

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

22 MAY 2008

**REPORT OF TEES VALLEY
JOINT STRATEGY UNIT**

CABINET DECISION

Regeneration & Transport – Lead Cabinet Member – Councillor Cook

TEES VALLEY MULTI-AREA AGREEMENT

1. Summary

To consider approval of the draft Multi Area Agreement (MAA) prepared by the Council, together with the other Tees Valley Authorities, One NorthEast (ONE) and Government Office for the North East (GONE). MAAs were first highlighted in the Local Government White Paper in October 2006, and the Tees Valley MAA will be one of the first of its kind in the country, representing a trailblazing form of city regional devolution for areas outside of the core cities.

The MAA is the mechanism by which the place-making elements of the City Region Business Case, prepared in September 2006, will be implemented. It covers regeneration, housing and transport projects, as these are critical to economic development, and one of the strengths of the Tees Valley proposal is the ability to join together the currently separate investment streams with confidence that Government Departments will together provide the necessary backing in a timely manner.

2. Recommendations

It is recommended that the Council endorse the contents of the draft MAA as presented and authorise the Chief Executive and Senior Officers to negotiate the final version of the MAA, in line with this endorsement, with Central Government by the end of June 2008.

3. Reasons for the Recommendations/Decision(s)

The reasons for this recommendation are:

- a) To date, the development of the MAA has raised the profile of the Tees Valley within Central Government, and being the first area to sign an agreed MAA would be a major coup for the Council and its Partners.
- b) The financial freedoms and flexibilities negotiated through the MAA are unique to the Tees Valley and present a real opportunity to ensure that our large scale investment priorities get delivered more efficiently and cost effectively.
- c) The MAA secures a longer term funding commitment to an agreed programme of investment across the Tees Valley, based on current funding envelopes, whilst

providing the opportunity for the Council to benefit directly from any cost efficiencies arising.

- d) The MAA is entirely complementary to the Council's new LAA, putting in place the economic infrastructure to enable other investments in working neighbourhoods, education and health to happen earlier than would otherwise have been the case. It also helps the delivery of a range of the Council's core strategies, in particular its Community Strategy.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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STRATEGY UNIT**

CABINET DECISION

TEES VALLEY MULTI-AREA AGREEMENT

SUMMARY

To consider approval of the draft Multi Area Agreement (MAA) prepared by the Council, together with the other Tees Valley Authorities, One NorthEast (ONE) and Government Office for the North East (GONE). MAAs were first highlighted in the Local Government White Paper in October 2006, and the Tees Valley MAA will be one of the first of its kind in the country, representing a trailblazing form of city regional devolution for areas outside of the core cities.

The MAA is the mechanism by which the place-making elements of the City Region Business Case, prepared in September 2006, will be implemented. It covers regeneration, housing and transport projects, as these are critical to economic development, and one of the strengths of the Tees Valley proposal is the ability to join together the currently separate investment streams with confidence that Government Departments will together provide the necessary backing in a timely manner.

RECOMMENDATIONS

It is recommended that the Council endorse the contents of the draft MAA as presented and authorise the Chief Executive and Senior Officers to negotiate the final version of the MAA, in line with this endorsement, with Central Government by the end of June 2008.

DETAIL

1. Since early 2007, the Council, together with the other Tees Valley Authorities, One NorthEast (ONE) and Government Office for the North East (GONE), has been working with Central Government to develop what we believe can be included in a Multi-Area Agreement (MAA). MAAs were first highlighted in the Local Government White Paper in October 2006, and the Tees Valley MAA will be one of the first of its kind in the country, representing a trailblazing form of city regional devolution for areas outside of the core cities.
2. The MAA is the mechanism by which the place-making elements of the City Region Business Case, prepared in September 2006, will be implemented. It covers regeneration, housing and transport projects, as these are critical to economic development, and one of the strengths of the Tees Valley proposal is the ability to join together the currently separate investment streams with confidence that Government Departments will together provide the necessary backing in a timely manner.

3. The Council sees the MAA as a means of building on the successful partnering arrangements that have developed over time with a view to the future challenges, and within the context of the Review of Sub-National Economic Development and Regeneration (SNR). The MAA seeks to ensure that Government delivers on its commitment to devolve responsibility from Whitehall as set out in the SNR, with appropriate delegation and support for local delivery.
4. It is important that financial freedoms are granted to areas such as the Tees Valley so that they can engage the market more effectively in large economic and physical projects, thereby creating better commercial incentives for private sector involvement through the life of the programme.
5. Our proposed MAA is intended to work within the existing funding arrangements and envelopes for the three main capital funding streams relating to regeneration (place), housing and transport. In terms of regeneration, agreement has already been reached with ONE for an ongoing programme of investment in the Tees Valley worth around £20 million per year, secured through the MAA process.
6. The latest version of the MAA is attached to this report. This version, and the supporting technical notes, was the subject of a discussion panel attended by senior Government Officials in London on 24 April 2008. The feedback from the meeting was very positive in relation to the strong partnership that the Council has with the other Authorities and its Partners, and a recognition that the draft MAA was a well-evidenced, well-argued document that had clear principles and objectives.
7. As can be seen from the document, the principles underpinning the draft MAA are as follows:
 - The MAA is a mechanism to help to deliver the priorities identified within the Business Case in order to improve economic performance and hence quality of life;
 - The MAA is complementary to Local Area Agreements (LAAs), but not in a hierarchical sense – it will draw on local priorities, but not take precedence over them, putting in place the economic infrastructure to enable complementary investments in working neighbourhoods, education and health to happen earlier than would otherwise have been the case;
 - The MAA is intended to cover the three main capital funding streams that will support the transformational projects in terms of regeneration (place), housing and transport – these are all acknowledged as vital to economic development and need to be integrated to obtain maximum return on investment; and
 - The MAA is intended to be simple and flexible.
8. The objective of the MAA is also included within the document as follows:

“To deliver the agreed investment priorities earlier than would otherwise have been the case, and more cost effectively, through the integration of physical and fiscal resources and a strong and accountable governance structure within a defined performance monitoring framework.”
9. The draft MAA sets out our key investment priorities, the resources that relate to these priorities, our proposed governance arrangements, and the outcomes that we will seek to achieve through the MAA, many of which relate to outcomes being pursued through the Council’s new LAA. Particular emphasis is placed on our robust, accountable governance arrangements, established through Tees Valley Unlimited.

10. Through the drafting of the MAA, a number of 'asks' of Government were developed which the Council and its Partners believed were crucial to maximise the potential of the MAA and help deliver increased economic growth within the Tees Valley. These 'asks' were:
 - Enhanced delegation to the Region and the City Region, in line with the SNR;
 - Certainty of funding over a longer time period (5 or 3 + 2 years), with bi-annual review and renewal, to reflect the bias towards large scale transformational capital projects within our proposed MAA;
 - Flexibility to vire resources across different disciplines and the ability to re-profile the sequencing of individual projects;
 - A duty for national and regional agencies to participate with the MAA; and
 - Development and use of a common appraisal system, based on the HM Treasury Green Book by all funding partners.
11. These therefore formed the basis of the proposed MAA 'offer' in terms of financial freedoms and flexibilities requested, and were considered vital to help the Tees Valley's economy grow at a greater rate than would otherwise have been the case.
12. Each of the 'asks' was examined in more detail at the meeting on 24 April, and in principle agreement was given to each to form part of the final MAA for the Tees Valley, subject to some finer points of detail to be worked up by the relevant Government Departments and HM Treasury. Obtaining agreement to these freedoms and flexibilities is a significant step forward to allow the Tees Valley to increase the pace of economic transformation, and no other area has yet been granted such an agreement.
13. The final outcome of the meeting on 24 April was the stated desire to have an agreed version of the MAA ready for signature by the Tees Valley Authorities and Central Government at the end of June. In this way, the Tees Valley would be the first area to conclude a successfully negotiated MAA, which would be a major coup for the Council and all concerned.
14. More importantly, having the MAA in place by the end of June will allow the Council to take advantage of the unique financial freedoms and flexibilities negotiated to help deliver the key regeneration, housing and transport schemes more efficiently and cost effectively. Although the MAA does not involve additional funding at this stage, there is the recognition that any cost savings over the 10 year programme will be shared between Central Government and the Tees Valley, allowing the Council to benefit directly from the MAA.

FINANCIAL IMPLICATIONS

15. The financial freedoms and flexibilities negotiated through the MAA are unique to the Tees Valley and present a real opportunity to ensure that our large scale investment priorities get delivered more efficiently and cost effectively. Although the MAA does not involve additional funding at this stage, there is the recognition that any cost savings over the 10 year programme will be shared between Central Government and the Tees Valley, allowing the Council to benefit directly from the MAA.

LEGAL IMPLICATIONS

16. MAA's were first highlighted in the Local Government White Paper in October 2006. The MAA is the mechanism by which the place shaping elements of the City Region Business Case, prepared in September 2006, will be implemented. It is complementary to the Authority's LAA, which is the statutory agreement between the Council and its public sector partners and central government.

RISK ASSESSMENT

17. This Tees Valley Multi Area Agreement is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

18. The MAA is entirely complementary to the Council's new LAA, putting in place the economic infrastructure to enable other investments in working neighbourhoods, education and health to happen earlier than would otherwise have been the case. It also helps the delivery of a range of the Council's core strategies, in particular its Community Strategy.

EQUALITIES IMPACT ASSESSMENT

19. This report is not subject to an Equality Impact Assessment as it is a joint report on behalf of each of the Tees Valley Authorities.

CONSULTATION INCLUDING WARD/COUNCILLORS

- Briefing updates provided within leaders reports to Council
- Updated to special Council meeting on 26/03/2008

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