asks' are accompanied by actions to be taken by Pennine Lancashire partners. These include:

- taking planning further, for example, a detailed delivery plan for the integrated economic strategy for submission to NWDA and an investment framework identifying monies to be pooled locally
- making expressions of interest on initiatives they wish to pilot
- commissioning research to provide more evidence and test the feasibility of proposals
- ensuring that proposals are supported by other interventions; for example, those on HE places being linked into regeneration and knowledge transfer activities
- ensuring the infrastructure is in place to allow for joint bidding, co-commissioning, complementary activities and the possibility of introducing innovative approaches

Local actions are discussed further in relation to the policy strands:

- *spatial planning* looking towards a Pennine Lancashire spatial guide to fill the gap between local district plans and the regional spatial strategy as a precursor of a future Pennine Lancashire integrated strategy and move in the direction of a joint core strategy
- *sousing* – introducing the concept of a Housing Market Progression Model (MPM) as a central element of the housing strategy as a way of designing and targeting housing interventions to ensure they are informed by market conditions and will deliver neighbourhood regeneration and growth
- *economic development* through: establishing and developing strategic employment sites; exploring the relocation of public sector jobs within the area; evidencing the economic barrier posed by, and exploring solutions to, the lack of broadband provision especially in Rossendale and Ribblesdale; using the status of Pennine Lancashire as the only area in the North of England designated as a 'Priority Place' to maximise the area's cultural and natural assets to help redress negative perceptions of the area.

*From the Pennine Lancashire case study*

## MAA relationship to local strategies

*"It is not our intention to simply replicate these agreements on an alternative spatial level. It is recognised that there are certain issues which are more appropriately picked up by the LAA, and although our MAA is ambitious and wide ranging it can not and should not try to do everything."*<sup>7</sup>

<sup>7</sup> Pennine Lancashire Multi Area Agreement, p.16

*“Each of the upper tier local authorities are developing their second round Local Area Agreements. Whilst these are seen as LA- and not PUSH-led there are implications with regard to the contribution they can make to the delivery of the PUSH Business Plan and the South Hampshire Agreement. The MAA and LAAs are seen as complementary.”<sup>8</sup>*

- 2.28 One dimension of this agreement between local partners is the fit between the MAA and other local plans, including the sustainable community strategy (SCS) agreed and developed by the local strategic partnership and the local area agreement (LAA). SCSs provide the wider context for the LAA and often encompass goals and priorities that are outside the scope of the LAA but would relate to the MAA agenda. To that extent, therefore, there is both greater scope and greater need for consistency between the two. When SCSs are revisited and updated, this is an opportunity to take into account the implications of the sub-regional agenda.
- 2.29 The LAA *Phase 2 Operational Guidance* (CLG 2007) stated that *“the relationship between LAAs and MAAs should be seen as complementary rather than hierarchical”* and that a key early consideration for a sub-regional partnership should be to consider what value an MAA might add in the context of LAAs as well as related local and regional strategies. Although the economic development indicators in the national indicator set could provide a basis for the MAA, it stated that partnerships should not be confined to these. Instead, they should be guided by their particular priorities, for which they may require sub-regional data such as GVA or tourist numbers and/or for which the national indicators may not include appropriate measures.
- 2.30 Some uncertainty remained within both MAA Partnerships and GOs about precisely what the interrelationship between MAAs and LAAs should be, not just on paper, but when it comes to responsibility for delivery and measuring performance. However, there was no appetite for any tight prescription of, or a very mechanistic approach to, the relationship. The initial negotiation period of MAAs until June 2008 coincided with that of the new LAAs, which confused the picture further and, *“in retrospect, was probably a mistake”<sup>9</sup>*. It affected capacity because both local partners and GOs were preoccupied with LAAs. There was also a perception that the weight of ownership of MAAs rested with CLG whereas for LAAs, it was with the GO. *“There could have been better mutual support and co-ordination.”*
- 2.31 In practice, views differed about how closely MAA proposals and LAAs should be linked. The relationship varied from close integration to parallel tracks. *“Links with LAAs have been challenging to sort out.”* *“The bigger the partnership, the harder it is to co-ordinate across LAAs.”* In general, the principle of subsidiarity operated: outcome targets and indicators were agreed alongside those to be delivered through the LAA to ensure appropriate synergy and avoid unnecessary duplication. The MAA indicators were to relate to the operation of sub-regional markets, whereas LAA ones were more likely to concentrate on interventions pertaining to local

<sup>8</sup> The South Hampshire Agreement, p.73

<sup>9</sup> Quotes that are not referenced are taken from interviews.

service delivery objectives. Discussion about indicators sometimes aimed for complementarity and support not competition between the LAA and MAA. Some partnerships mapped LAA targets and looked for any gaps. For others, the challenge was to determine:

- which indicators should be included at which level
- how far the LAA targets should reflect and support the desired MAA outcomes
- whether there should be spatial differentiation: not all indicators would be relevant to all LAAs; for example, housing targets

2.32 Table 2.1 shows how the South Hampshire Agreement key performance indicators in the MAA do or do not overlap with the LAA indicators and, where they overlap, how they add value.

Table 2.1: MAA and LAA indicators in South Hampshire						
KPI	NI	With business plan/MAA	Local area agreement			
			Hampshire Co Council	Southampton City Council	Portsmouth City Council	
1. GVA/resident	n/a	£41,100	n/a	n/a	n/a	
2. Total employment	n/a	606,958	n/a	n/a	n/a	
3. Employment rate	NI151	79.8%	82.5%	74%	76.6%	
4. Working age residents qualified to Level 2 and above	NI163	386,00 (+8.7%)	+5.5%	n/a	+5.5%	
5. Working age residents qualified to Level 3 and above	NI164	273,800 (+ 12.4%)	+4%	+5%	n/a	
6. Net additional homes	NI154	4,000	n/a	815	735	
7. Transport – sustainable highways	NI167	147,000	n/a	n/a	n/a	

2.33 In cases where the MAA proposals were aligned with LAA targets, one of the main measures of progress was to be the partner authorities' achievement of their LAA targets. Where indicators, for example climate change, might only feature in the MAA, the question arose about who has responsibility for them. At times, MAA co-ordinators also had to deal with perceived tensions such as whether the MAA was a backdoor way of increasing the number of indicators or might impose double stretch.

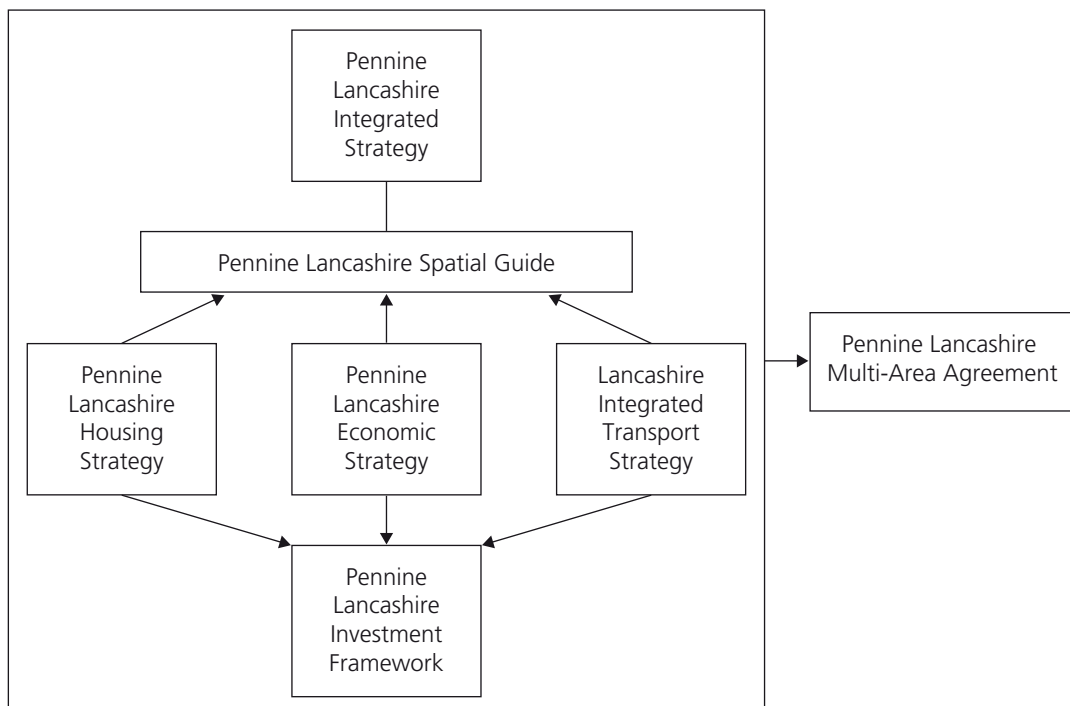
## MAA relationship to sub-regional and regional strategies

- 2.34 Some partnerships produced their MAA against the background of their 2006 City Region Development Programmes (CRDP). This served as the preliminary work in profiling the city region, developing the story of place and making the business case and its credibility would already have been tested with local, sub-regional, regional and national players. The interrelation between the CRDPs and MAAs can vary:
- the CRDP may cover a wider area
  - the MAA is likely to be focused on only a limited number of policy themes
  - The MAA may be seen as a delivery mechanism for aspects of the CRDP; for example: *“The MAA is the mechanism by which the place-making elements of the City Region Business Case are implemented”*.
- 2.35 Some MAA areas are amongst the pathfinders in another sub-regional initiative, the City Strategy, a DWP programme that aims to tackle worklessness in the most disadvantaged communities across the UK. Like MAAs, it is based on the assumption that local partners will be able to deliver more if they combine and align their efforts behind shared priorities, and if they are given more freedom to try out new ideas and to tailor services in response to local need. The city strategy is testing how best to combine the work of government agencies, local government and the private and voluntary sectors. The pathfinders submitted their business plans in 2006 and, although initially due to finish in March 2009, the initiative is now to continue for a further two years. Although there will be close links where the MAA focus is on employment and skills, again the relationship with MAAs can vary:
- the city strategy may focus on only part of the MAA area, even though there may have been wider consultation and any good practice will be shared
  - the city strategy will be focusing primarily on the wards with the worst labour market conditions
- 2.36 Box 2.5 shows how the Pennine Lancashire MAA aligns with other strategies at the Pennine Lancashire level.
- 2.37 The need for vertical integration of strategies also applies in relation to regional strategies. The regional economic strategy provided the regional policy context for most MAAs and, insofar as MAA partnerships needed to have their RDAs firmly onside, this was essential for political as well as strategic reasons. In developing MAAs, it was also important to anticipate the post-SNR world, in which:
- the statutory responsibilities of the regional planning body transfers to RDAs, which will have executive responsibility for producing a ‘single

regional strategy' incorporating the RSS, the RES, the regional housing strategy and other regional strategies

- local authorities have an increased economic development role
- in monitoring the regional and sub-regional activities, there will be greater concern with outcomes and the contribution to meeting the Government's PSA targets

### Box 2.5: MAA alignment with other sub-regional strategies



## 3. Governance

### Governance structures

- 3.1 The MAA partnerships all had some tradition of partnership working, but it varied in its extent and duration, how far the partnership was formally constituted and how far there were extended partnership structures such as theme-based groups. Box 3.1 gives indicates the range and Boxes 3.2 and 3.3 show how two partnerships are developing their structures.

#### Box 3.1: Examples of partnership arrangements

- One MAA partnership has a formally constituted Joint Committee set up early in 2007 which empowers a Leaders' Board to discharge the promotion and improvement of economic well-being across the city region. Two theme groups were already in existence and a further two were being created. A Business Leadership Group had been established as a means of private sector involvement.
- One MAA partnership was established in accordance with the Local Government Act 2000. As a non-executive body, it does not have a separate corporate identity but must act through the powers of its constituent parties. A Board of 13 members represents the relevant Local Strategic Partnerships and sectors. The RDA, Chief Executives and other appropriate officers and a GO representative attend to advise in a non-voting capacity. Theme groups focus on the key topic areas in the MAA.
- An MAA partnership with a history of collaborative working dating back to the days of an earlier sub-regional partnership had a more recent track record of working together to address housing market failure. In 2006, a Leaders' Group and Chief Executives' Group were set up to oversee regeneration. There were also various sub-area and thematic officer groups.
- An MAA partnership coming new to formal collaboration was preparing to establish a Leaders' Group to be supported by a Chief Executives' Group and member/officer/ stakeholder thematic working groups.
- An existing sub-regional Economic Partnership led the development of one MAA, supported by an executive team to lead its co-ordination. An Employment, Enterprise and Skills Board was being set up with a cabinet level representative from each local authority, an RDA representative and others from the private and education sectors, to be supported by an Officers' Working Group.
- An MAA partnership focusing on housing is using the existing sub-regional housing decision-making body. The Board includes the relevant cabinet members and local authority chief officers as well as housing associations. Representatives of regional bodies (GO, RDA and HCA) attend as observers.



- An existing city region group of local authorities was establishing an Executive Board of the local authority Leaders to be complemented by a Business Leadership Council to engage the private sector.
- Another partnership comprised a Leadership Board, an Executive, five sub-Boards, a Policy Forum and a private sector Business Group. The governance structure existed in shadow form for just over 12 months prior to being formalised through joint agreements with the signing of the MAA.

### Box 3.2: PUSH governance structures

- *The Joint Committee* is the strategic leadership and decision making body. It comprises all the council leaders plus four non-voting places for SEEDA, SEERA, GOSE and the Business Forum.
- *Five Delivery Panels* oversee and drive the delivery of the actions in the thematic chapters of the Business Plan. They are to advise the Joint Committee but have no decision-making powers. Each is chaired by a member of the joint committee, with another member of the committee (two in the case of the ED panel) attending and also involving wider stakeholders. Each has a chief executive providing support and clear technical advisor officer leads.
  - Economic Development
  - Housing and Planning
  - Sustainability and Community Infrastructure
  - Creating Quality Places
  - External Funding and Resources
- *Transport for South Hampshire*, as a Joint Committee of the 3 transport authorities leads on the implementation of transport infrastructure.
- *A Programme Board* includes representation from Job Centre Plus, Business Link, Learning & Skills Council, SEEDA, business and the universities chaired by the chief executive of Southampton.
- *A Business Forum* is an advisory and consultative means of engaging with business and the HFE sector. It will nominate the chair of the Employment and Skills Board and representatives to the Economic Development Panel, the Programme Board and possibly the non voting place on the Joint Committee.
- *A Scrutiny Committee* is chaired by a Southampton councillor.
- *An Employment and Skills Board* is being set up to be chaired by the private sector and with delegated budgets and decision making powers. The chairs of the ED and funding and resources panels will be on the ESB, as will partner organisations such as SEEDA, Jobcentre Plus and the LSC. The partners are looking to develop a statutory body that can set a binding strategy for adult skills in the area.

*From the PUSH case study*

### Box 3.3: Pennine Lancashire Governance arrangements

ELCHEX – East Lancashire Leaders and Chief Executives – was established in 2006 as the first governance structure on the economic footprint. It was renamed as PLLACE following the rebranding of the area as Pennine Lancashire. The growing agenda at the Pennine Lancashire level prompted a review of the PLLACE constitution, led by the Chief Executive of Pendle. One feature of the new constitution is a ‘what if we all fall out’ section. This will include conflict resolution clauses giving timescales and processes for settling disputes, which would rest initially on negotiation but, if no agreement can be reached, would proceed to mediation.

Other bodies within the governance structures will be:

- *Pennine Lancashire Business Leaders Forum* comprising senior private sector representatives from key sectors who will be actively involved in strategy development.
- *Pennine Lancashire Community and Voluntary Board* comprising representatives of local third sector organisations.
- *Pennine Lancashire Strategy Unit* using RIEP funding to provide the capacity and expertise to take the MAA forward and develop supporting strategies.
- *PLACE Monitoring Panel* using RIEP funding to enable elected members to exercise a scrutiny role and monitor the progress of Pennine Lancashire strategies, policy initiatives and individual projects. Rossendale Council will deliver the monitoring programme, which will be used to test models of collaborative monitoring.
- *Pennine Lancashire Development Company (PLDC)* will deliver some elements of the MAA and Economic Strategy. Owned by the local authorities, it will have a Board comprising a mix of Leaders and private sector representatives. The Shadow Board, which started work in September 2008, is chaired by the Leader of Ribble Valley Council and with the Deputy Leader of LCC as the Vice-Chair. The new independent company is to be formally launched around May 2009 and the Elevate Board (which has run the Housing Market Renewal Programme) will be dissolved. NWDA has agreed in principle to fund this provided there is clear evidence of it bringing together shared resources and capacity. In other words, it should not just sit on top of existing arrangements.
- *Accountable body* functions will be taken on by Lancashire County Council and Blackburn with Darwen Borough Council will provide *programme management*.

*From the Pennine Lancashire case study*

## Leadership

- 3.2 Leadership is important in any partnership. It may be individual and personal or corporate, formal or informal, political or managerial. It can be identified in terms of position or behaviour. Leadership is necessary for any

group to achieve its aims, but it entails striking a balance between being in the vanguard whilst not demotivating others and leaving them behind. In voluntary partnerships, it is particularly complex because there is no automatic connection between 'leadership' and 'follower-ship'<sup>10</sup>. Leaders can play different roles which include giving political direction; identifying and acting upon opportunities; coalition building; lobbying; building institutional capacity; driving decision making and activity.

- 3.3 Leadership is not firmly or formally built into sub-regional structures *per se* as they stand at present. Some longstanding partnerships have developed the necessary structures and arrangements, but at the other extreme, one or two pre-MAA partnerships started from a position of fragmentation where no single organisation or person brought generally accepted authority or offered clear leadership. In some situations, leadership is a matter of 'making things happen' and derives its authority from getting things done. This pragmatic type of leadership relies less on the policy context and more on personal influence and ability to generate trust, build networks and gain others' commitment.
- 3.4 Much of the practical day-to-day advancement of the MAAs has relied upon the officers deputed to co-ordinate their development. How far there has been a strong drive from elected members has varied, but once political commitment was secured, managerial leadership was very important. Synchronising the two could be a delicate exercise. Officers were sometimes ahead of elected members in terms of recognising the potential of a MAA and understanding what it might entail. Once embarked on development and negotiation, managing expectations – especially amongst those not centrally involved – could be a challenge. There was a need to sustain momentum through the complexities and possible setbacks of a protracted process.

## Local partners

- 3.5 A range of non-local government organisations have either been brought into MAA partnerships or have endorsed the MAA:
- regional development agencies
  - Jobcentre Plus
  - Housing and Communities Agency
  - Highways Agency
  - Transport bodies
  - Environment Agency
  - Natural England

<sup>10</sup> National Evaluation of Local Strategic Partnerships: Formative Evaluation and Action Research Programme 2002–2005, (2006) ODP and DfT

- HEFCE
  - private sector
  - voluntary and community sector
- 3.6 The regional development agency (RDA) is usually a key partner and, where the MAA is mainly concerned with funding streams coming through the RDA, is the sole non-local authority partner. In addition to those listed, other organisations have endorsed MAAs. For example, NHS North West wrote to welcome the holistic approach of the Manchester MAA recognising the *“inextricable links between poor health and sustainable economic development”*.
- 3.7 Although the private sector has been engaged in some places *via* such organisations as Chambers of Commerce or Business Link, its engagement is variable. This seemed to be partly because a matter of having the appropriate infrastructure at the FEA level, but also partly a matter of the first priority being to secure a cohesive relationship across the local authorities involved. Box 3.4 illustrates the position in Pennine Lancashire.

#### Box 3.4: Private sector involvement in Pennine Lancashire

Private sector engagement has mainly rested on and been channelled through the Chief Executive of East Lancashire Chamber of Commerce who, in addition to being involved in the officer level PLACE meetings, convened meetings for private sector organisations and the Employers’ Forum for presentations about the MAA. The formation of the Chamber in 1993 through a merger of the former Burnley and Blackburn Chambers reflected recognition that this is essentially one functioning economy. Since then the Chamber has managed interfaces with seven local authority economic development units and more recently the CE has been a member of every LSP. SMEs dominate the local economy and beyond the Chamber, Pennine Lancashire does not have a strong community of business leaders. However, several individuals, such as those from BAe, Barnfield Construction and Capita, are active at the Pennine Lancashire level, not necessarily in a representative capacity, but they bring a private sector perspective and “are helping to oversee the delivery of solutions to problems”. There has also been wider communication to the private sector about the existence of the MAA, for instance, in a feature on Pendle in a recent issue of *Lancashire Business View*. This all helps to underpin the MAA and should stand the Pennine Lancashire Development Company (PLDC) in good stead.

*From the Pennine Lancashire case study*

- 3.8 There has been less engagement of the voluntary and community sector, again partly because there is often no sub-regional infrastructure with which to connect, though sector representatives have sent letters of support as in Pennine Lancashire (Box 3.5). In Manchester, where there is a Greater Manchester Council of Voluntary Service, the letter of endorsement was an opportunity for the sector spokespeople to underline the potential of

the VCS to add value to many of the proposed measures in the MAA. VCS involvement is also more difficult where MAAs focus on the delivery of capital infrastructure.

### Box 3.5: VCS involvement in Pennine Lancashire

Third sector involvement has largely been through individual LSPs. There was a round of presentations to each LSP and the documents were shared with them at key stages and a specific presentation was made to a meeting of the Third Sector. There has not been a third sector representative at PLACE level. However, the MAA proposals were accompanied by a letter of support from the Chief Executive of Blackburn with Darwen Community and Voluntary Service indicating that local voluntary, community and faith groups were not only supportive of the MAA proposals, but also committed to setting up a third sector board across Pennine Lancashire. A Pennine Lancashire Group comprising the chairs and chief officers of the Community Empowerment Networks and CVSs already meets regularly and hosted a conference for the sector to hear more about the MAA and discuss how it can contribute. At follow-up event, it was agreed to set up a Pennine Lancashire Third Sector Board, comprising:

- two nominated representatives from the Community Empowerment Networks that exist in Blackburn, Burnley, Hyndburn, Pendle and Rossendale
- Ribble Valley was asked to establish a forum that could also nominate two representatives
- two representatives from SELNET – Social Enterprises Lancashire Network

Once established, this Board would like a place on PLACE but recognise they would have to lobby for this and convince other members that they would have a contribution to make.

*From the Pennine Lancashire case study*

## Accountability

- 3.9 Sub-regional working is still evolving. A common feature of the varied governance arrangements is a Leaders' Group or one comprising the appropriate cabinet members of the local authorities involved. Democratic accountability is exercised through the accountability and reporting mechanisms within the scrutiny arrangements of the authorities concerned. Although most partnerships are not legal entities, some such as PUSH have formed Joint Committees (under the Local Government Acts 1972 and 2000) to direct and monitor the MAA. Their Joint Agreement (constitution) specifies their delegated powers and functions. There is also a Scrutiny Committee for the PUSH Joint Committee. Setting up independent scrutiny arrangements at the sub-regional level to be carried out by elected members from all the authorities is likely to happen in other MAA partnerships. A practical question has been how to develop new arrangements and mechanisms and overcome any democratic deficit without slowing the MAA process down.

- 3.10 Links with local strategic partnerships (LSPs) have varied from very little to considerable, but have seldom been formal. Where LSPs members are at the MAA table, the onus is on them to report back.

## Performance management

*“In terms of performance management, the partners to this agreement recognise that they must be accountable for delivery of the agreed outcomes. This means in effect being ‘jointly and severally’ responsible. . . . the Agencies have confirmed that the Programme Board is the appropriate forum for oversight and management of the SHA.”* (The South Hampshire Agreement, pp.71/2)

- 3.11 Critical to the business case of MAAs is what will be delivered in return for the freedoms and flexibilities granted by Government. Partnerships were aware that their case would be strengthened by clear connections with the national public service agreement (PSA) targets. There is variation in the number of key performance indicators, their spread across different policy themes and how far they are utilising indicators from the national indicator set (NIS) and/or making reference to departmental strategic objectives (DSOs) in their outcome targets. Partnerships were more likely to use indicators from the national indicator set (NIS) in relation to housing, skills, employment, numbers on out-of-work benefits and congestion.
- 3.12 For broader economic, transport and infrastructure issues they developed ones better tailored to their own aspirations. This also makes sense in terms of trying to isolate the distinctive contribution of the MAA. Measuring change is always easier than assessing impact, because of the difficulty of attributing change to specific interventions. In relation to MAAs, the task is to measure the added value that it is bringing over and above what might be achieved at other spatial levels of intervention. “This means that the most useful indicators (such as Gross Value Added and total employment) are predominantly different from those available to measure progress at local level.” (The Manchester MAA, p.97) In addition, MAA Partnerships are identifying milestones that can denote that they are going in the right direction towards their outcomes (Box 3.6).

### Box 3.6: Milestones

There was agreement that national indicators could not be a sole measure of the impact of a MAA. PUSH has a twenty year plan and it should be possible to outline the milestones that are required to achieve this. Achievements such as the Memorandum of Understanding on Transport will ultimately lead to aligning policy and delivery but may not impact on indicators in a three year period.

*From the PUSH case study*

- 3.13 It has been usual for MAA partnerships to use consultants to develop their baselines. In Pennine Lancashire, this task was allied to determining the potential economic impact of the MAA. The resulting report sets out the baseline position, the forecast impact in relation to the key activities: land and development; transport; education, knowledge and connectivity; public sector relocation; and funding/strategic investment block allocation. The report comes with health warnings that the estimates can only be illustrative of the potential impacts. It gives the core assumptions behind the calculations that need to be borne in mind in reading the estimates, for example, in relation to the GVA impact, reduction in unemployment, increase in higher level jobs, savings to the public purse and net employment gain.

## Capacity in MAA partnerships

- 3.14 In a resource intensive process, capacity is a critical issue and outsourcing some aspects was frequently necessary. Producing the story of place and developing the MAA proposals is a major task not only in analytic and strategic terms, but also in creating and nurturing the relationships amongst those involved, co-ordinating their efforts and ensuring good communication throughout the process. It is not simply a question of doing a bid *“because you have to think through how to articulate a devolutionary agenda – there are a lot of horses to frighten that may be frightened by different things”*. The difference of capacity in MAA partnerships helps to explain their rates of progress to date. Their collective capacity mainly reflected that of the partner local authorities, though, in isolated cases, it may also have signified insufficient commitment either to making the capacity available or to exploiting it to maximum advantage.
- 3.15 The amount of time and money expended varied considerably. In some areas, joint strategy units or their equivalent already existed. Some partnerships bought in extra capacity by using consultants or secondees, sometimes with the benefit of Regional Improvement and Efficiency Partnership (RIEP) funding. However, where the burden fell on the shoulders of just one or two people in addition to their existing responsibilities, it was particularly challenging especially if it reflected already over-stretched capacity within the local authorities concerned. *“You need genuine and dedicated resources to do this type of bid ... faster progress would have been made with 2 full-time officers involved in developing the MAA. Everyone is doing it on top of their day job and this is causing stress.”*
- 3.16 It is not only a matter of having time available, but also having access to appropriate expertise especially, but not exclusively, in smaller authorities. Officers co-ordinating the MAA did not always feel confident about policy themes outside their own specialism. A solution was to have a team, at least a virtual one. Usually some form of steering group existed, but involving policy specialists from within partner authorities does not guarantee their full engagement. They may not put in much effort between meetings so that their contribution is more one of commenting on, rather than constructive input to, proposals. Assembling and sharing information between up to

eleven local authorities and their partners also raises many questions about capacity, openness and data systems. Apart from the need for partner authorities to generate the right level of ownership, one lesson seems to be the need to select *appropriate* people rather than being ruled by going for a representative group.

- 3.17 As well as developing the proposals, MAA partnerships need to demonstrate their capacity to deliver. Again, different arrangements are being made for implementation. Drawing on the Pennine Lancashire MAA, Box 3.7 illustrates that there will be a continuing need for strategic expertise as well as delivery capability. In Pennine Lancashire a Development Company (PLDC) is being set up, accountable to PLLACE and owned by the member local authorities. PLDC is absorbing Elevate, the Housing Market Renewal Pathfinder, which means it immediately has access to capacity and expertise and sources of investment. In addition to helping to deliver elements of the Pennine Lancashire Integrated Strategy, the MAA and the LAAs, it will align funding streams for the sub-region and it will promote Pennine Lancashire. However, some delivery will also take place at the level of individual local authorities.

### Box 3.7: Implementation capacity requirements in Pennine Lancashire

Following the signing off of the MAA, different sorts of capacity will be required:

- *Strategic* – As noted, RIEP funding has now been secured that will go towards a strategy unit to support PLACE. A Head of Policy has been appointed.
- *Delivery at Pennine Lancashire level* It will be appropriate for Pennine Lancashire Development Company (PLDC) to take responsibility for delivering major developments that entail issues – highway, environment and employment – that go far beyond the boundaries of the borough in which they are located. PLDC should also bring extra capacity. Ensuring that it is appropriately staffed will be critical. Although able to call on some personnel from Elevate, it will need NWDA funding to complete its team for delivering projects and, even with the funding in place, securing people with the requisite skills may be an issue.
- *Delivery at local authority level* Some elements of the physical schemes, such as town centre development, could stay with individual councils, but the PLDC projects will also require close collaboration on spatial planning and other issues.

*From the Pennine Lancashire case study*

- 3.18 Box 3.8 looks at delivery in South Hampshire. Having been signed off six months earlier than Pennine Lancashire, PUSH was further advanced in its delivery arrangements. Its experience shows some of the different aspects of building capacity: increasing the number and range of staff dedicated to delivering the MAA projects; creating decision making bodies with the requisite expertise; ensuring alignment with the relevant related programmes; and drawing up specific agreements to support greater collaboration and policy integration.



### Box 3.8: Delivery in South Hampshire

- A PUSH core team has been established with 5 dedicated staff (Managing Director, ED Director, Programme Manager, 2 administrative and technical support staff) and a budget of £650k per year. The team draws on policy leads within local authorities but having a core team meets the significant resource demands of a MAA.
- On employment and skills, a multi agency team has been established in the LSC with all partner organisations seconding a member of staff for two days a week. This brings dedicated resources and also a variety of skills and experience. A shadow Employment and Skills Board has been agreed among the key public partners with governance, terms of reference and structure all in place and is now in position to attract a business lead and business involvement. £400k funding from DIUS has been awarded to plan and pilot adult advancement hubs in Portsmouth, Southampton, Gosport and Havant where residents will receive joined up employment and skills support, including skill checks. These four centres will be supported by spokes in the community where there is high worklessness. Housing officers and other outreach officers will be trained to be a single point of contact and deliver support and advice and referral action to address barriers to employment.
- A Business Forum has '*latched onto the opportunities*' around the new Employment and Skills Board. The Managing Director of VT and a Vice Chancellor from one of the sub-regions three universities have committed to develop the role of the Business Group within PUSH. The Group also agreed Terms of Reference. The changes in Business Link programmes have been implemented.
- In transport, a Memorandum of Understanding was signed with DfT and the Highways Agency on 17 October 2008. The only one in the country, it is designed to deal with supporting growth while not wanting to increase congestion on the strategic road network and manage the highway network as a more integrated whole. There will be joint pilots on new policies to manage the congestion which will have local input and will be evaluated by a joint working group. The next stage of cooperation is seen as more complex as it is likely to involve Network Rail and other public transport agencies. The partners also want to take their collaborative working to another level with a jointly commissioned evidence base which will underpin future investment.

*From the PUSH case study*

## 4. Negotiating the MAA

*“Partners in the area agreed that this initial MAA is more limited than they anticipated, but are nevertheless very satisfied with it, as long as it is seen as part of a dynamic process that can be refreshed and grown incrementally.”<sup>11</sup>*

### Guidance

4.1 MAAs were intended to be non-prescriptive. The supplement to the Phase 2 LAA Operational Guidance explicitly states *“MAAs are not intended to follow a ‘one size fits all’ model”*. Rather than giving a detailed blueprint, the guidance sets out the guiding principles and clarifies one or two points of detail. Opinions differed amongst members of MAA partnerships. Some actively welcomed the lack of prescription, often because the MAA approach fitted the way they wanted to go and they were already partway to having proposals framed. Others would have liked greater clarity, sometimes so that they could more easily convey the MAA concept to partners. There is a distinction between being non-prescriptive and being unstructured. Early in the process, there were aspects where there was uncertainty and it may have been valuable to have clearer but non-prescriptive guidance in writing. As it was, communication was largely informal and mixed messages seemed to be circulating; for example about:

- the relationship between MAAs and LAAs
- the respective roles of GOs and CLG
- the desirable standards of governance in partnerships
- issues of funding
- the timetable for producing the MAA and milestones *en route*
- what the MAA should contain and
- the process for signing off

4.2 Some of these were clarified later by the Operational Guidance, which, for example, gives the likely components of an MAA document:

- the outcomes being delivered and the timescale to which they are operating
- how governance arrangements will support the delivery of outcomes
- the key stakeholders in the MAA and what role they will play in the delivery of MAA outcomes
- any outcomes which are being reported against

<sup>11</sup> PUSH case study

- any LG performance indicators which are being measured at the sub-regional level
- financial arrangements (such as funding streams that will support the overall programme/ commitment to devolve, delegate or align funds by central government and its agencies)
- any other flexibilities agreed with central government (including agencies)

## Local negotiation

- 4.3 Chapter 2 referred to the significance of a history and culture of partnership working and the importance of leadership. However, it was also important that the MAA should have recognisable advantages for all the local authority areas concerned. There must necessarily be a close link between the geography of the MAA and its strategic rationale. Co-ordination across local authority boundaries may be prompted either by opportunities or by crises and challenges affecting the whole sub-region. Determining 'added value' in this context probably also extends beyond strategic considerations to the wider policy context and the likelihood of effective working relationships between the constituent authorities. Various factors figured in decisions about MAA areas, such as the fit with other initiatives such as Housing Market Renewal or regeneration zones, past experience of working together and anticipation of future developments at regional level following the SNR.
- 4.4 Going for an MAA invariably represented a step forward on the basis of existing relationships. In a few areas, longstanding links were already embodied in joint structures and an MAA was a natural progression. In particular, it was a spur when local players felt frustrated about their limited freedom of action in relation to national programmes or funding streams. In other areas, previous links had been more partial or tentative – for example, a joint LEGI bid or various bi-lateral links – but sufficiently positive to merit being taken further. In others again, an MAA was recognised as an opportunity to make real strides towards a sub-regional approach to challenges that could not adequately be tackled at individual local authority level. There was also a general wish to go with the flow of government policy that was seen to be moving in the direction of increased sub-regional working or, more defensively, to get a grip on the sub-regional agenda in relation to the RDA.
- 4.5 Disagreements about the scale of the area can stem from differences of view about purpose and different perceptions of the MAA. Neighbouring local authorities may be brought together through mutual recognition that they face common issues. Arguments for drawing boundaries very tightly may derive from taking development opportunities as the starting point and thinking about the most appropriate level for having an effective delivery vehicle. Alternatively, some smaller areas might arguably be seen as sub-regions of a wider sub-region but nonetheless have a distinct travel to work area, housing market and dominant economic sector that make them candidates for an MAA. In at least one MAA area, differences of opinion

about sub-regional working amongst partners were overridden by the recognition that a 'city region' tag could be usefully exploited.

- 4.6 Geography will never be perfect. One tension relating to area definition is how far the costs and benefits will be distributed evenly across the local authorities involved. An associated issue is whether partners are able to make decisions in the interests of the whole functional economic area or whether the discussions are dominated by local interests. There can be local concerns about surrendering control as Box 4.1 illustrates. Similarly partners may have reservations about an 'over-mighty' city region. Where there is a perceived conflict of interest, being able to refer to the evidence base becomes even more important. It is probably easier to resolve these tensions in relation to a broadly based MAA than a more narrowly focused one. *"Outlying boroughs recognise that the economic position is different nowadays: less about job creation for them and more about place shaping, skills development, etc and transport for residents to access opportunities elsewhere."* Nevertheless, for example, in areas that span urban and rural areas, one of the dimensions of the MAA that will have to be carefully managed will be the perception that the rural authorities are getting fewer benefits.

#### Box 4.1: The MAA process at local level in Pennine Lancashire

It was important at the outset to demonstrate what all the local authorities involved stood to gain from an MAA and to underline that this is an economic not a political initiative, especially to allay the fears of some about potentially being overshadowed by more powerful neighbours. On the whole, partners all supported the vision, ambition, coverage and objectives of the MAA though there were a number of areas of some initial disagreement. Sometimes these were about content. Tensions from time to time in relation to the coverage of the MAA usually stemmed from different locality concerns, different views of the world and the fact that areas were competing for resources. They usually started at officer level then sometimes filtered through to councillors. There were also robust debates about how far need should be the decisive factor in allocating funds. Another matter of dispute was how far the MAA should contain longer term aspirations. Other debates were about process and particularly whether Pennine Lancashire should defer thinking about a Development Company until after the MAA was signed off or whether the two processes should run in parallel. The latter course was chosen and during the latter stages of developing the MAA, a shadow company was set up with a shadow board.

Some interviewees felt that it was no bad thing to have to work through these problems because it tested the strength of the partnership (on the tea-bag analogy of not knowing how strong it is until it is in hot water) and gave confidence that they could get through conflicts.

*From the Pennine Lancashire case study*

- 4.7 Box 4.2 show that the development of sub-regional partnership working is seen to be one of the measures of an MAA's effectiveness because it can lead to better solutions and increased efficiency.

#### Box 4.2: Progress in partnership

Its key impact is on relationship building. Discussions are felt to be more 'grown up' with a greater understanding of roles and how to move common objectives forward. It was felt that the MAA should be judged through better partnership working, stronger buy-in, more aligned and pooled budgets, less inefficiency and duplication and services designed to meet local needs. Improved relationships should allow more bespoke solutions at local level. One way of assessing a MAA, therefore, is to look at innovative solutions at the local level.

*From the PUSH case study*

## National negotiations

- 4.8 MAA policy has been administered and supported by a small team within CLG. Each member of the team has taken responsibility for liaising with particular MAA partnerships in a role that has generally been appreciated by partnerships. Most MAA partnerships felt the MAA Team in CLG had been helpful and supportive even though over-stretched. Early on, the extent of contact varied. Some partnerships felt better supported than others and the study raised the question of the balance of support across the pre-MAA partnerships. It was suggested that more support might have been given to those in smaller local authorities, that would most struggle in terms of internal capacity. More generally, those most likely to be front runners were perceived as receiving most attention – a virtuous circle for them, but a vicious one for others. Given the newness of the policy, this tendency might be understandable as a way of boosting momentum and deriving early learning, but it gave the impression of fast and slow streams.
- 4.9 The network events arranged as part of the evaluation provided supplementary support by providing opportunities for further conversations with members of the CLG team as well as up-to-date feedback from them on progress. These events were also a useful 'neutral' arena for CLG officials to hear about the experience of partnerships and views about the MAA process.
- 4.10 Some partnerships would have preferred a round table conference to 'negotiation': local players to set out their current position and their vision, goals and barriers and then have a collective discussion on possible solutions and what different stakeholders could contribute. The view from CLG was that this would have worked with the more advanced partnerships but "*others were waiting to be told*".
- 4.11 Local partners aired various frustrations. First, there was a view that there needed to be Treasury involvement early in the negotiations. This

is perhaps more important in the context of the recession when different ways of funding local ambitions need to be explored. Secondly, a lot of the negotiation seemed to be the sum of a set of bi-lateral talks rather than there being a joined up approach from Whitehall. Thirdly, where there were joint meetings, it was sometimes apparent that departmental representatives had only read the section of the proposals specific to them and were still not trying to get to grips either with the particular locality or with integrating different policy areas. In any case they were not necessarily senior enough to be able to speak for their department.

- 4.12 The guidance underlined the importance of GOs in ensuring the success of MAAs. Their role is to:
- act as broker helping to secure the co-operation and involvement of government departments and non-departmental public bodies
  - work proactively with local authorities and their partners to help them agree the sub-region's ambitions
  - provide front-line interface between MAA partnerships and central government: discussing where policies at national level appear to be preventing enhanced performance at local, sub-regional or regional level and proposing ways in which barriers to enhanced delivery might be overcome
  - negotiate the MAA priorities and targets, ensuring that outcomes are evidence-based, add value and are suitably ambitious
- 4.13 MAA proposals were to be assessed against the following criteria:
- showing clear additional benefits to local, sub-regional and regional economic performance
  - having clear, appropriate and realistic objectives that fit within the broader regional and national context
  - having the required capacity and expertise in place to support development and delivery of MAA outcomes
  - all relevant key partners having been consulted and actively engaged
- 4.14 Most partnerships found their GO input and their intermediary role with central government helpful especially as, in the main, GO officers already had a good understanding of the place and its issues. There was contact with both locality directors and theme specialists (Box 4.3). The meetings of GO leads have enabled them to share experience and learning and feed into policy development. One potential dilemma is how interventionist GOs should be with the partnerships; how far, if at all, should they go beyond providing clear information and being a sounding board for proposals to prompting more radical approaches or even calling a halt if partnerships are clearly ill-prepared?

### Box 4.3: Government Office role

NWDA, GONW and CLG MAA Team all offered strong support in the national negotiations around the 'asks'. GONW facilitated the process and oiled the wheels as a go-between with CGDs. The process showed the need for someone to co-ordinate the process in order to avoid the officer developing the MAA being bombarded by too many disparate demands from theme specialists. There have been team meetings within the GO to try to overcome the problem of silos, though only including the sections directly linked with the MAA 'asks'. Although the resource for co-ordination was minimal, the GONW locality manager played a helpful intermediary role. The earlier experience of the Greater Manchester MAA had been useful in guiding GONW about its own organisation and input in relation to the MAA process and how it could be helpful to Pennine Lancashire partners.

*From the Pennine Lancashire case study*

- 4.15 The guidance indicated that there was an expectation that central government departments would be closely involved in the negotiations during the first year of the policy, especially in relation to the 'asks'. A key facet of CLG's role was to 'sell' the potential value of MAAs to other departments and bring them to the table for specific negotiations. An early concern in partnerships was whether CLG had sufficient influence with other government departments to achieve this. The presence of several Ministers from involved departments at the signing-off ceremony for the first seven MAAs in July 2008 seemed the show that they had been successfully brought onside but those still pursuing an MAA still wondered whether this interest would wane once the policy is rolled out further.
- 4.16 Constructive early negotiating meetings with individual MAA partnerships were attended by senior departmental and GO officials. However, there were also times when those involved did not appear to have the authority to speak for their departments (Box 4.4) or there was inconsistency in responses. Some partnerships experienced more positive messages from central government departments than from their local agencies/representatives. *"You need to get beyond gatekeepers to people in the heart of government who think more creatively."*
- 4.17 Aspects of the negotiation process raised issues including those already cited: the idea of co-design of 'asks' instead of negotiation, more initial clarity about what might be on or off the agenda and a deeper understanding of the potential scope of the MAA initiative (Box 4.5).

#### Box 4.4: Other government departments

Other government departments “*came late to the table and with people who were too junior*”. For as potentially radical a policy as this, local partners would have expected much more senior representation from CGDs. At some meetings, local partners were left with the impression that civil servants were ill-prepared – “*had only read it on the train and probably only the section referring to their own Department*”. There were also different degrees of flexibility and openness from different individuals in the same department. After an early green light from a senior official in one Department, it became much more difficult when more junior people were involved in the negotiations. The impression was that they were very risk averse. Some partners felt that they could have predicted at the start which departments would be helpful and which not.

*From the Pennine Lancashire case study*

#### Box 4.5: The implications of ‘asks’

It was not always clear that government representatives fully understood the implications of the ‘asks’. They gave the impression of “*having no sense of place or connection with the real issues*”. Some interviewees thought that there were ways in which government had not sufficiently thought through the implications of the MAA policy in advance. First, the crucial role of government agencies had not been anticipated. It remained unclear what powers their parent departments had to influence their response to ‘asks’. Secondly, the approach was often “*very technocratic*” with schemes only appraised within prescribed cost benefit ratios without factoring in wider economic benefits. Thirdly, an absence of collaboration across Whitehall was evident in various ways. Fourthly, it was felt that the distinctiveness of different places is central to the MAA policy which means acknowledging that national policies impact differently and that the interrelation of different departmental interventions must be recognised. It suggests the need to go beyond a set of bilateral negotiations but such ‘joining up’ was not apparent.

*From the Pennine Lancashire case study*



## 5. National stakeholder views

- 5.1 The interviewees for this element of the research were drawn from central government departments (H.M.Treasury, Communities and Local Government, the Department of Transport, the Department of Business, Enterprise and Regulatory Reform, the Department for Work and Pensions, the Department for Innovation, Universities and Skills), the RDA Secretariat, the Homes and Communities Agency, the Higher Education Funding Council for England, the Learning and Skills Council, the Local Government Association, the New Local Government Network, the Audit Commission, the Improvement and Development Agency, the Core Cities Group, the National Association for Community and Voluntary Activity and the Confederation of British Industry. Others were contacted but did not feel they had anything to say.
- 5.2 Not surprisingly, the views expressed in the interviews varied, not only in relation to the organisation to which the respondent belonged but also according to whether or not they had been directly involved in MAAs, either developing the concept or participating in negotiations.

### Advance expectations of MAAs

- 5.3 There was general support for the thinking behind MAAs. The sorts of factors cited were:
- the voluntary nature of the partnership and the importance placed on improving partnership working
  - their potential for providing leadership at a sub-regional level and getting a more strategic approach to cross boundary issues
  - their economic focus and the stress on getting economic policies implemented at the level of *“real economic areas”*
  - a virtue of their fluid boundaries is that *“when the exam question is economic, it tends away from restructuring local government”*
  - MAAs meet the appetite of local authorities for taking on an economic leadership role and give the possibility of moving away from ‘command and control’ in their relationship with central government
  - the opportunity for developing and conveying to Whitehall a greater understanding of economic conditions and needs
  - the possibility of national and regional agencies being able to have a ‘single conversation’ which could lead to a more strategic deployment of investment instead of always dealing with individual local authorities on an issue by issue basis
  - the bottom up element and the more flexible and less bureaucratic nature of MAAs compared with local area agreements

- 5.4 It was hoped that overall MAAs would drive improvement through:
- delivering a better form/function structure
  - making local authority leadership more visible and increasing confidence in it
  - providing more tools to make things happen
- 5.5 The economic downturn was only evident after MAAs were launched but, although there is a danger of individual areas becoming more insular during a recession, in practice, it seemed that sub-regional working had gone up the agenda against a background of recognition of the even greater need for better collaboration, greater efficiency and more focus.
- 5.6 There were some advance qualms about MAAs. One question was whether they represented a huge amount of work to agree a form of words that would not be very meaningful. Another view was that MAAs were introduced largely to placate those areas that felt excluded from the city region debate and may mean the proliferation of complex and rather opaque structures.

## Reviewing progress so far

- 5.7 One of the major challenges CLG faced when MAAs were introduced was to get other Whitehall departments onside. On the whole, this had proved less difficult than anticipated although the level and seniority of involvement was variable. Sometimes generating understanding of, and interest in, the policy was made more difficult by staff turnover. Where involvement only really started in response to 'asks', there was a danger of over-hasty responses in the absence of consideration about the overall policy approach and the advantages or disadvantages of different economic levers. However, almost all departments exceeded CLG's expectations at least in what they were prepared to consider seriously if not agree. Some interviewees argued that the 'business case' for MAAs has already had an impact in persuading government that it is alright to let go.
- 5.8 Amongst the interviewees, people's views had not changed over the six months since the first MAAs were signed off and they were reserving judgement about the likelihood of success. MAAs' usefulness will ultimately depend whether they are implemented and achieve the desired outcomes, how much further they go and how ambitious they become. However, a number of potential issues were raised.

## Not ambitious enough?

- 5.9 One of the major challenges for CLG was to get MAA partnerships to be sufficiently ambitious or radical. This does not just relate to their ambitions

for delegation but also means being more innovative and creative in their proposals for their own activities. Others also questioned whether some MAAs were failing to grapple with the really hard issues. A related point made was that whilst economic analysis is tending to pre-empt political differences, this can result in the omission of issues where there are disagreements. On the other hand, a non-government stakeholder suggested that one reason for MAAs not being very ambitious is that areas *“felt messed about over the last 5 years and were wondering what the point of it is therefore there was a bit of ‘wait and see’ what the policy can deliver”*.

- 5.10 Another view was that, in some cases, it was *“interesting to see local areas getting ahead of where Whitehall is”*; for example, applying ‘big cities’ thinking’ to other types of area and also thinking of the connection between their FEA and neighbouring ones. Yet another asked whether, if not over-ambitious, then partnerships may have over-inflated aspirations. *“Do people need to learn to walk before they can run? Are they building expectations locally too much?”*
- 5.11 To some extent, both central and local government accused each other of a lack of ambition, but they saw ‘ambition’ in different terms. For example, central government wanted to see more private sector led skills and employment boards taking on more of the skills and employment agenda. Local authorities, on the other hand, were more concerned with their own leadership role and wanted to see from central government a greater understanding of place and more flexibility and willingness to delegate.

## Confused by the ‘asks’ agenda?

*“The main issue is that local areas want devolution and delegation whereas government see this as fragmentation, inefficiency, duplication and delivering a postcode lottery.”*

- 5.12 A significant motivation for MAA partnerships was to secure greater sub-regional autonomy. Amongst national stakeholders, there were different views about ‘asks’. They could be seen as a good way of signalling ambitions and breaking out of a silo mentality. However, there was uncertainty about whether they were always backed by a solid business case. Some required legislation and had very significant financial implications. One CGD had had high hopes in advance but became more pessimistic when it seemed that the ‘asks’ agenda was in some ways encouraging local players to become more dependent rather than find their own solutions. In any case, the ‘asks’ were *“disappointingly predictable”*. There was too much harking back to freedoms and flexibilities, which diverted attention into thinking MAAs were all about this, and too little about what they could (already) achieve themselves.
- 5.13 Another CGD asked whether some ‘asks’ were really necessary or a matter of copycat tactics and trying to climb on board where others have had some success.

## A new conversation?

- 5.14 A key purpose of MAAs was to enable a new relationship not only amongst local partners but also between central and local government and to push Whitehall departments to work differently. The process therefore of getting the right people involved and bringing partners together to reach the agreement was critical. This is especially the case as it was recognised that there can be a lack of knowledge on both sides about what the other does. Whitehall does not have a co-ordinated view of place and *“some OGDs don’t really understand local authorities”* and lack awareness of the capacity at local level. Local government is not always well informed on accounting and financing systems. Both departments and local players sometimes need a clearer idea of what different tools do.
- 5.15 The CLG view was that, on the whole, the process had gone well and worked best when bureaucratic processes were minimised: *“meetings are better than pieces of paper”*. On the other hand, some thought that negotiation workshops are inappropriate places for making decisions because they were too spur of the moment and in any case could lead to problems later, for example, about wording. Sometimes, too, departments did not have enough notice so that they could only be presentation meetings. Important finance and appraisal issues were raised early on but not resolved.
- 5.16 Some interviewees felt there was a tendency to focus too much on the agreement process and not enough on the operational delivery of MAAs and what could be done to improve outcomes. The question was raised whether this was actually encouraged by the nature of the negotiations. This comes back to the issue of whether an over-emphasis on ‘asks’ distorted MAA thinking.
- 5.17 Some departments were not sure about CLG’s intermediary role and would have preferred more direct contact themselves. The process needs to be more transparent and direct. *“Currently, it’s like Chinese whispers.”* One interviewee implied CLG had gone native and needed other OGDs as critical friends. Sometimes CLG was pushing some departments to go further on commissioning and co-commissioning than MAAs are asking. Others were complimentary about the CLG role, the fact they did not try to control everything and the way they got senior people from all departments involved.
- 5.18 Some interviewees had perceived different views across government about MAAs, which were an impediment and certainly departments varied in their interest in sub-regional working. One observation was that the process raised issues about capacity in Whitehall. It *“demonstrates the problems of the civil service moving from an organisation designed to run on command and control lines to one of soft wiring and networked governance needed to deliver on MAAs”*.
- 5.19 Interviewees were asked about the role of government agencies. An agency interviewee argued that agencies and relevant organisations should be

involved much earlier to help design possible 'asks'. CGDs with semi or fully independent agencies saw them as having been set up for a good reason so that the MAA argument needs to be strong to persuade them to collaborate. For example, some MAAs were bringing road or rail schemes but DfT arguably should not bypass regional prioritisation. This is an added reason for convincing analysis.

- 5.20 For the early MAAs, in particular, the question arose about when sufficient progress had been made to sign off the MAA. For CLG, there had to be a trade-off between keeping up momentum and getting a perfect finished product. There was a conscious decision to go for momentum but others perceived a risk of them being *"only just about worth the paper they were written on"*.

## Appropriate governance?

- 5.21 Part of the rationale for MAAs seemed to be that the stronger the governance arrangements, the more likely it would be that powers/responsibilities were devolved. The history of devolution, for example in London, is that as places prove they can do things, Whitehall is willing to cede more. But governance structures however strong are not enough by themselves. They need to be accompanied by strong policy proposals and be seen to be fit for purpose. In other words, form must follow function. Again there were some conflicting views about what is emerging. For one interviewee, MAAs are being held back by weak democratic structures that make tough decisions difficult. The example was given of congestion charging in Manchester. This raised the issue of the need to reform local/sub-regional government. For others, however, one of the strengths of MAAs is their flexibility and recognition that different alliances are needed for different purposes. This does not mean that there is no need for robust structures. *"Whitehall needs comfort"* and governance issues need to be tackled if MAAs are to go further. *"Who are we devolving to? Who is responsible? How will decisions be made? Where is our money going? Where is the political scrutiny and accountability?"* Nevertheless, it is right that these questions are answered in very different ways and, therefore prescription would be inappropriate.

## Engaging other sectors?

- 5.22 Several central government interviewees noted the relative absence of the private sector and, although they recognised that it may be right to get the public policy aspect sorted out first, they would have liked to more obvious direct private sector input and thought that MAAs should be as much agreements with the private sector.

- 5.23 As already noted, it is currently difficult for the VCS to get involved because the sector does not necessarily have an infrastructure at sub-regional level and is not seen to be part of the machinery. MAAs are making it important that the VCS should *“stake out the ground at that level”*. They could be a way of getting the sector engaged in fiscal planning process and bringing in communities that are not usually involved. The challenges are time, capacity and resources.

## Managing performance?

- 5.24 Performance management is not well developed. MAAs underline the paradigm shift needed for moving from output targets to long term outcome measures. This is a challenge for some agencies but could also be an opportunity though it would require pressure from departments on their agencies. There is a need to avoid duplicating performance management between LAAs and MAAs. A light touch monitoring framework and milestones linked to the business plan is probably most appropriate for MAAs.
- 5.25 Agency respondents acknowledged that their short term output targets may not be appropriate for the longer term outcomes sought by MAAs. For example, the HCA targets may preclude investment in the long term infrastructure required to deliver an improved future housing offer. On the other hand, the view was expressed that, MAAs have not properly addressed the issue of targets – *“They are only crawling towards harder edged planning.”*
- 5.26 There were differences of view about whether MAAs should come within the purview of Comprehensive Area Assessments. The Audit Commission sees a role for itself in the performance management of MAAs and others saw scope for CAAs to look at their ambition and delivery. However, the contrary view was that this would be inappropriate: *“You can’t assess the local authority’s contribution to the MAA without another sub-regional layer of inspection”*. Instead, performance management should be an internal matter with the government’s only legitimate interest being the impact on their PSAs.
- 5.27 Other interviewees referred to other interested parties, such as Regional Select Committees, having a role not in managing performance but at least in challenging it. The UK Commission on Employment and Skills would have an interest in the skills agenda and employers should be asked if they think that the MAA is making a difference.

## More MAAs?

- 5.28 Again there were differences of view about whether more areas should be encouraged to go for an MAA. Some respondents thought that there is

plenty of scope for them and they could help to overcome lack of capacity in smaller unitaries. They could also avoid an increasingly large gulf between some sub-regions and the ones seeking statutory status. Others, however, had reservations or were opposed. They thought that some forms of collaboration do not need an MAA and that, although there may be merit in piloting certain flexibilities, difficulties would arise if everyone wanted them.

## 6. Conclusions and lessons

*“Anything that gets the people with the cheque books together and subject to influence from a local democratic process has to be a good thing.”*

- 6.1 This report has brought together the findings from different phases and strands of the research into the introduction of MAAs. The study has found considerable support for the concept of MAAs amongst both local and national players and, in particular, that:
- working at the level of the functional economic area is necessary for certain types of intervention and the stress on economic development is appropriate
  - strategies need to reflect the specific strengths, weaknesses and opportunities of the area concerned
  - moving towards sub-regional strategies that can add most value requires the collaboration of central government departments and some delegation of powers to local players
  - there is a need for robust and accountable governance structures but the precise form of these should not be prescribed
- 6.2 Beyond this consensus about the potential value of MAAs, the study elicited different perceptions of the work towards MAAs so far and the emerging lessons.

### Barriers and challenges

- 6.3 The literature review and the rest of the research identified issues and challenges for central government and sub-regional partnerships. Some issues were ones that in part motivated MAAs. Over-centralisation and fragmentation affect *central-local relationships*. The level of centralisation in public finance has constrained localities with consequences for the national economy. Whitehall is the source of most revenue resources and investment finance in English cities and, because authority and policy-making capacity have passed upwards, local political life and civic leadership have diminished.
- 6.4 Fragmentation is another issue both locally and centrally. Locally, players are required to join up many separate funding streams and, because so many bodies have been created to co-ordinate spending programmes and promote regeneration initiatives, accountability has become very confused. Centrally, there has been a lack of co-ordination and consistency across Whitehall departments.
- 6.5 The targets regime for central and local government imposes more targets and outcome measures than delivery organisations can sensibly manage,



promotes conflict between organisations by failing to align incentives, and over-emphasises accountability to inspectorates.

- 6.6 Capacity is a challenge for national and local bodies. In part this is a matter of time and resources but it is also a question of developing a better understanding of each others' language and drivers and embedding a culture of collaboration.
- 6.7 Other issues affect *local-local relationships*. Not only has central government been reluctant to give more local autonomy, but also local government has been loath to concede powers to other levels. In addition, there can be competition between municipalities in polycentric regions and unease about the dominant city in monocentric ones. Closely related to inter-authority competition are political (small or big 'p') differences. These may be party political but equally may relate, for instance, to personality clashes or differences in vision and priorities. In two tier areas, engaging the district level can be challenging and issues such as housing can be especially contentious.
- 6.8 It is likely that co-operation will be more difficult if there is no history or culture of partnership working and no strong leadership; if there are differences in political leadership in the local authorities concerned and/or significant differences in their size and nature. Transaction costs tend to increase when there is a large number of local authorities. Co-operation will also be harder if the benefits are small or uncertain or take time to emerge; if there is no mechanism for sharing them or for compensating those bearing the costs or if it is unclear whether or not commitments are being fulfilled.
- 6.9 These inter-authority issues present particular challenges. First, as part of the management of local relationships, it is important that the strategy identifies costs and benefits and the key roles of different places within the MAA area. In addition, handling a growing diversity of policy interventions tailored to local circumstances creates significant challenges for the spatial distribution of policy functions and for the institutions working at sub-regional, regional and national levels. Another challenge, therefore, is the creation of appropriate institutional forms for policy making and delivery that will also ensure accountability and transparency and enable co-ordination and integration across geographic scales.

## Policy messages

- 6.10 The MAA process to date has been an important learning experience and the study has identified a range of policy messages for both central government and sub-regional partners.
- 6.11 Messages for *CLG and other Government Departments* about the early implementation of policy largely revolved around the need think through the full implications of policies at the start. Local players had to make progress in advance of knowing precisely the parameters within they were working

in relation to aspects such as the negotiation process, future flexibilities and implementation and beyond. There was uncertainty about the precise 'rules of engagement' in the negotiations: how far local partnerships were coming to government with a list of requests or how far it was a dialogue around shared priorities and working out together what needs to be done. Additional clarity would not have constrained the diversity of MAA approaches. Similarly, the precise meaning of 'agreement' needed further clarification in view of the uncertain status of some of the 'asks' that have apparently been granted but where the 'agreement' was only to explore them further. It was helpful that at least issues have been put on the agenda of government departments, but if that exploration comes to a dead end, what would be the implications for the outcomes to which the partnership has committed itself?

- 6.12 Local players felt negotiations were impeded because there was no common understanding across Whitehall about devolution, its costs and benefits and how it might be achieved. Partly this is a matter of the advance rhetoric hitting up against resistance to the reality. Other factors that might have been anticipated were the need for high level Treasury involvement early in the process and the likelihood of 'asks' that would be in the gift of agencies such as HEFCE or bodies such as Network Rail. It has become clear that central government departments need to address the question of involving their agencies more in the process of policy development over MAA flexibilities.
- 6.13 Another general message that came through strongly from local players was the need both for a more corporate approach from Whitehall and one that is able to take more account of the distinctiveness of different areas: to see MAAs through a lens of place and in a joined up way rather than from the perspective of individual departments.
- 6.14 There was endorsement of some aspects. *"Keep it voluntary and resist the temptation to institute a one-size-fits-all process"*. It was helpful to have a Minister sign off the MAA in terms of raising its profile locally which in turn could assist progress. Partnerships welcomed anything that would build interest and support, especially because it was not always easy to explain MAAs to interested parties. They also felt it was also important to maintain momentum both during the negotiation period and after sign-off whilst there remain issues to resolve.
- 6.15 Some national stakeholders wanted Whitehall to generate greater dynamism: *"Encourage radical thinking early on."* *"Have a conversation instead of exchanging bits of paper."* *"Identify who is the real driving force behind it at local level."* It was also thought that government needs to give a clearer message about the value of different MAA models as they might apply to different sorts of area.
- 6.16 The study showed that, for *Government Offices*, MAAs are a very resource intensive activity and they were being developed when GOs were restructuring and reducing the number of staff. GOs need a virtual team

for each MAA to use all the links with Whitehall effectively, but it is also important to have one person co-ordinating the process.

- 6.17 Questions arose about the GO role during MAA implementation: about how they can develop and maintain a light touch support and monitoring role. The economic downturn has underlined the importance of being led by the long term vision. This suggests the need for flexibility, agreeing realistic milestones with partnerships and assessing the development of their partnership working rather than getting bogged down in the renegotiation of targets.
- 6.18 The research identified a number of policy messages for *MAA Partnerships*. Some revolve around identifying the functional economic area and the need for clarity in determining the level at which collaboration will add most value in relation to the policy themes in question. In addition to the policy considerations, potential partners need to be convinced that the MAA will add value. One of the challenges for MAAs will be to achieve developments that benefit all the constituent parts of the area, rather than seeming or actually to boost one local economy at the expense of or without enhancing others. The MAA needs to focus on what binds different areas, what cannot be tackled singly and what will make most difference to people and places. It is important to start from a firm base of collaboration and a clear common perception that this is the right level of working.
- 6.19 It is essential to analyse the strengths, weaknesses and performance of the local economies within the sub-region in order to answer questions about internal coherence of a city region and develop an evidence-based strategy and deliverable programme. Working across non-standard areas may entail overcoming problems either of data availability or consistency. *“The evidence base is essential (and an underpinning economic strategy) and it is important to contextualise the MAA, which is where the story of place comes in. Identify the distinctiveness of the area and tailor the MAA to it.”*
- 6.20 In their preparation, MAA partnerships also need to understand and have a clear shared view about the interaction between their LAA and MAA and which indicators are suitable at which level. The study has underlined the value of sub-regional strategy units that were sometimes set up after the abolition of metropolitan counties. *“Make links with the RES and make use of the RDA.”*
- 6.21 There needs to be realism about the timescale involved in preparing a bid. Working across partners involves synchronising the pace of work and avoiding being limited by the pace of the slowest. Capacity is vital. *“Don’t underestimate the time and resources required. Some dedicated resources are essential and need to be put in early.”* Having the requisite capacity means time, expertise and authority: having designated roles, bringing together people with the requisite skills and giving those responsible powers of executive action. Driving an MAA forward entails styles of leadership appropriate to different dimensions of the task. Moving from strategy to delivery requires revisiting questions of capacity and expertise.

- 6.22 A number of lessons emerged about the negotiation process. As one interviewee put it, *“Be careful what you ask for.”* This referred to the need to think through outcomes and capacity and avoid the risk of articulating ambitions for devolved responsibilities for which in practice, the capacity to use the freedoms granted is not (yet) in place. In another interviewee’s words: *“On the one hand, be ambitious and aim as high as possible; on the other, be realistic about what you will get out of an MAA.”* A further message to local partners concerned demonstrating the wider benefit of the MAA by talking the government’s language and linking local outcomes with PSAs.
- 6.23 There were a number of messages about MAA governance. One cautioned against starting with governance structures – *“Let form follow function”*. However, in establishing or refining structures, it is important to overcome any democratic deficit and have clear accountability routes back into the partner local authorities/LSPs. Engaging stakeholders entails knowing how and when to involve them, developing appropriate structures and processes for participation, gaining their commitment and taking full advantage of their expertise. It is also necessary to map and engage delivery partners. Good relations with the private sector can help to ensure that the programme is locally owned and driven. Involving MPs can also be useful.

## Looking ahead

- 6.24 The Chancellor of the Exchequer announced in the Pre-Budget Report in November 2008 that the Government intended to announce new ‘MAA plus’ agreements – economic prosperity boards – with at least two forerunner city-regions. It was announced in the 2009 Budget that Greater Manchester and Leeds City Regions will be pilot city regions building upon their MAAs.
- 6.25 The idea is that these will deliver even stronger integration of planning, housing, transport, regeneration, employment and skills responsibilities. New statutory arrangements for co-operation between local authorities will underpin this with key support from RDAs. The following areas will potentially be devolved:
- increased statutory responsibility for strategic transport issues
  - a joint city-region/HCA board to direct housing and regeneration priorities
  - formal powers for employment and skills boards to influence provision
  - integrated city-region planning with the single regional strategy
  - additional financial flexibility over capital funding
- 6.26 The advent of economic prosperity boards does not lessen the usefulness of MAAs or mean that they do not have a major role to play. At least in the short or medium term, many areas would not want statutory underpinning. The voluntary basis of MAAs, their focus on functional economic areas and the importance of the story of place are all distinctive and valued principles.

However, as this research has shown, there are a number of issues to be tackled in taking them forward, such as the transferability of freedoms and flexibilities, simplifying the performance framework, determining capital investment instruments and moving towards wider stakeholder involvement.

- 6.27 The public consultation Strengthening Local Democracy which closed on 2 October 2009, asked for views on a number of key issues relating to local authorities including issues relevant to the future of MAAs and sub-regional working. Government is preparing its response to the consultation and will issue this in due course.

## Returning to the theory of change

- 6.28 The first chapter of this report introduced a theory of change around change mechanisms in three spheres: efficiency, service improvement and trust and relationships. It is premature to try to assess progress within these spheres or to look for social, economic or environmental outcomes. However, it is already evident that the MAA proposals lay the ground for:
- more efficient resource allocation
  - more effectively targeted interventions
  - interventions at a level appropriate for economic development
  - better collaboration across partners and better co-ordination across areas and themes
  - increased trust and confidence amongst local partners and between them and central government
- 6.29 A longer term evaluation is required to examine the implementation of MAAs and find out how far they realise their ambitions. Such an evaluation would need to include both summative and formative components, and a mix of methodologies, enabling it to serve several important purposes:
- to evaluate the outcomes of the initial group of MAAs at the end of their three year period
  - to evaluate the effectiveness of institutional arrangements and processes both at local level and between local and regional and national levels
  - to contribute interim findings to the MAA localities during the lifetime of the programme to improve the effectiveness of local delivery
  - to contribute interim findings to national policy makers
  - to assess the wider and longer term implications of the experience of MAA partnerships

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