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## **SUMMARY REPORT**

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### **TEES VALLEY MULTI AREA AGREEMENT**

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**Responsible Cabinet Member- Councillor John Williams, Economy Portfolio  
Responsible Director - Richard Alty, Assistant Chief Executive (Regeneration)**

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#### **Purpose of the Report**

1. To seek Cabinet's endorsement of the draft MAA as presented and to authorise the Chief Executive in consultation with the Leader of the Council, to agree any amendments to the final version of the MAA to be submitted to the Government by the end of June 2008.

#### **Summary**

2. The MAA is a mechanism to help to deliver the priorities identified within the Tees Valley City Region Business Case in order to improve economic performance and hence quality of life.
3. 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 investments .
4. 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.

#### **Recommendation**

5. It is recommended that Cabinet endorse the contents of the draft MAA as presented and authorise the Chief Executive in consultation with the Leader of the Council to agree any amendments prior to its submission to Government by the end of June 2008.

#### **Reasons**

6. The recommendations are supported by the following reasons :-
  - (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.

**Richard Alty**  
**Assistant Chief Executive - Regeneration**

**Background Papers**

Darlington Gateway Strategy, Building Design Partnership, King Sturge, Regeneris and CIP, December 2006.

Tees Valley Unlimited: Proposed Governance Arrangements, Cabinet June 2007

Taking Forward The Darlington Gateway, Cabinet September 2007

John Simpson : Extension 2681

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S17 Crime and Disorder	The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.
Health and Well Being	The MAA will support the Council's 'place-making' strategies through regeneration, housing and transport funding. An important aim will be to improve the health, well-being and quality of life of local residents, workers and visitors, on the back of economic growth and investment.
Sustainability	The MAA will complement the Council's Sustainable Community Strategy
Diversity	The rationale behind measures proposed within this report is that all citizens will benefit from the Agreement as the regeneration, transport and housing projects are implemented.
Wards Affected	All Wards
Groups Affected	All
Budget and Policy Framework	The MAA is aligned with key Regional, sub-

	regional and local economic, social and environmental policy documents including the Regional Economic Strategy and Regional Spatial Strategy. The MAA will allow the Council to take advantage of unique financial freedoms and flexibilities to deliver key regeneration, housing and transport schemes more efficiently and cost effectively.
Key Decision	This is a Key Decision
Urgent Decision	This is an urgent decision in order to achieve the timetable determined by Government for the pilot MAA's.
One Darlington: Perfectly Placed	The full report highlights at various places (paragraphs 12, 20, 21, 22) the implications of the MAA agreement for implementing the Council's Sustainable Community Strategy, particularly the Prosperous theme.

## MAIN REPORT

### Background

7. In September 2006, Cabinet agreed proposals to create a Tees Valley Metropolitan Economic Partnership and supported a Business Case for the economic development of the Tees Valley City Region. In June 2007 Cabinet considered and endorsed a report on the governance arrangements for Tees Valley Unlimited as consolidating the work of Tees Valley Partnership.
8. In September 2007 Cabinet considered a report outlining the findings of consultants tasked with:
  - (a) Evaluating the implementation of the first Darlington Gateway Development Framework;
  - (b) Analysing the future prospects for key economic sectors in Darlington;
  - (c) Consider employment land needs; and
  - (d) In the light of the above, to recommend an updated set of actions to promote further economic growth in Darlington.
9. Cabinet authorised use of the research as one input to the preparation of various strategies plans and projects. Through the Enquiry Group process, the recommendations of the research have informed the development of the Sustainable Community Strategy and Local Area Agreement. The research has also been used to inform development of the Regional Economic Strategy and Tees Valley City Region Business Case.
10. Having integrated Darlington's key strategic economic regeneration aspirations into the sub-regional and regional strategy frameworks and agreed the governance arrangements for Tees Valley Unlimited, the development and agreement of a Multi-Area Agreement is considered a key next stage in this process as set out in the following paragraphs.

### Information and Analysis

11. 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.
12. 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.
13. 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.

14. 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.
15. 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.
16. 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.
17. As can be seen from the document, the principles underpinning the draft MAA are as follows:
  - (a) 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;
  - (b) 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;
  - (c) 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
18. 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.”*
19. 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.

20. 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:
  - (a) Enhanced delegation to the Region and the City Region, in line with the SNR;
  - (b) 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;
  - (c) Flexibility to vire resources across different disciplines and the ability to re-profile the sequencing of individual projects;
  - (d) A duty for national and regional agencies to participate with the MAA; and
  - (e) Development and use of a common appraisal system, based on the HM Treasury Green Book by all funding partners.
21. 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.
22. 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.
23. 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.
24. 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.

### **Implications for Darlington**

25. The Multi-Area Agreement will be important to expediting funding for key proposals in One Darlington: Perfectly Placed. Both the Tees Valley City Region Business Case and the Prosperous Darlington theme in One Darlington: Perfectly Placed are strongly informed by the Taking Forward the Darlington Gateway research referred to in Paragraph 3. This means that implementing the City Region Business Case through the Multi-Area Agreement will be an important component in achieving the Perfectly Placed priorities, particularly within the Prosperous and Greener Darlington themes of One Darlington: Perfectly Placed.

26. For example, the MAA should expedite funding for work in the Town Centre Fringe and at Faverdale, and also the investment involved in the Tees Valley Bus Network Initiative and Tees Valley Metro (should this prove feasible).
27. Work is going on to ensure that the targets involved in the MAA are consistent with those involved in the Local Area Agreement (LAA), and MAA indicators will be reported alongside LAA indicators.
28. The MAA is a voluntary agreement, not a statutory requirement.