

all politics is local

Across the Border: Breaking down the barriers to cross-border collaboration in local government

INTRODUCTION

*Tom Shakespeare, Research Fellow,
Localis*



In this edition of Policy Platform we hear from a County Council (Leicestershire), a District Council (Breckland) and an organisation which represents a large number of businesses across the UK (British Chambers of Commerce—BCC) - all on the topic of how to 'break down' the barriers to collaboration between local government and other organisations.

In many ways, the climate we find ourselves in is quite unusual. As well as the looming cloud of a recession, in some sense we have never had such formal recognition of the need to work together, across the traditional boundaries that exist. Perhaps, as is suggested in the article by Kevin Hctor from BCC, it may even present local government with an opportunity to demonstrate the role the public sector can play in supporting the economy when purse strings are tightened.

“Balancing sub-regional economic stability with a significant devolution of responsibility is a top priority”

As these articles demonstrate, there is a common consensus that cross border collaboration can be beneficial—making cost savings, improving performance, and supporting business. However, the way that these collaborations can be fostered and nurtured, as these articles demonstrate, is no trivial task. What form should collaboration take? And how can it provide the stability which businesses and the third sector constantly demand?

Cllr David Parsons from Leicestershire Council, in his article, suggests that the new formal Multi Area Agreements (MAAs) which they have recently signed, will underpin their work, and will also present a number of new opportunities. In the article by Cllr William Nunn from Breckland District Council, there is a recognition that policy forming practice alone is insufficient, but that it should be underpinned by what he calls a 'clear additionality'. This is taken further by Kevin Hctor, who suggests that any new sub-regional arrangements *must* include business growth in their strategy.

Clearly, there is obviously no panacea for cross border collaboration—but it is becoming increasingly apparent that balancing sub-regional economic stability with a significant devolution of responsibility is a top priority. A common theme throughout this publication is a need for a meaningful dialogue—perhaps this is what we should be aiming for.

LEICESTERSHIRE COUNTY COUNCIL

Councillor David Parsons, Leader



The recession has underlined and put in bold the need to support Leicester and Leicestershire's economy. I believe we are better placed to respond to the recession now than we were a year ago because as a city and county, and as a sub-region, we are now working together to offer this support. For the past 12 months, Leicestershire County Council and Leicester City Council have been asking some fundamental questions. If a line has to be drawn to determine an economic area, are we as city and county a single economic entity? And if we are, how can we reshape our services so that our communities, businesses and public agencies can benefit from a single vision?

The Leicester & Leicestershire MAA

We have responded to these questions by jointly putting into place new arrangements to improve



Across the Border: Breaking down the barriers to cross-border collaboration in local government

economic performance and minimise the impact of the recession on the sub-regional economy. The current global downturn has presented the area with new challenges and the County and City authorities are determined to overcome these by delivering effective solutions together. There is an increased sense of common purpose and political leadership, optimism and energy; hence Leicester and Leicestershire is one of the few areas in the country that have developed a Multi-Area Agreement (MAA).

“The sub-region functions as an integrated economic area because of its commuting, retail and transport patterns”

The rationale for developing the MAA around our economic priorities is based on the geography of the area. The sub-region consists of nine local authorities and has a ‘core-periphery’ structure with a large city as its centre, surrounded by densely populated towns, which themselves are surrounded by a large rural hinterland. With a total population nearing one million, the sub-region functions as an integrated economic area because of its commuting, retail and transport patterns.

The MAA, which was signed by myself on behalf of Leicester and Leicestershire and the Prime Minister, Gordon Brown at 10 Downing Street on 12 January 2009, has a clear focus on economic development and an emphasis on increasing employment, improving skills and stimulating business growth. It provides the opportunity for the City, County and District Councils and other partners, notably the RDA, the Learning and Skills Council, JobCentre Plus, the three local Universities and the private and voluntary sectors, to work together on this very important agenda and to build a strong relationship between local, regional and central government and its agencies.

The MAA has a clear focus on reducing worklessness, improving skills and increasing business growth. It sought greater flexibility from central government for the

partnership to deliver its economic priorities and 'asks' have been agreed with Government that will:

- devolve decision making to the sub-regional level;
- allow the MAA partners to align funding;
- allow partners to co-design, co-invest and co-commission programmes;
- provide flexibility for universities and colleges to deliver high level qualifications;
- allow greater freedoms to develop initiatives to help those on benefits into work.

A key feature of our MAA is the proposed governance and delivery arrangements which will provide a structure within which the economic development priorities will be managed and delivered. The governance model reflects the intention for the economic development agenda to be delivered on the basis of a combined Leicester and Leicestershire approach rather than through separate arrangements. The model recognises the need for clear arrangements to manage the respective roles, relationships and contributions of the County, City and District Councils and ensures that decisions for the allocation of funding will be made based on need rather than geography.

“The City and County Councils, along with the District Councils and the RDA, have agreed to establish an Economic Development Company (EDC)”

Current economic development activity is organised at County, City and District levels and a range of existing agencies are operating across different geographies and pursuing various strands of economic development related activity. In view of these complexities, the City and County Councils along with the support of the District Councils and the RDA, have agreed to establish an Economic Development Company (EDC) to lead economic development delivery in the sub-region.



Across the Border: Breaking down the barriers to cross-border collaboration in local government

Efficiencies

The added value of the MAA is that it will provide a mechanism that produces a collective approach, bringing together Government and local partners, to tackle some of the major economic and social challenges facing the sub-region. The MAA will allow us to prioritise our investment and ensure we have a mechanism and governance structure that can make decisions about where and how funding is allocated and make efficiency savings within the delivery process.

“The MAA will allow us to prioritise investment...and make efficiency savings within the delivery process”

The MAA will achieve a number of supporting objectives, including:

- efficiency and shortened timescales;
- better co-ordination of delivery;
- greater return on public sector investment.

The public sector faces significant pressure to meet the latest efficiency targets. For the majority of public sector organisations in Leicestershire this means that over the three year period of the 2007 Comprehensive Spending Review, public agencies will need to make cashable savings of over 9%. This represents a considerable increase on previous targets. That is why we have included the National Indicator 179 efficiency target in the MAA and agreement has been reached between the City and County Councils, District Councils, City and County PCTs, Fire Service and Police Service about tackling this through the MAA.

Over the last year the County Council has been in contact with all Leicestershire Districts to discuss the opportunities to both generate savings and improve service quality and resilience through shared services. The main opportunity for shared services with the County Council is with support services. Though

progress has been slower than hoped, there have been some successes with the County Council due to provide a payroll service to one district council this year and we are already undertaking internal audit work for two of the seven districts in Leicestershire.

“The Council will also continue press for shared back office services”

The strategy has been to develop a manageable programme of a handful of projects where savings can be generated by collaboration/shared services between organisations. Stage one of agreeing the projects has been completed and the focus is now on developing and implementing these projects. These include; shared revenues service (districts and city), building control/land charges/legal (all districts), integrated passenger transport (city and county) and winter maintenance (city and county). The aim is that by the end of the year all the feasibility studies are complete and implementation is underway on these projects. The County Council will also continue to press for shared back office services with partners with the aim that we will provide services to districts, thereby saving money for taxpayers.

At the same time as working with the Districts on shared back office services, the County Council has been taking a key role in facilitating the Districts to work together on their own shared services. As a result we have been able to work together with partners to direct the majority share of funding available for efficiency projects within the Leicester, Leicestershire and Rutland Sub Regional Improvement and Efficiency Partnership (RIEP) to district based projects.

The current economic climate has increased the focus on the need for efficiency across the public sector and it is apparent that all organisations are facing a difficult challenge. However, some District Councils are facing a particular difficulty over both the short and medium term. Districts are also the type of organisation, given their



all politics is local

Across the Border: Breaking down the barriers to cross-border collaboration in local government

size and structure that will most benefit from shared services. To this end I am planning to arrange a 'credit crunch summit' with the District Councils to discuss our common problems and seek to find some common solutions. We owe it to the people of Leicestershire to protect front line services through closer co-operation.

"I am planning a 'credit crunch summit' with the District Councils to discuss our common problems"

Within the region, Leicestershire and Nottinghamshire County Councils have entered into a partnership to provide shared back office services through the joint committee governance structure. This is at an early stage of development although the initial business case indicates that annual savings of c£1.5m per year could be achieved. The following areas have been identified as the initial services for detailed feasibility:

- Payroll/HR
- Transactional Finance
- Pensions Administration
- Internal Audit

Breckland District Council
Councillor William Nunn, Leader



The 12th largest district in the UK, covering 550 square miles in the heart of Norfolk, Breckland Council is in the vanguard of entrepreneurialism in local government. Boasting top quartile performance across a raft of indicators, it enjoys high customer satisfaction along with the lowest council tax in the country. Deriving significant income from its commercial activity, Breckland is not a business, but is run in a business like fashion with a range of key partnerships and cross border working.

The political philosophy is focussed on delivering the best possible outcomes for minimum cost working in partnership where there is clear 'additionality'. Importantly the traditional constraints of ownership and sovereignty have long since been replaced by businesscase and performance management. In this article I will argue that cross border working is a business decision, that partnerships should be engaged in only where they provide additionality, and that MAAs and LAAs are policy following practice, but run the risk of transforming effective business practice into a bureaucratic end in its own right. The foregoing political vision being underpinned by strong political/management interface under the stewardship of Trevor Holden, our Chief Executive, who is anything but a traditional Chief Executive. For the purpose of this article 'cross border' is taken to mean across local authority boundaries, county and regional boundaries as well as between respective public bodies or tiers of local authority within a place.

"MAAs and LAAs are policy forming practice, but run the risk of transforming effective business practice into a bureaucratic end in its own right"

Unfettered Leadership

It is often said if we always do, what we have always done, we should not be surprised if we always get what we have always had. This is particularly appropriate as local government is driven down the road of change, compelled not only by finance and regulation, but actually because it is the right thing to do. In setting our political agenda at Breckland we recognised that people were the key enabler and the biggest risk. Starting at the top we looked outside the traditional pool when recruiting our current Chief Executive. With 25 years as a senior RAF Officer, Trevor Holden's leadership, integrity and drive are readily apparent to all who know him. More importantly, he is unfettered by a long background in local government; with an open mind, he



Across the Border: Breaking down the barriers to cross-border collaboration in local government

is results orientated rather than slavishly defending the traditional processes.

With a strong political/management interface across the Executive and Corporate Management Team, we have been able to establish clear ethos and values supported by strong recognition and rewards schemes. The Council not only has the appetite for cross-border working, it has the requisite skills, capacity and energy to ensure it delivers. An intrinsic part of our ethos being to encourage and manage informed risk; there are no bonuses in our performance related pay scheme for the 'caretaker' approach.

"Cross border working is a business decision"

Breckland operates a range of key delivery partnerships which include the provision of street scene services by Serco and an award winning PFI with Parkwood Leisure for our leisure centres. These key contracts include profit share should we collectively grow the business and include customers at the heart of the performance/assessment and therefore payment. Two key aspects of these contracts are that they are both actively managed through partnership boards, which look to exploit shared opportunities rather than a more traditional contractor client relationship. (Profit is not a dirty word for our partners or ourselves.) The business case for these contracts makes sense in terms of cost and performance, but equally importantly in terms of future growth and profit share through cross border working. A key factor here is that, as Councillors, we are here to ensure that services are provided, not to provide services.

"Both contracts are managed through partnership boards which look to exploit shared opportunities"

Breckland is a key stake holder and founding partner of the Anglia Revenues Partnership (ARP) and the Anglia Revenues Partnership Trading Company (ARPT). The

ARP is a highly acclaimed partnership between Breckland (Norfolk), Forest Heath (Suffolk) and East Cambridgeshire local authorities which provides Revenues and Benefits services to the three authorities. This project has transformed low performance, high cost into top quartile performance across the board. To achieve this there was a strong business case, which relied on 'ownership' being sacrificed to a shared and collective vision, a political will to make it work and clear accountability through a joint partnership board.

"Borders are nothing more than lines on a map, which economic activity does not recognise"

In summary, the authorities have pooled their sovereignty to deliver collective gain with clear economies of scale and enhanced service delivery for the customer. I cannot recall at any time in the process thinking "should we do this because it crosses borders?". Ultimately, borders are nothing more or less than lines on a map, which economic activity does not recognise; neither then should we as a local authority or across the public sector. In the private sector (not withstanding the current economic climate) mergers are commonplace, where it is cost effective and efficient so to do. The same should be true in and across the public sector, not as a political doctrine, but simply where it makes sense so to do. In this context administrative boundaries should not be a material consideration.

Partnerships should only be engaged in where they deliver additionality.

It is currently in vogue for the public sector to deliver through partnerships under a raft of models. Partnerships without doubt have the potential to add 'additionality', by which I mean 'measurable value added to an outcome that demonstrably would not have occurred without the partnership'. There are clearly some challenges which are, by their nature, multifaceted and complex, which might benefit from a multi-agency approach. Equally, as described previously, the ARP and ARPT derive clear benefit through size scale and



all politics is local

Across the Border: Breaking down the barriers to cross-border collaboration in local government

pooled expertise. The default setting, however, should not be to form a partnership without first understanding any real additionality in doing so; if there is none then don't do it.

“There is a real danger that partnerships are allowed to become a cottage industry”

As an authority we are currently the accountable body for an ambitious growth point project for the market town of Thetford. This partnership brings together national, regional and county organisations along with local businesses and landowners. This is a comprehensive and broad project covering, both the built and community environment and can only be delivered through a partnership board. Like any relationship, partnerships in the public or public/private/third sector arena are, by their very nature, complex with potentially an array of differing agendas. This can lead to clarity of purpose being sacrificed on the altar of expediency. Partnerships, however, should not mean sub-optimal through consensus. Moreover, the issues of ownership and sovereignty cannot be overlooked and must be addressed from the outset. The key to the success of this partnership is a clear and specific shared challenge, recognition of collective and individual gains, being delivered under a single brand 'Moving Thetford Forward'.

Policy following practice

There is nothing new in cross border working as a method of bringing together key partners around a common goal. However, the advent of LAAs, MAAs and the like, which could be described as policy following practice, run the risk of undermining the very initiatives they serve to promote, by creating a bureaucratic must have, rather than a business led, performance driven alliance, of the willing, around a shared outcome. There is now a plethora of advice, training and guidance around partnership working with swathes of officer time at every level across the public and third sector engaged in planning and refreshing targets and outcomes.

When considering MAAs, the IDeA guidance suggests one of the barriers might be: a disproportionate level of bureaucracy. There is a real danger that partnerships are allowed to become (if they have not already) a cottage industry where more effort is put into servicing the partnership than is focussed on delivering outcomes which have a real impact on our communities. I sense that CAA will be a testing time for some with its focus on delivering better results for local people.

Summary

In summary, having articulated the political vision you need to turn it into reality. Recruit and reward the right staff, look beyond the traditional talent pool. We should not be afraid to move on from a historic need to own services: our role is to ensure that our communities are provided with high quality services at an affordable price, not to be a service provider. Cross border working has, without doubt, much to offer the entrepreneurial council, not as doctrine or dogma, but as a plethora of potential business partners, where the business case supports such an approach. However, if we, as a sector, are to derive all that we can from such opportunities, we should have a clear and shared vision, an agreed business case and identifiable additionality (if not, why do it?).

British Chambers of Commerce
Kevin Hctor, Policy Adviser



Everybody knows the level of frustration that they feel when they have to deal with an organisation's bureaucratic complications. The lack of a joined-up way of dealing with an inquiry can result in delays and difficulties which seem to defy all logic and put people off from wanting to have to deal with the organisation again. From the perspective of business it is critical that councils avoid this trap and instead offer a co-ordinated



Across the Border: Breaking down the barriers to cross-border collaboration in local government

approach to the delivery of services that impact on the local economy. Quite simply firms are making constant connections and doing business across local, regional and national boundaries and they really expect the public sector to be able to organise itself to respond to this reality.

In the current recession, the importance of local government working across administrative boundaries to deliver support for the private sector in their locality will be of critical importance. This will be the case whether the issue is transport, planning, skills, regulation or anything else. In that sense, the recession presents a real challenge, but also an opportunity, for local government to demonstrate the part the sector can play in tackling this downturn. But the means by which greater cross-border collaboration can be delivered and the key factors that will make a real difference need to be identified and built on.

“Quite simply firms are making connections and doing business across local, regional and national boundaries and they really expect the public sector to be able to organise itself to this reality”

As a locally-based network, the British Chambers of Commerce (BCC) shares a belief with local government in devolution and the need for decisions to be made at the appropriate level. The BCC is a national network of local Chambers of Commerce that together represent over 100,000 businesses employing more than 5 million people. In each area the Chamber represents the private sector, with a membership that is multi-sector and multi-size. They work with Local Authorities and other local partners to drive forward the joint delivery of policies and services in a way that supports local business growth as well as directly delivering advice and

support to local businesses themselves.

Unfortunately, at a local level, instead of working in a joined-up way, businesses still too often report a lack of co-ordination between Local Authorities, levels of councils in two-tier areas, or even between departments within the same authority. This can be exacerbated by fall-outs between particular areas, petty local disputes, party political divisions or even just personality clashes. If you factor in the combined involvement of central government departments, Regional Development Agencies (RDAs) and other local and regional agencies as well, the overall impression can be one of utter confusion.

“The overall impression can be one of confusion”

Governments over the years have initiated a range of reforms to local government to seek greater authority and co-ordination (restructuring, governance, inspection, structured local partnerships etc.) to varying degrees of success. These have however not been as effective as they might have been, at least in part because they have been seen as centrally imposed solutions which haven't reflected local needs. Equally while a number of Local Authorities have and are taking forward measures to deliver greater efficiency through shared ventures, joint service delivery or innovative approaches to commissioning or procurement, there is room for further progress.

The experience of Chambers working on the ground is that economic issues may need to be tackled not only locally, regionally or nationally, but on a sub-regional or cross-regional basis. This is supported by the evidence from the BCC's own Quarterly Economic Survey of nearly 6,000 companies. This demonstrates significant variety over a range of economic factors between and within regions in terms of how different sectors respond during a recession. Economic factors, from transport links to technology, require support at different levels from the public sector. The existence of administrative borders simply must not be an excuse for the kind of



Across the Border: Breaking down the barriers to cross-border collaboration in local government

inaction and delay which will lead to opportunities being missed.

“Structures which operate more effectively at the sub-regional or local level...are needed”

RDAs are tasked with supporting economic growth in different areas through co-ordination of the activities of public sector agencies in the region. While there can be value in having agencies to join-up activities at this spatial level, there is a real diversity of views amongst chambers as to how effective each RDA has been at this task within their respective region. Also a functioning economic area will not necessarily mirror the current regional administrative framework boundaries and may actually be more sub-regional. This therefore suggests that structures which operate more effectively at the sub-regional or local level with better co-ordination of delivery across different levels are needed.

The Government's current Local Democracy, Economic Development and Construction Bill, empowering measures from the 2007 Sub-National Review, could well lead to the creation of new sub-regional statutory structures in the form of statutory Multi-Area Agreements (MAAs), Economic Prosperity Boards or even formal City-Regions. There are also plans for Local Authority Leaders' Boards to jointly prepare strategies at the regional level. What is encouraging about these measures is that they seek to enable Local Authorities to come up with their own solutions and plans for more effective sub-regional arrangements rather than imposing measures that may not be relevant to the locality. The concern, as always is whether these will merely lead to the creation of additional new structures without any real change.

From the BCC's perspective there will need to be sufficient powers and freedoms for sub-regional bodies to deliver on their own locally set objectives if these are to become meaningful bodies. There are a number of ambitious MAAs already in place, which tie local

partners into delivering on important economic objectives. Without these agreements having sufficient funding and flexibility to apply resources to the best effect, there is a real risk that very few real outcomes will be achieved. To avoid this happening, central government, RDAs, and other national, regional and local public sector agencies will need to enable powers to be devolved and the pooling of funding to meet locally agreed targets and outcomes.

“What will be needed is for these new sub-regional arrangements to better embed more effective business engagement...and foster a stronger focus on supporting business growth”

This cannot be a carte blanche to take forward any measures at the sub-regional level. Particularly in the current economic climate, sub-regional arrangements that set out plans for new taxes upon the local private sector without sufficient accountability will be opposed. Equally if Local Authorities see devolution as a green light to service delivery that is in competition with the private sector, this will raise alarm bells for business. What will be needed is for these new sub-regional arrangements to better embed more effective business engagement in their strategies and foster a stronger focus on supporting business growth. The overall aim of all this, which is shared by the private sector, is to ensure much greater public sector co-operation to better help the country to get through this recession.

FOR MORE INFORMATION

Localis is an independent think-tank dedicated to the devolution of power. For more information on the work of Localis, please visit www.localis.org.uk. For more information on the individual organisations, please visit their websites.