

Urban Contractual Policies in Northern Europe

Lukas Smas with contributions from Christian Fredricsson,
Liisa Perjo, Tim Anderson, Julien Grunfelder and Christian Dymén

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Stockholm, Sweden, 2017

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Preface

This working paper is based on two separately commissioned projects that Nordregio carried out during 2015–2016. The first project was commissioned by the Nordic Working Group for Green Growth: Sustainable Urban Regions set up under the Nordic Council of Ministers' Committee of Senior Officials for Regional Policy (EK-R). This project relates to Chapters 2 to 5 of the present working paper, which describe the policy details and inner workings of urban contractualism in Norway, Sweden and Finland. The second project was commissioned by the Norwegian Ministry of Local Government and Modernisation. The objective was to review the experiences in France and England with different forms of contractualism. This relates to Chapters

6 to 8, which incorporate additional comparisons and critique of urban policies in France and, especially, the UK.

The projects were a collaborative undertaking, with a number of national experts at Nordregio involved. Lukas Smas was the overall co-ordinator and editor. Liisa Perjo was responsible for Finland, Christian Fredricsson contributed the Norwegian part and Christian Dymén (now at Trivector) was responsible for Sweden. Julien Grunfelder was responsible for France while Timothy Andersson (currently a PhD Student at Tallinn University) wrote the UK section alongside contributions to the introduction and conclusion.

1. Introduction

The co-ordination and integration of transport, land-use and housing planning has emerged as an important policy direction to promote sustainable development in the Nordic countries. To facilitate sectorial co-ordination and integration, different types of multi-level arrangements between state authorities, regional bodies and local municipalities have been developed. Formal and informal agreements between state (national) authorities and municipalities regarding sectorial policies in areas such as transport and infrastructure are not a new or unusual phenomenon. However, what is interesting is the combination of cross-sectorial and multi-level governance, along with the adoption of different types of contractual or agreement-based policies among various public authorities (i.e. public-public-relations). These different 'agreement-based urban policies' or 'contractual urban policies' that are emerging in Finland, Norway and Sweden are also becoming institutionalized.

Urban contractual policy is a key instrument for the Norwegian Government to steer urban development towards the goal of zero growth in car traffic. The multi-level agreement is a strategic instrument to co-ordinate actors and policy measures, including various forms of financing under a common policy framework. In Finland, contracts entitled 'letters of intent' have been developed in recent years for land use, housing and transport (2012-2015). The aim of these has been to create integrated, efficient and competitive urban city-regions via co-operation between the state and municipalities in the city-regions. During 2015, urban environment agreements were also introduced in Sweden.

This working paper provides an introduction to these new developments including contractual urban policy initiatives in Finland, Norway and Sweden. It also compares these with developments in France and the UK. The Nordic urban contractual policies reviewed here seek to integrate land use, housing and transport, i.e. they are cross-sectorial arrangements. They have also been established primarily in order to promote sustainable urban development. Furthermore, institutionalization of these urban contractual policies in the Nordic countries is increasing through new national regulation and funding schemes. The multiple

economic and political rationales behind these often complex organizational and financial arrangements are, however, beyond the scope of this descriptive analysis. Instead, we offer a brief comparative overview and review how these contractual agreements relate to other formal (municipal and regional) spatial planning processes: a critical policy (and research) question. Within our analysis, we explore contractualism as an emerging policy development in Finland, Norway, Sweden, France and the UK. Our examples provide multiple perspectives on how urban contractual policy is developing in Northern Europe.

Contractualism and spatial planning

The term contractualism has been used to describe a model of relations between states and citizens within neo-liberal society, with implications for governance. It is not a self-evident concept, and the different potential formulations of social, moral and political contracts have been the subject of much debate within social science. In political science, 'new contractualism' has been discussed within the context of European social policy, with some scholars contending that 'contractual thinking emphasizes... citizens' own responsibility for their welfare' (Ervik et al., 2015, p. 2). More broadly, there is discussion of 'chains of contracts' where the individual is at the end of a chain (Jayasuriya, 2002), while private finance initiatives and public-private partnerships (PPPs) are links in themselves. For example, British 'workfare' policies linked to neo-liberal contractualism have significantly restructured 'the relationship between state and citizen' (Jayasuriya, 2002, p. 309). This has also led to criticism of the private-sector focus of European Union (EU) 'contractual governance', with a warning that such deals pose a threat to democratic and representative processes of regional development (Jayasuriya 2002, p. 309). Other researchers have focused on the way in which contractualism and neoliberalism have been linked together, arguing that contractual governance 'has been problematic in that many contracting regimes have failed to respond adequately to public needs' (Vincent-Jones, 2007, p. 259).

In the realm of spatial planning, 'contractualism' and 'deal-making' as concepts are frequently consid-

ered to be important facets of neo-liberal discourse (e.g. Sager 2011). The significance of contractualism for planning is multifaceted and obvious. Raco (2013), for example, within an article about planning and contractualism in the UK, claims:

The broader rationality for a planning system that integrates and co-ordinates the provision of infrastructure and welfare services across national and regional spaces is undermined in a context where contracts shield private interests from changing public values and sensitivities.
(2013, p. 60)

There are a number of studies that examine contractualism in relation to planning with a focus on public-private relations. For example, Haila (2008) offers a case study of contracts and property development in Finland. However, less attention has been given to contractual agreements between public institutions, such as contracts developed between state authorities and municipalities.

The contractual policies considered in this paper, such as those that are emerging in the Nordic countries, are of this different type. They are primarily not related to the relations between state and citizen or between public and private actors, but are about contrac-

tual arrangements between different public authorities, i.e. public-to-public relations. In this explorative and descriptive paper, the term urban contractual policy is thus broadly defined to encompass the new types of deals, agreements and contracts emerging in some planning domains.

This study details contractual policies from five European countries—Finland, Norway, Sweden, France and England—and offers a view of urban policy evolution in these places. For the cases that we address here, contractualism functions (ostensibly) as a mechanism to ‘minimize the costs of governance while encouraging greater co-operation between principals and agents to maximize their joint utility’ (Wiseman et al., 2012, p. 210).

The objective of this working paper is to map the current use of urban contractual policies and to explore how these contracts are structured and organized, including how responsibilities are divided between tiers of government (local, regional and national). Another objective is to further understand what types of criteria are used for selecting the projects; what types of policy measures are included; what type of financial models are used; and how the contracts are evaluated. The paper aims to initiate and facilitate a discussion on the challenges and potentials accompanying the emergence of urban contractual policy in the Nordic region.

2. Finland: Letters of intent

Integration of land use, housing and transport has been a notable planning trend in Finland since year 2000 (Mäntysalo et al., 2014). The state has also been promoting an increased city-regional perspective in planning and increased city-regional co-operation has been taking place over recent decades (Kanninen & Akkila, 2015). Linking together these trends of policy integration and city-regional perspectives, urban contractual policy between the state and city-regions has been established to support integration of land use, housing and transport, as important areas for city-regional co-operation, and for co-operation between city-regions and the state. Agreements between the state and municipalities in city-regions were called 'Letters of intent for land use, housing and transport' (LOIs) between 2012 and 2015, and were aimed at more integrated planning of land use, housing and transport with improved focus on these topics at a city-regional level. Agreements covering the period 2016-2019 are called 'Agreements on land use, housing and transport'. This overview discusses only the LOIs during the period 2012–2015.

The need for this type agreement between the state and the city-regions arose because regional level plans were not considered sufficient to meet the specific challenges of the regional growth centres (i.e. the larger city-regions), while municipalities, in turn, did not take into consideration the city-regional perspective in their municipal plans (Ojaniemi, 2014). It was felt that this led to overlapping investments and, among other things, urban sprawl. The LOI on land use, housing and transport, as a policy tool between the state and city-regions, was seen as a way to address such challenges (Ojaniemi, 2014).

The first LOI relating to land use, housing and transport was established between the state and the Tampere city-region in 2011 as a pilot agreement. The Tampere city-region was chosen as the pilot city-region because of its well-established inter-municipal co-operation. After the pilot, a longer-term LOI was drafted for Tampere as well as for the city-regions of Helsinki, Turku and Oulu. (MAL, 2015; interview Mäkelä, 2015).

Topic and goals

The aim of the LOIs during the period 2012–2015 was to guide the integration of land use, housing and transport policies in the largest city-regions. Integration of housing and transport (e.g. locating housing close to public transportation) is seen as a way to avoid the urban sprawl that was one of the main concerns of Finnish spatial planning in the 2000s. In addition to developing denser urban structures, promoting the integration of land use, housing and transport was thought to foster sustainable development and facilitate well-functioning everyday life in the city-regions, which are also functional labour market areas. Access to affordable housing was also emphasized (MAL, 2015).

According to the mid-term evaluation of the LOI period 2012–2015, the objective was a policy tool that would encourage municipalities to adopt joint measures taking into consideration city-regional outcomes, instead of focusing on benefits for each municipality (MAL, 2014). The aim was to promote co-operation between municipalities and decrease competition within the city-region (Tuominen, 2015). At the same time, LOIs were established as an instrument for multi-level governance in the sense that they were used to ensure the implementation of state-level policy goals at the city-regional level (MAL, 2014).

The contents of the LOIs differed between city-regions based on needs that the participating municipalities and the state had agreed on. In the Helsinki metropolitan city-region, the focus was on housing because of the city-region's challenges regarding the provision of affordable housing. The city-regions of Oulu, Tampere and Turku focused more on cohesive or densified urban structures and sustainable mobility (interview Mäkelä, 2015). In the Oulu city-region, issues of service provision structure and business were also included. During the programme period, 2012–2015, it was often debated whether the LOIs should be broadened to include other development issues or if they should remain focused on integrating land use, housing and transport.

Partners and process

In principle, the LOIs were signed by each municipality in a city-region, and the state. In the agreements, the state was represented by the Ministry of the Environment (which also co-ordinated the policy), the Ministry of Transport and Communications, the Housing Finance and Development Centre, and the Finnish Transport Agency. The Centres for Economic Development, Traffic and the Environment were state representatives at the regional level (Ministry of the Environment, 2015). The contracts could include other actors if they were responsible for some of the included measures (MAL, 2015). Some LOIs, for example, included regional councils as partners. The involved city-regions were chosen by the state: so, for example, the city-region of Lahti expressed interest but the government decided to include only the four largest city-regions and excluded Lahti (interview Mäkelä, 2015).

In the process of establishing an LOI, the municipalities of a city-region first formed a common understanding of the aims of the city-region, and based on the city-regional goals, negotiations with the state were commenced (MAL, 2015). The LOIs were also approved by the municipal councils before being signed by the municipalities and the state (MAL, 2015). For

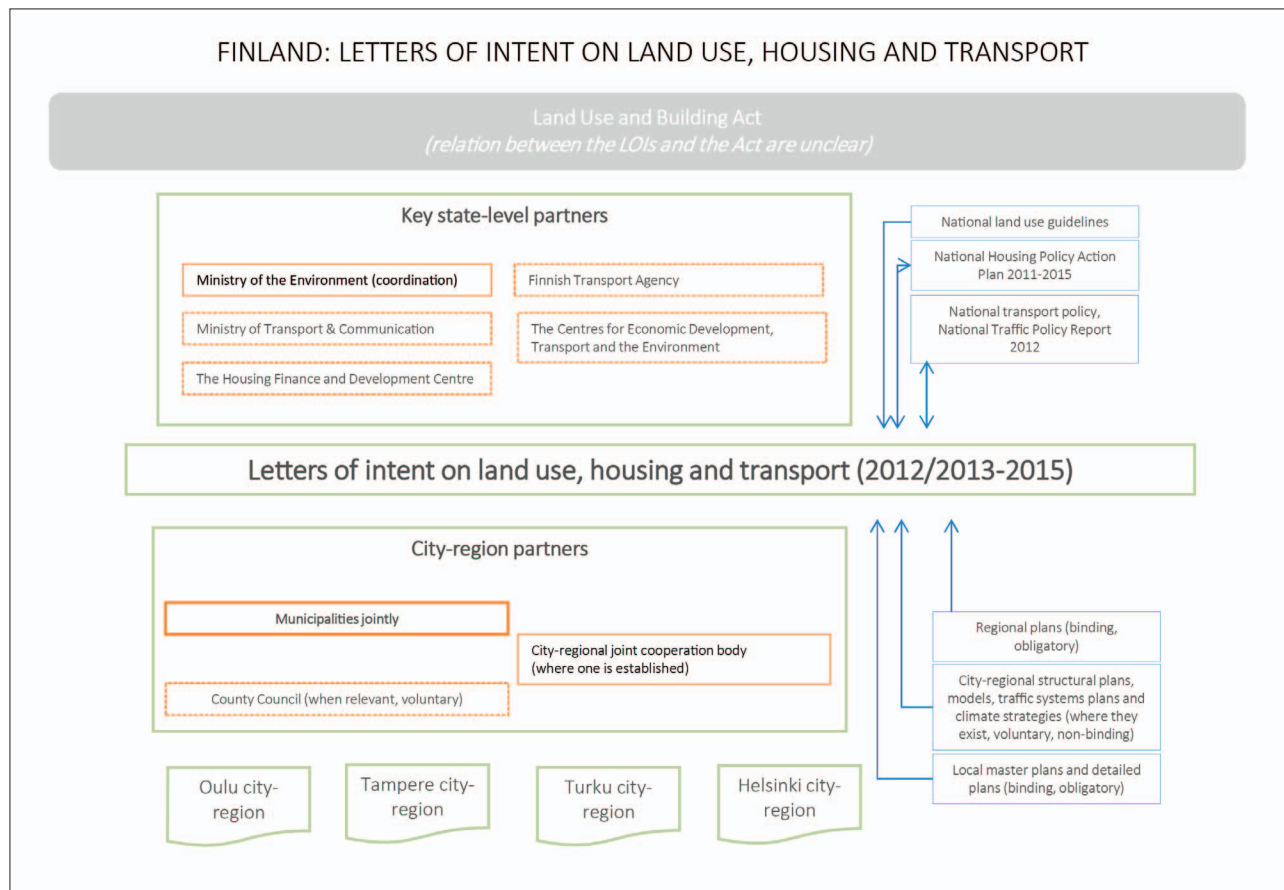
example, in the Turku city-region, one of the more peripheral municipalities decided not to enter the agreement during the first round even though it had been part of the negotiations (interview Mäkelä, 2015).

Relation to other plans and the Land Use and Building Act

As LOIs (and now the agreements on land use, housing and transport) are made between the municipalities in a city-region and the state, they operate on a city-regional level, i.e. between the formal municipal and regional planning levels. These types of agreements are outside the formal planning system and not legally binding for the partners, although active discussions have been taking place on ways to improve commitment and make them more binding. It has been noted the role of LOIs relative to the regional level and the planning system as a whole remains unclear (Mäntysalo et al., 2014). In interviews, a majority of city-regional and state actors stated that they did not wish LOIs to be legally binding (Ojaniemi, 2015).

LOIs, as strategic documents, link to other plans and strategies at municipal, city-regional, regional and national levels (see Figure 1). City-regional structure models or other existing city-regional land-use plans

Figure 1. Organizational structure of LOIs



and traffic plans were commonly used as the basis for LOIs. As there is no legally binding city-regional planning in Finland, the plans and models that are the basis for LOIs are themselves also non-binding. The working group on LOIs noted that making city-regional structure models more binding could strengthen city-regional planning. (MAL, 2015)

While LOIs focus on creating a shared inter-municipal city-regional vision on issues of land use, housing and transport, issues like international competitiveness are the subject of growth agreements. There has been some discussion, in various evaluation reports, about combining LOIs and growth agreements as they partly overlap (e.g. MAL, 2015). It would be challenging to combine land-use, housing and transport issues with business and competitiveness issues because an even larger variety of actors would be involved and because the issues to be solved are different in the different contracts (interview Mäkelä, 2015). Current thinking is that LOIs and growth agreements should be drafted simultaneously but result in separate agreements (MAL, 2015).

Funding mechanisms

The LOIs included areas for which the city-regions would receive funding from state level independent of the LOI (e.g. state funding for affordable housing). State funding was then allocated in line with the details of the LOI. However, there was also some LOI funding (approx. EUR 30 million in total in two years), allocated specifically through the LOIs, that was mainly directed towards small cost-efficient traffic projects often related to supporting cycling, walking and public transport (Mäkelä, 2015). In addition to providing some additional funding, the policy instrument was particularly important in providing a common forum in which municipalities could discuss land use, housing and transport, and in strengthening the dialogue between city-regions and the state (interview Mäkelä, 2015). In order to receive the funding, the municipalities of a city-region, together, had to provide the same sum as the state (50/50 funding between state and the municipalities of the city-region) (interview Mäkelä, 2015).

Larger projects are generally discussed by the government and the parliament in annual national budget negotiations (interview Mäkelä, 2015). State funding for large infrastructure projects was however notionally added to the LOIs in the Helsinki and Tampere city-regions, but was not part of the LOIs as such and funding was not granted through them. For example, in the Helsinki metropolitan region there was a separate agreement between the city-region and the state about infrastructure projects. The municipalities agreed to

increase their housing plan spending by 25% between 2015 and 2019, compared to the amount stated in the existing LOI, as a counter performance to the funding received for the larger infrastructure projects.

Lessons learnt

LOIs were evaluated as a policy tool, as were the implementation and goal achievement of each individual LOI. Assessment of goal achievement is considered important even though there are no consequences in case of failure to reach the goals. While evaluation requires significant resources, a focus on the key areas, and limiting the issues included, could increase the efficiency of the LOI evaluation procedures (MAL, 2015). Measuring outcomes and evaluating the LOIs is, however, expected to remain challenging as the development processes to be monitored are of long duration compared to the relatively short LOI periods (Mäntysalo & Kosonen, 2016). Entire LOIs have not been fully evaluated, but individual infrastructure projects, which are implemented as part of the LOIs, are evaluated in the ordinary way through, for example, environmental impact assessments (interview Mäkelä, 2015).

Evaluations show that the LOI process initiated dialogue across administrative and policy-sector boundaries. It provided a forum for discussion through which municipalities in city-regions could create common visions. It also improved dialogue between city-regions and the state, as well as between the various state actors working with city-region-level topics, which often spanned different policy sectors (MAL, 2015; Ojaniemi, 2014). The LOIs also improved understanding among actors of the importance of linking together transport and housing-related goals (MAL, 2015).

One of the major challenges in the period 2012-2015 concerned the commitment of the state to implementing the LOIs. The involved ministries cannot make binding contracts as budgets are decided annually by the government and the parliament (interview Mäkelä, 2015; Ojaniemi, 2014). When the state cannot commit to the goals set up in the LOIs, making funding insecure, there are negative effects on the trust and commitment of the municipalities (Ojaniemi, 2014). As a possible solution, it has been suggested that the Ministry of Finance, as it is responsible for preparing the state budgets and also has responsibility for municipal issues, should be more closely involved in the agreements (MAL, 2015).

Shifts in national government and municipal councils has been another challenge as changes in policy priorities, at both local and national levels, can affect the implementation of the LOIs. Furthermore, national and municipal elections do not take place at the same time, and so national and municipal priorities may be refor-

ulated at different times. One suggestion has been to bind the LOI periods to national government working periods (Ojaniemi, 2014).

Other issues discussed in evaluations related to the topical scope of the LOIs and the involvement of different actors. There are different opinions on the ideal scope of the LOIs and which topics to include, which also means varied opinions on which actors to involve (MAL, 2015; Ojaniemi, 2014). For example, concerning stakeholders, it has been suggested that developers should be involved in negotiations related to housing. Citizen involvement is another topic of discussion. Since the LOIs are approved by elected municipal councils, it is argued that the negotiations do not need to include direct citizen participation (interview Mäkelä, 2015). Some actors, however, have the view that some topics within the LOIs require citizen participation (e.g. traffic system planning) (interview Mäkelä, 2015).

Evaluators believe that the LOI tool has not succeeded in creating sufficient shared understanding of city-regional structures, and that their success is still limited

by the strong role of municipal borders. In some cases, providing 'something for everyone' has been prioritized over the benefits for the city-region as a whole. (Mäntysalo & Kosonen, 2016).

In general, the role of the LOI and planning at city-regional level, in relation to the planning system and the Land Use and Planning Act, remains uncertain. Mäntysalo & Kosonen (2016) see the LOI as an element of a new form of governance where the key actors belong to the traditional government at different levels, but in which the mode of working is through networked governance slightly outside the formal planning system. This is illustrated, as an example, by the appearance of a new city-regional planning level that is not an institutional actor itself, but lies between institutional actors with planning mandates at local and national levels. In research on attitudes to LOIs, actors in general consider them as useful tools with good development potential: in particular, in providing a forum for dialogue between municipalities, between city-regions and cities and between policy areas (Mäntysalo & Kosonen, 2015).

3. Norway: Contracts and agreements

Urban contractual policy in Norway can be seen as a national policy response to specific challenges in larger urban regions. The arguments for introducing urban contractual policies are: increased pressure to manage land-use planning and transport at the city-region scale, and the challenges of co-ordinating planning between the state, regions and municipalities (Norheim 2013). Traditionally, land-use and transport policy-making has been fragmented, but today, national policy aims at creating a more cohesive framework for collaboration between administrative levels on land use, transport and housing.

Norwegian urban contractual policies consist of mixed instruments. Key policies are implemented under two different and complementary frameworks: urban environment contracts (UECs – in Norwegian: *bymiljøavtalene*) and urban development agreements (UDAs – in Norwegian: *byutviklingsavtalene*). In recent years, different organizational forms of contract have been investigated and debated in the public policy sphere, even though Norway has a tradition of contractual processes in transport packages, e.g. for the Oslo region, which includes *Oslopakke 1* negotiated in the 1980s and *Oslopakke 2* in the 2000s, and in other urban regions.

Policies within UECs and UDAs should complement each other, but they are implemented under separate organizational structures. UECs are implemented under the National Transport Plan, with the aim of co-ordinating transport investments with urban development in the larger urban regions, while UDAs are focused around the implementation of regional land-use and transport plans. The following sections describe the different organizational structures in more detail (interview Leite 2015; Bårdheim, 2014; Ministry of Transport and Communications, 2013).

Urban environment contracts

UECs were initially presented in 2013, in the National Transport Plan 2014–2023 (NTP), as one of the main policy instruments for the Norwegian Government to steer urban development towards the objective of zero

growth in car traffic. This objective arises from the parliamentary climate agreement (adopted in 2012), in which it was agreed that all new personal transport in urban regions should be by public transport, cycling or walking. In this context, the UECs are a strategic policy instrument to co-ordinate actors, policy measures/instruments and various forms of financing under a common policy framework. UECs are a new form of collaborative agreement specifically targeted, by the Norwegian Government, at the nine largest city-regions: Oslo, Bergen, Trondheim, Stavanger, Buskerud-byen (Drammen), Nedre Glomma (Fredrikstads/Sarpsborg), Grenland (Porsgrunn/Skien), Kristiansand and Tromsø. A separate contract was negotiated with each city-region with goals consistent with the NTP (See requirements in Figure 2).

UECs can also be described as long-term political intention agreements. They are not legally binding for the involved contractual parties. However, they also bring together some existing financial instruments for transport infrastructure in Norway, i.e. the urban reward fund (in Norwegian: *Belønningsordningen for bedre kollektivtransport og mindre bilbruk i byområdene*) and city packages (in Norwegian: *Bypakker*), under one framework. The urban reward fund aims to encourage better accessibility, safety and health in the larger urban regions by reducing growth in the number of car users and by increasing the number of public transport passengers. These policy instruments were intended to be gradually phased in under UECs, as a common umbrella, with the objective of a comprehensive national transport policy. The form of financing is decided in the contractual process. In total, the Norwegian Government has set aside NOK 16.9 billion over the upcoming planning period for UECs and NOK 9.2 billion for the urban reward fund (Ministry of Transport and Communications, 2013). The funding of urban development will increase, in contrast to urban reward funds that will remain unchanged until 2023 (Bårdheim, 2014).

The Norwegian Ministry of Transport and Communications has overall responsibility for the imple-

Figure 2. General requirements for UECs

UECs: general requirements and framework	
Conceptual route investigation • Conceptual route investigation (KVU) and QA1 are implemented. • By KVU and KS1 it is visible that all new passenger transport is taken by public transport, bicycle or walking. • Large projects with a budget of over NOK 750 million require the submission of a quality assured cost report (KS2) to the parliament.	Land-use planning • A regional or inter-municipal land-use plan is adopted or under adoption/revised in line with the objectives of the national urban contractual policy, and has an objective of concentrated land-use development centred on transport hubs and more public transport, bicycle and walking. A requirement is for the guiding principles of regional or inter-municipal plans to be followed up in municipal land-use planning.
Goals and policy areas • Climate policy states that all growth in passenger transport should be by public transport, bicycle and walking. • Long-term goals and short-term goals are adopted. • Local adopted goals are harmonized with national goals. • Main policy areas are clarified between involved actors. • The introduction of restrictive measures must be clarified.	Financing • User fees as a contribution to financing are resolved. Necessary decisions are taken at local and regional level in line with the requirements for ordinary toll packages. • The contribution to financing of different administrative levels is specified and adopted locally. The state adopts the final decision in the Parliament. • Operation of public transport services is decided.
Monitoring process • System of implementation process and monitoring of economy. • Indicator system for objectives.	

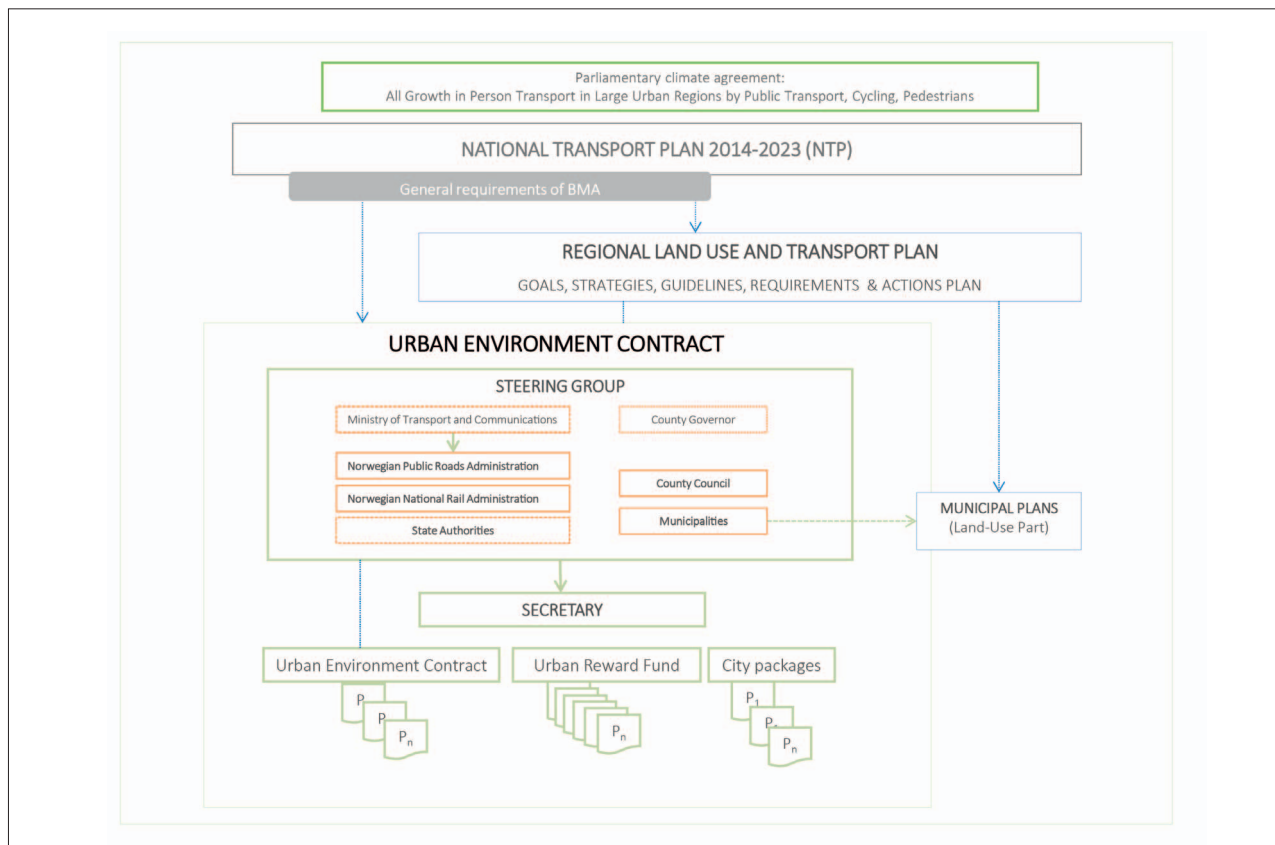
Source: National Transport Plan 2014–2023

mentation of the UECs, but the task is delegated to the Norwegian Public Roads Administration. A designated steering group is responsible for organizing negotiations between the involved actors (national, regional and local) and its members are from the Norwegian Public Roads Administration, the Norwegian Government's Agency for Railway Services, regional county councils and municipalities. The County Governor has observer status in the steering group. The steering group is supported by a secretarial office that coordinates operational activities and is responsible for the negotiation process with regional county council and the municipalities. In particular, the secretariat conducts the necessary investigations and prepares all decision-support material. The political steering group then decides on what decisions should be taken to the county parliament and the city councils.

The NTP describes the premises and framework for initiating UECs. The plan emphasizes that this is an objective and result-oriented process which prioritizes policy measures that support the underlying objec-

tive of ensuring that all growth in personal transport should consist of public transport, cycling or walking. The regional council and municipalities must also commit to a land-use policy that supports the development of public transport, cycling or walking. In the negotiation process, the steering group is responsible for developing a plan for how traffic and environmental challenges in urban area should be solved in the short and long term. According to the NTP, the state should act as a facilitator and urge the local authorities to adopt ambitious objectives. In addition, the locally adopted objectives should be harmonized with national objectives and support the overarching objective in the climate agreement. The objectives should be quantified, time-bound and verifiable, and should also be part of an overall transport policy that contributes to national goals (Ministry of Transport and Communications, 2013) (A full list of the requirements of UECs is outlined in Figure 2.) By funding urban environment contracts, the state offers the municipalities a 50% governmental investment grant for large public transport

Figure 3. Organizational structure of urban environment contracts



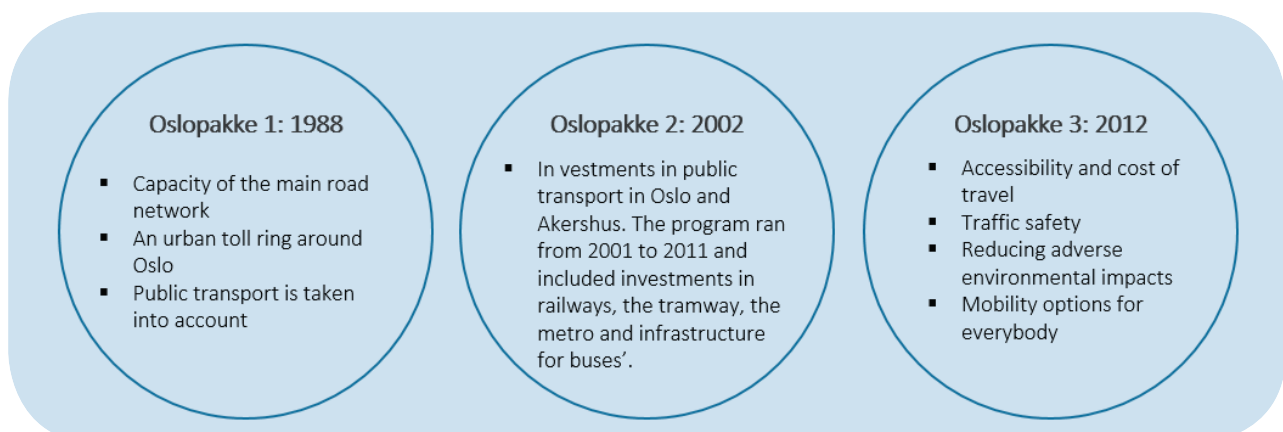
investment projects within the framework of the NTP.

The UEC scheme is in its initial phase. In 2015, Oslo-Akershus and Trondheim began contract negotiations, while Stavanger and Bergen began talks in 2016. However, city packages and urban reward funds have been used already in these regions (Oslopakke 3 in Oslo-Akershus, city package Nord-Jæren in the Stavanger Region, environmental package in Trondheim and the Bergen package in Bergen). All four regions have been considered for funding from the reward fund.

Oslopakke 3 is an overarching contractual agree-

ment for the development and financing of public transport in Oslo and Akershus. Adopted in 2012, it built on previous agreements, Oslopakke 1 and 2. Oslopakke 1 was approved in 1988 and included, for example, funding for the introduction of an urban toll ring road around Oslo. Oslopakke 2 was approved in 2002 and mainly financed investments in public transport. Oslopakke 3 is one of the largest financial agreements on public transport in Oslo-Akershus, with an economic framework totalling NOK 75 billion over the period 2013–2032. It includes a metro extension and

Figure 4. Overview of transport packages in Oslo



major road projects (Statens Vegvesen 2015). The Norwegian Ministry of Transport and Communications has suggested that the organizational model of Oslopakke 3 be used by other city-regions implementing a UEC. It is therefore interesting to take a closer look at how the contractual process has been organized. The role of each actor is explained below and visualized in Figure 5.

As mentioned, Oslopakke 3 has been put forward as a model for implementing UECs. Currently, Bergen is developing a new UEC with Oslopakke 3 as its role model.

Steering Group - The steering group includes the four main partners involved in the contractual process: The Director of Roads from the Norwegian Public Roads Administration, Oslo City Council's public transport authority, the Chairman of Akershus County Council, and the Director of the Norwegian National Rail Administration. The steering group's main responsibility is steering and co-ordinating Oslopakke 3, using the principles of project portfolio steering, targets, and result steering. Their analysis is used by political bodies to set priorities in Oslopakke 3. The work also includes preparation of support documents for the Parliament, ministerial departments and local and regional governments, to assist them in taking decisions on budgets and toll money.

The secretariat is responsible for the practical aspects of steering and implementing of Oslopakke 3. The secretariat consists of three full-time employees who report directly to the steering group. The secretariat is physically located at the Norwegian Public Roads Administration in Oslo, but operates independently as

a partner in Oslopakke 3.

Administrative Coordination Group - This consists of members from the four partners in Oslopakke 3. The group is, together with the secretariat, responsible for developing decision-support documents for the steering group. Directors are directly involved in the co-ordination group.

Expertise Coordination Group - This group consists of experts involved in the planning and implementation of Oslopakke 3 policy measures. All four main partners are involved, plus representatives from the public transport authority for Oslo and Akershus, Norwegian State Railways and the urban environment agency of Oslo Municipality.

Political Negotiation Committee - This political committee is a further development of a local political initiative already established in the mid-1980s. The role of the committee (including Oslo Municipality and the County Council of Akershus) is to address key political issues, consider these in the context of broader principles, and ensure important decisions are acceptable to other representatives from their political bodies. The Director of Roads from the Norwegian Public Roads Administration and the Director of the Norwegian National Rail Administration do not participate in these meetings.

Political reference Group - In order to secure in advance that key political decisions are sound and sufficient with respect to their political manageability, this group consists of group leaders from the political parties represented in county and municipal councils, including each party's spokesperson on transport.

Figure 5. Suggested implementation model of urban environment contracts

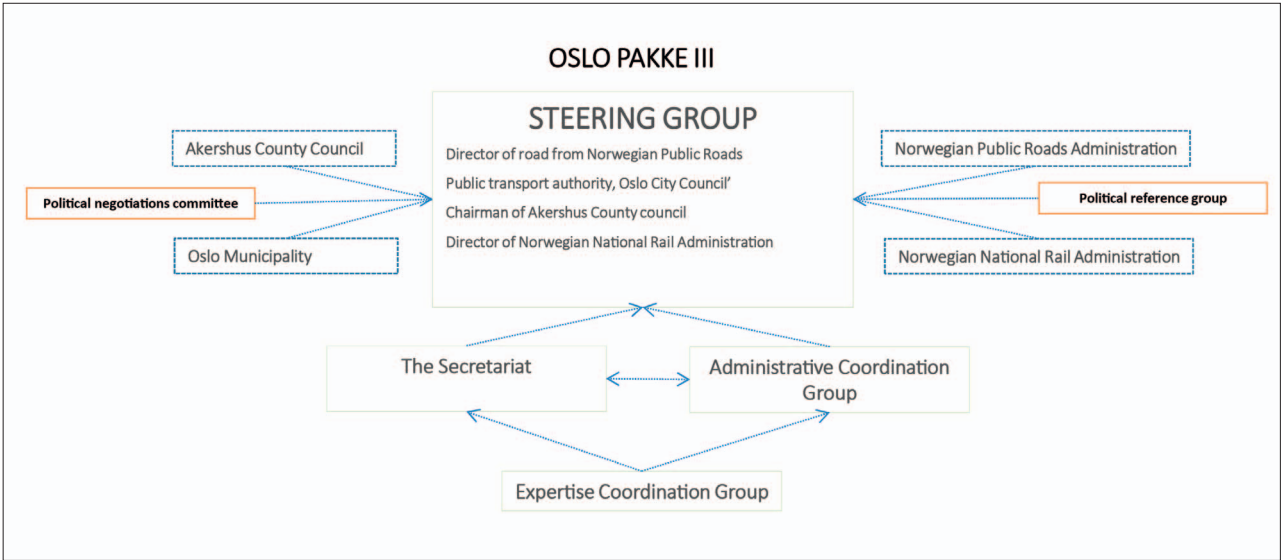
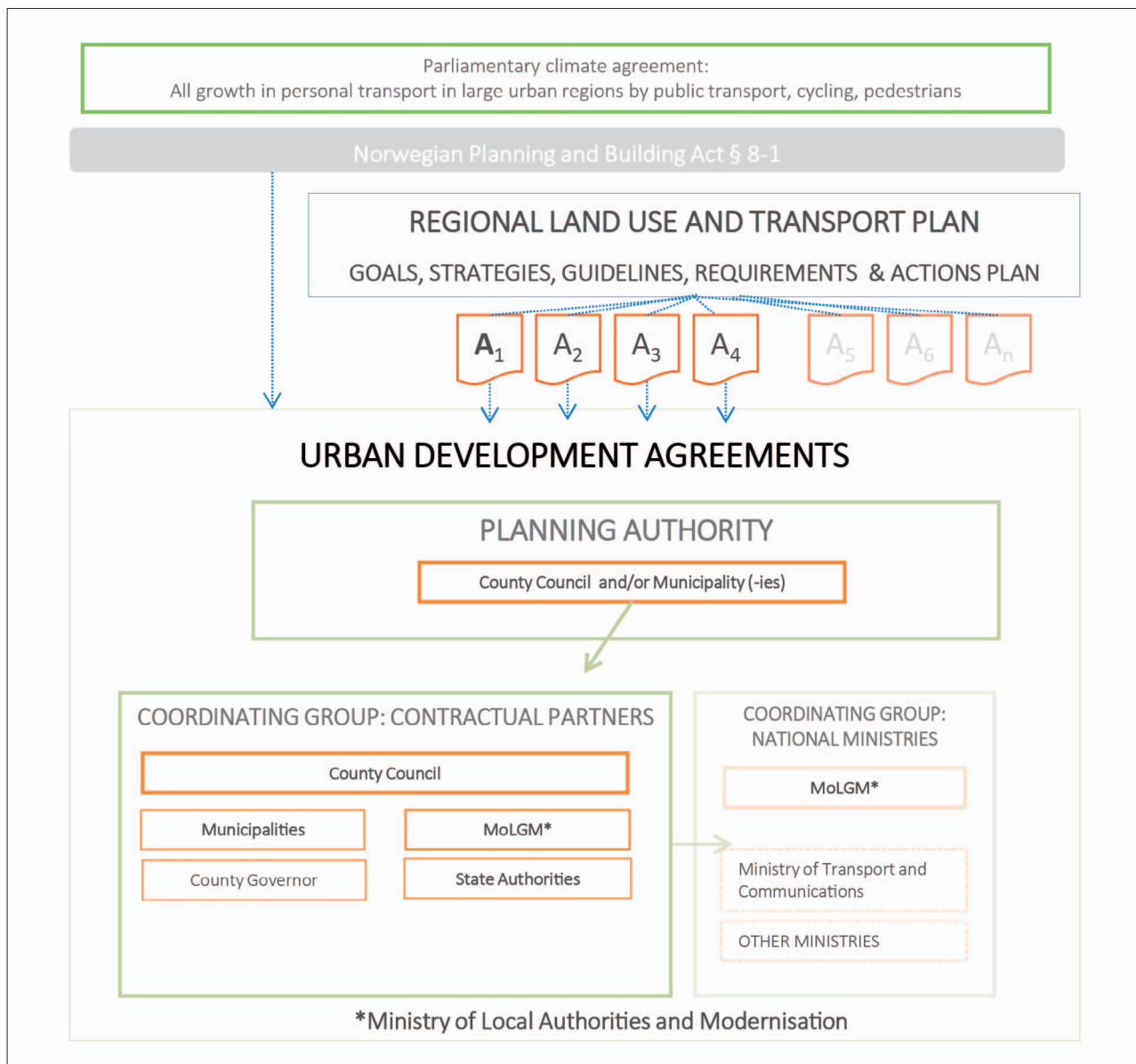


Figure 6. Organizational structure of urban development agreements



Urban development agreements

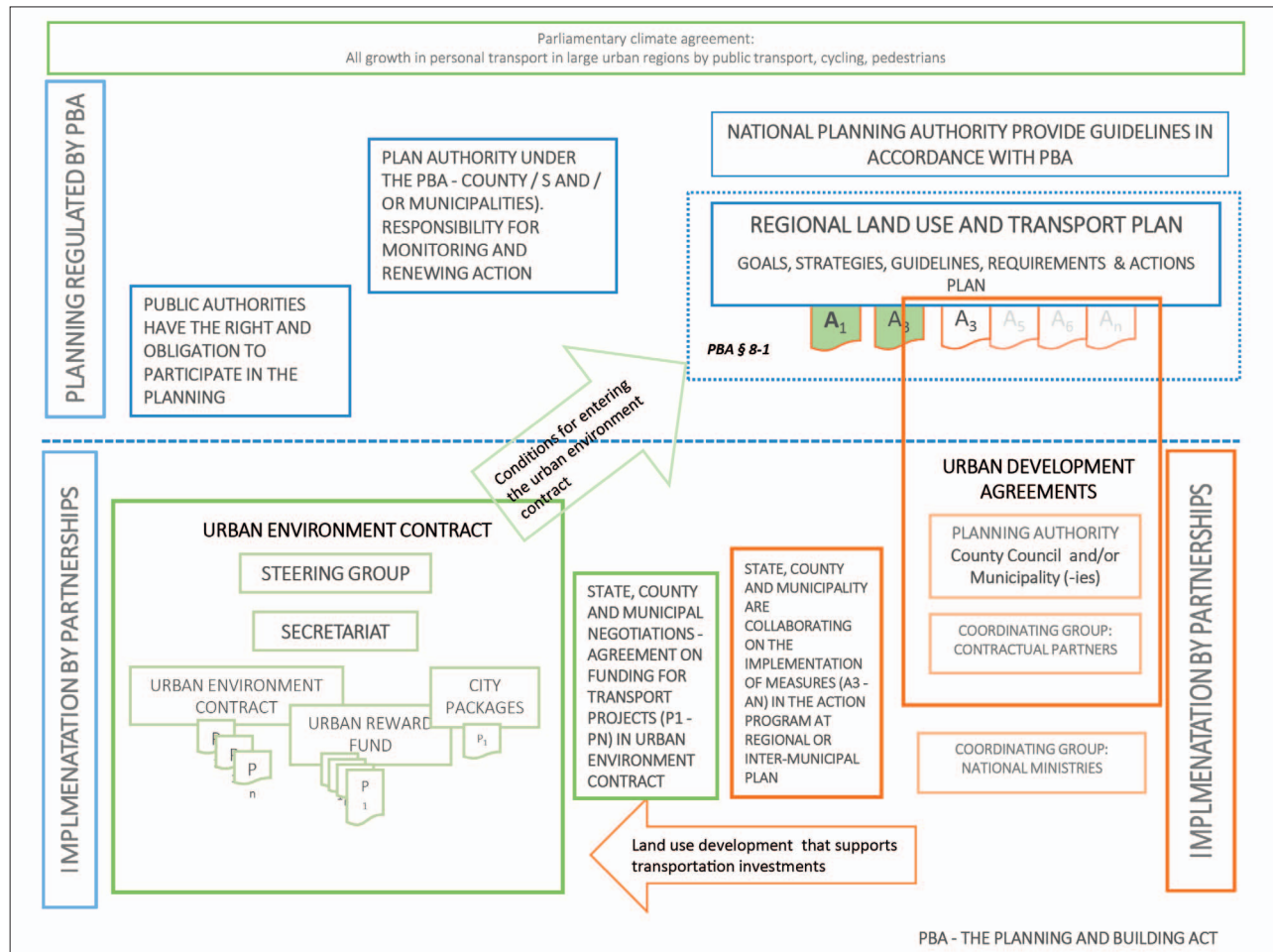
In 2015, the Norwegian Government supplemented the existing urban contractual policy instruments in the form of the UDA. UDAs are intended to ensure follow-up on the land-use dimension of the urban environment contracts through committed partnerships between the state, the region and municipalities for implementation of the action programme of the regional (or inter-municipal) land-use and transport plan, with specific focus on land use. As some national authorities have the right to make objections to regional and local plans, UDAs are also intended to manage disagreements and contribute to good co-ordination across the state.

The use of UDAs is primarily targeted at the four largest city-regions: Oslo-Akershus, Bergen, Trondheim and Stavanger, but could also be implemented in

other large urban areas. A separate agreement will be developed for each city-region (interview Leite, 2015; Ministry of Local Authorities and Modernisation, 2015).

UDAs are intended as a policy tool for the implementation of regional land-use and transport plans. These plans are formally implemented under § 8 (Regional plan) or § 9 (Inter-municipality plans) in the Norwegian Planning and Building Act. In § 8-2, it is prescribed that the regional plan shall be the basis for planning and decision-making at county, municipality and state levels. The Planning and Building Act is, however, not an instrument for following up on the regional action plan and practical policy measures, so in this context, the UDA is a tool to formalize and structure co-operative development of an action plan including different levels of the planning system. With

Figure 7. Overview of UECs and UDAs



responsibility for the Norwegian Planning and Building Act, the Norwegian Ministry of Local Authorities and Modernisation is responsible for the UDA policy and its implementation. However, as outlined in Figure 6, the operational planning body for an agreement is the county council. Furthermore, the organizational structure centres around one co-ordinating group (including the contractual partners: county council, municipalities, Ministry of Local Authorities and Modernisation, state authorities, County Governor), and one supporting co-ordination group including only national ministries.

All four city-regions will start working with their UDA in beginning of 2016 and the aim is that all should have signed contracts, at latest, in 2017. It will be a contract-based co-operation between the parties concerned with the aims of ensuring more efficient planning and implementation of housing construction in the region. Another three large city-regions will follow and then potentially UDAs will be implemented in further cities.

Urban contractual policies in Norway build on the previous tradition of city packages (e.g. Oslopakke)

and the urban reward fund. The ambitious parliamentary climate agreement adopted in 2012 has supported the establishment of a more comprehensive framework of urban contractual arrangements, namely UDAs and UECs: both have been introduced with a view to reducing CO₂ emissions and reducing the environmental impacts of urban development in general. Moreover, they can be seen as tools for securing the practical implementation of existing plans. In addition, looking more closely at policy arguments, we also see an objective of better co-ordination of planning across different administrative levels (municipality–region–state), as well as a push towards integration of traditional planning sectors, e.g. land use and transport. These contractual agreements could also be seen as a policy response to the current urban dynamics in which functional city-regions do not correspond with existing administrative delineations based on large counties and their municipalities.

The introduction of UECs is also a part of a general process of reforming infrastructural policy to streamline the financial instruments, such as reward funds, city packages and toll money. The experience of work-

ing with the urban reward fund and city packages has shown that contracts, to a large degree, need to be result oriented, including precise targets and plans for operationalization of targets.

Challenges and lessons learnt

Tangible impacts of the urban contractual initiatives are hard to identify as so far, very few evaluations and follow-up research projects have been conducted. The responsible ministries have initiated a small number of research projects that seek to improve existing regional transport models in order to assess the impact of policy relating to the climate agreement. For example, a collaborative research project has been established between the Norwegian Ministry of Local Authorities and Modernisation, the Norwegian Public Roads Administration, and the Norwegian Association of Local

and Regional Authorities. The purpose is to collect data and develop a methodology for transport models to estimate walking, bicycling and public transport use in a more precise way, both for the current situation and after proposed developments in land use and transport.

Implementation of urban environment contracts is challenging. This very heavy political process includes actors at local, regional and national levels that need to agree on the contractual matters, and accomplish this within a relatively short time. A potential challenge for the Norwegian Ministry of Local Authorities and Modernisation is that it will have a new operational role in the process. It is expected to be more active in supporting regional and local bodies in the contractual process, especially in the early phases, and in facilitating state-level co-ordination between various ministries and authorities.

4. Sweden: Negotiations and agreements

In October 2015, Urban Environment Agreements (UEAs - in Swedish stadsmiljöavtal) were launched in Sweden. Since 2014 there is also a National Negotiation on Housing and Infrastructure (NNHI - in Swedish Sverigeförhandlingen). The NNHI was formed by a governmental directive and follows a tradition in Sweden that one or more specific negotiators, or a committee, are appointed by the government to lead certain activities and organize negotiations between different actors. This has been especially so in greater urban regions where large transport packages have been negotiated and implemented during recent decades (cf. Norway). This includes, for example in Stockholm, the Dennis package (1992) and more recently the Cederschiöldsöverenskommelsen (2007) and Stockholms-

förhandlingen (2013) (see Figure 8). The NNHI is centred around the three major urban regions: Stockholm, Gothenburg and Skåne.

The Swedish Government decided in 2014 that the NNHI should suggest a financing scheme and a development strategy for high-speed rail lines between Stockholm, Gothenburg and Malmö (Swedish Government, 2014) while promoting public transport, improving accessibility and increasing housing construction in the greater urban areas. The general aim is to address major urban challenges: e.g. effective and fast completion of high-speed rail lines; a significant increase in the construction of housing; and improved transport accessibility and capacity in larger cities (Sverigeförhandlingen 2015).

Figure 8. Overview of transport packages in Stockholm region

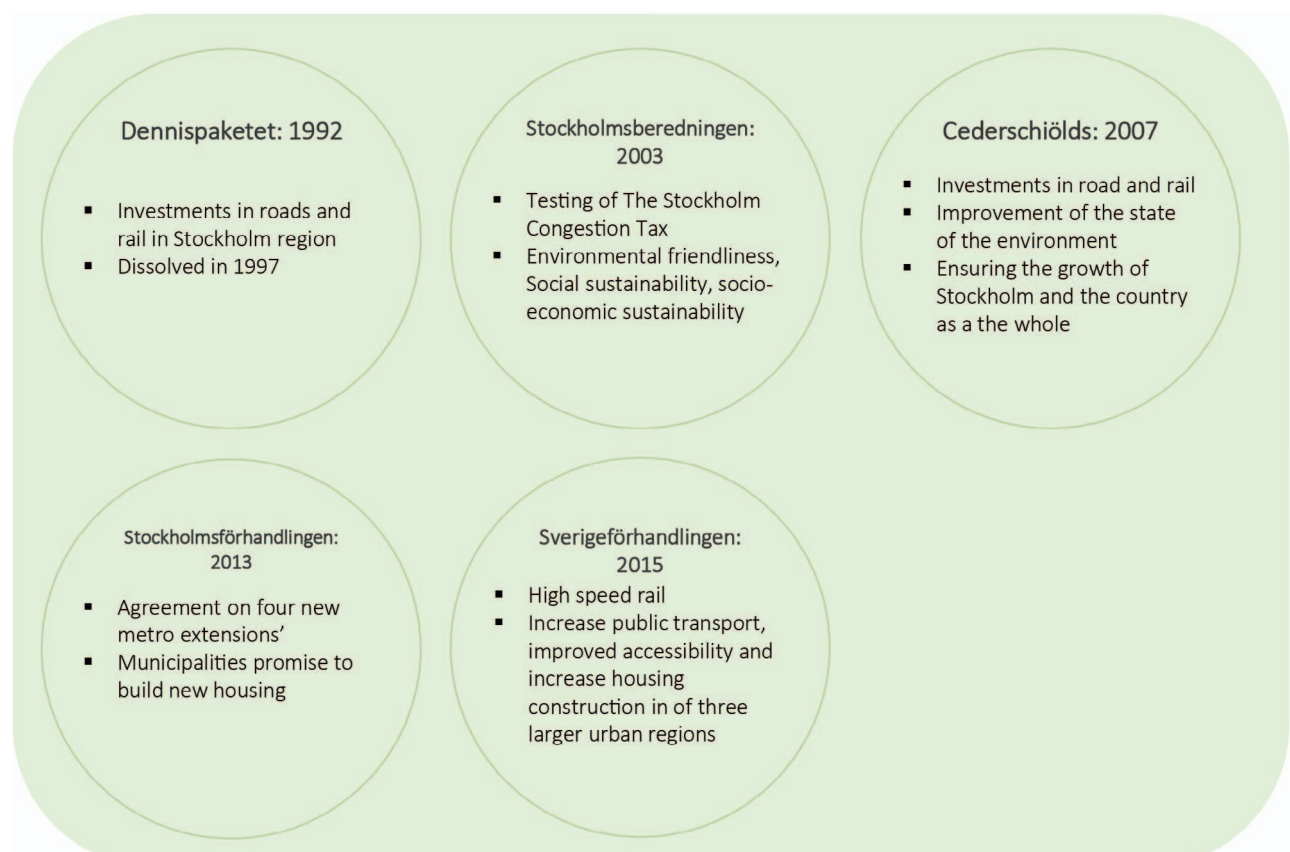


Figure 9. Funded projects in the 1st round of urban environment agreements

Funded projects: 1st round of Urban Environment Agreements		
Municipality	Measures	Examples of counter performance measures 2016–2018
Luleå Total cost SEK 16 million Support SEK 8 million	Investment in new charging stations for electric buses and renovation of all bus stops along the line.	- Detailed plan for the new neighbourhood of Kronandalen - Mobility office - Development of regional traffic strategy - Expansion of pedestrian and cycle paths and public transport measures - Parking strategy and parking rates - Speeds tailored to vulnerable road users
Östersund Total cost SEK 6.350 million Support SEK 3.175 million	Investment in new charging stations for electric buses and renovation of all bus stops along the line.	- Express bicycle paths, 6.5 km - Lowering the p-standards and introducing flexible parking numbers - Bus lane in the area Remonthagen - Housing construction, about 1200 homes
Gävle Total cost SEK 57 million Support SEK 28.5 million	Improved public transport with BRT measures (Bus Rapid Transit), and expansion of Gävlehov with sustainable travel.	- Extensive walking and cycling measures in connection line second - New housing in the city centre - Adapting speeds in the street environment for pedestrians and cyclists - Parking strategy
Karlstad Total cost SEK 140 million Support SEK 70 million	Bus Rapid Transit 'Karlstadstråket'.	- Construction of Sundsta square and Hagatorget - Housing, workplaces and services - Walking and cycling measures - Parking strategies
Linköping Total cost SEK 72 million Support SEK 36 million	Measures in the municipality's bus system, including priority bus lanes.	- Housing construction, first phase, upper Vasastaden - Further detailed plans for housing - Project smart trips - Bike and Ride (MM project) - Project on traffic and environment in schools (MM project) - Commuting cycle route
Helsingborg Total cost SEK 196 million Support SEK 98 million	Helsingborg Express, a high-quality Bus Rapid Transit concept.	- Expansion of the cycling paths - Speed control throughout the centre of town - Review and adjustment of parking fees - Town plan (AOP) implemented for the whole central area to identify areas for densification and clarify the role of public transport as the backbone of urban development
Lund Total cost SEK 746 million Support SEK 298.4 million	Tram line from Lund Central Station and the future district Brunnshög.	- Densification of the knowledge trail - Expansion of Brunnshögsområdet - Reconstruction of Lund Central Station at the Clement Square stop - Development of the urban bus route system - Expansion four defined bike lanes - Modification of the speed limits in town - Mobility management during construction of the tramway

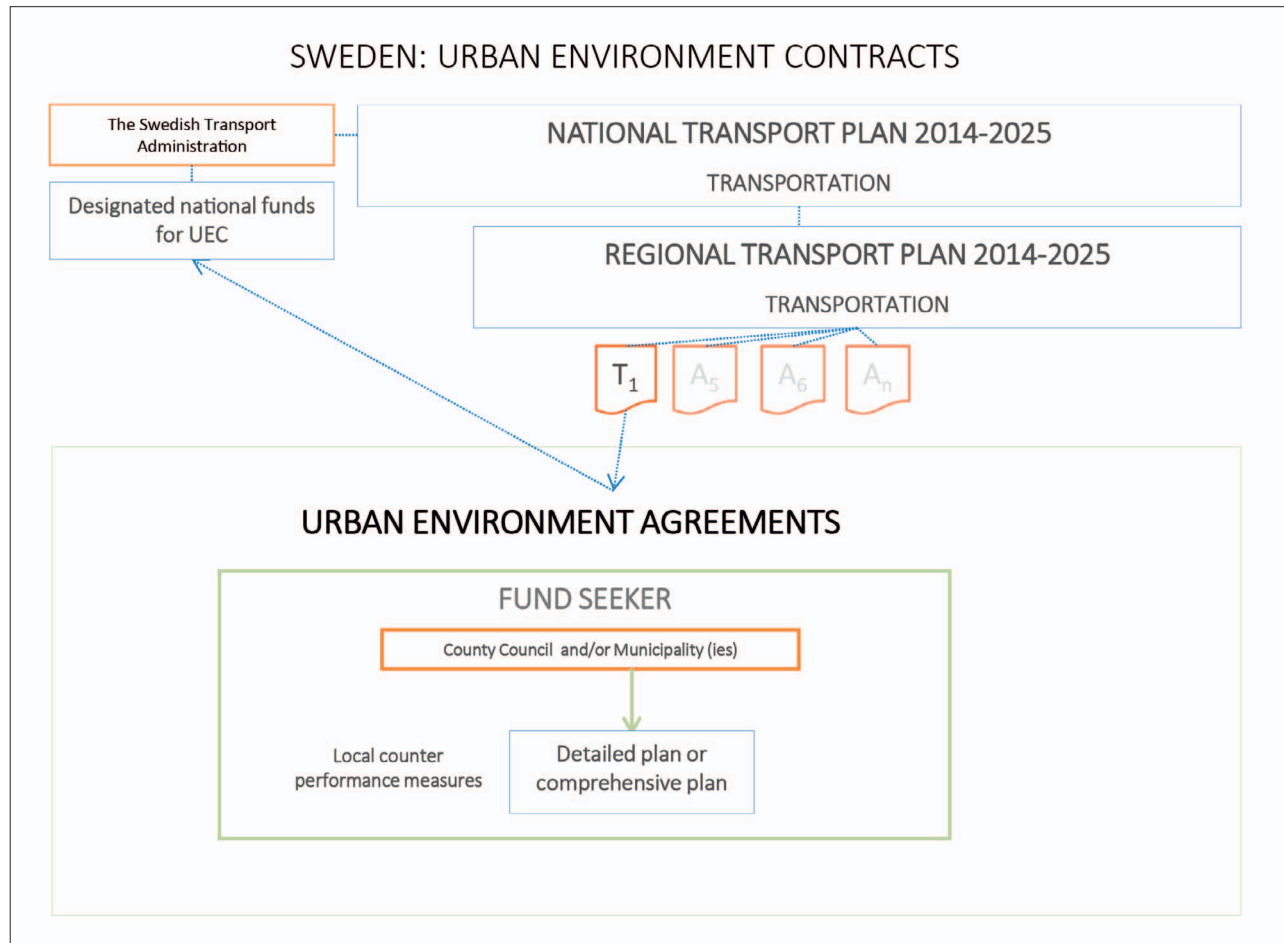
Source: Swedish Transport Administration 2015a

Urban environment agreements

The Swedish Government decided (in October 2015) to invest SEK two billion in UEAs. The UEAs are not formal contract processes, but are rather structured so

that the municipalities can apply for co-financing for specific infrastructure projects. In contrast to the NNHI, in the first round of funded projects (announced December 2015) the agreements were mainly

Figure 10. Organizational structure of urban environment agreements in Sweden



targeted at small- and medium-sized towns with the aim of developing local public transport systems through, for example, bus-based rapid transit and tram lines.

The UEAs will lead to agreements between the government on the one hand, and municipalities or counties on the other, where the latter receives a contribution from the government to develop sustainable transport solutions, i.e. investments to extend existing local and regional public transport infrastructure as well as investments in infrastructure for new transport solutions. Examples include investments for streets, tracks, signalling systems, docks and stops (projects funded in the first round are listed in Figure 9). Such investments should lead to energy efficiency and increased use of public transport, and contribute to the governmental environmental goal of a good built environment while also creating new housing. More specifically, the contribution should support public transport measures that are innovative, capacity intensive and resource efficient.

The UEAs have also been developed as a response to rapid urbanization and associated climate change challenges, especially in relation to transport. More specifi-

cally, the Swedish Government's goal is that 250,000 new housing units should be built by 2020 and that the transport sector's impact on climate change should diminish (see the Swedish Transport Administration, 2015b and Näringsdepartementet 2015 b and c).

Urban environment agreements (UEAs) are part of a broader government programme which includes SEK 3.2 billion to stimulate production of small, environmentally-friendly rental apartments as well as investments related to maintenance of the railway infrastructure (Näringsdepartementet 2015c). An underlying aim is to foster a more reliable train infrastructure for commuters in and around the larger cities: making more attractive localities that today are not considered attractive for investments. A further related investment from the government is a SEK 1 billion contribution to municipalities to support their efforts to sanitize land, for the purpose of building housing (Näringsdepartementet 2015c).

The main arguments for introducing UEAs included dealing with high housing demand and limitations in the capacity of the current public transport infrastructure, as well as a need for more sustainable urban development (Näringsdepartementet 2015c). It has been

argued that a well-developed public transport infrastructure makes areas more attractive for both investors and future inhabitants, i.e. new housing can be developed and new residents can live their everyday lives without a car. UEAs aim to promote a general change of transport mode from car to public transport. For the Swedish Transport Administration, which is responsible for implementing UECs, deciding whether a proposed measure from a municipality or a county administration contributes to sustainable development is challenging.

Regulations and rules

The new regulation (Ordinance 2015:579) for the implementation of UEAs came into force in November 2015 (Näringsdepartementet, 2015a). As mentioned, the government and a municipality or regional authority do not sign a contract. Municipalities or regional authorities apply for a contribution from the Swedish Transport Administration to perform a specific measure. After making a qualified evaluation, the Swedish Transport Administration may decide to contribute up to 50% of the costs. If a municipality or a regional authority receives a contribution, a counter measure is required, i.e. the recipient of the contribution makes an investment in an additional measure that contributes to sustainable urban development. This counter measure does not receive a contribution from the Swedish

Transport Administration and should have a goal to increase sustainable transportation and/or housing development. At present, there is no requirement that civil society, including citizens, should be involved in planning and implementation of the proposed measures. The application from a municipality or regional authority should include the following:

A description of proposed measures, including a time plan, as well as an analysis of how the measures are expected to contribute to the goals of the regulation.

A list of the costs that are associated to the above-mentioned measures, as well as when the costs will be presented to the Swedish Transport Administration.

Information about other contributions that the applicant has applied for or received to perform the above-mentioned measures.

A description of the counter measures that the municipality or county undertakes to implement, and how such measures fit with the municipality's or county's overarching work towards sustainable development.

Additional information that the Swedish Transport Administration needs to assess the application (Näringsdepartementet, 2015a).

The first projects were awarded funding of SEK 540 million in December 2015. In the first round, the Swedish Transport Administration received 34 applications and seven were approved (as listed in Figure 9).

5. Comparing the Nordic cases

In Finland, Norway, and Sweden different forms of contractual or agreement-based governance arrangements to co-ordinate policies across sectors and government levels have emerged. Negotiations and subsequent agreements between different levels of governments (or sectors) are not a new phenomenon. In Sweden and Norway, there are many examples of large ‘transport packages’ focusing primarily on the larger urban areas. However, transport packages have increasingly shifted towards what might be labelled urban contractual policies, with a focus on integration of new transport investments and localization of new housing developments leading to more sustainable urban development. The urban contractual policies of the three countries have somewhat different aims and different local and regional partnerships (see Figure 11). However, their common rationale is the need to address urban challenges in greater city-regions: rapid population growth and housing shortages, and promotion of sustainable urban transport solutions in the forms of public transport, cycling and walking, with reduced car dependency.

The contractual, or agreement-based, governance arrangements in Finland, Norway and Sweden are of different kinds but in all cases, they are established in parallel to the statutory planning systems and are more focused on implementation and funding. The legal merit of the agreements are difficult to discern; generally, they are not legally binding contracts but rather agreements of different kinds set up as contractual arrangements, i.e. the result of a negotiation processes in which different parties commit to implement and fund certain projects. In Sweden, the UEAs are rather specific funding schemes for individual projects, which are regulated by a new ordinance. Norway has devel-

oped a more integrated and comprehensive organizational framework with different interlinked contracts and agreements which are, in different ways, linked to the formal planning system. In Finland, the LOIs, which are clearly outside the formal planning system, further illustrate the ambiguity in their degree of binding that arises because of shifts in political priorities.

The emerging urban contractual policies in the Nordic countries are contractual and agreement-based governance arrangements focused on relations between state and local (and regional) authorities, and are set up in order to implement national policies and promote urban sustainable development. In Finland, the LOIs and other agreements at city-regional level also contribute to the creation of a new sub-regional level and a differentiated governance structure; only the four largest functional city-regions have, to date, had the right to negotiate a LOI.

Urban contractual policies are strategic multi-scalar and cross-sectorial institutional arrangements set up in parallel with the formal planning systems. They bring new possibilities in terms of flexibility and can identify new solutions, but also bring challenges relating to their legitimacy, the extent of public participation and democracy, and their non-binding nature. In Europe, there are other forms of urban contractual arrangements: France and the UK are two very different examples. The following section reviews the urban contractual policies and governance arrangements in France and the UK. These cases are rather different with regard to, for example, welfare and administrative systems, economic regulation and spatial planning. However, the experiences of these countries in urban contractual development may have important lessons for Nordic planners and policy-makers to consider.

Figure 11. Overview of urban contractual policies in Finland, Norway and Sweden

	FINLAND	NORWAY	SWEDEN
Name of policy	Letters of intent for land use, housing and transport (2012–2015) (in Finnish: Maankäytön, asumisen ja liikenteen aiesopimukset)	Urban development agreements (in Norwegian: byutviklingsavtalene)	Urban environment agreements (in Swedish: Stadsmiljöavtal)
Aim of policy	Promoting a city-regional perspective on planning. Integrating land use, housing and planning to, e.g., reduce urban sprawl and ensure access to affordable housing.	Implementing action plan for regional land use and transport.	Addressing housing shortages and lack of capacity in the public transport system and the need for a more sustainable urban development in general. The idea is that a better public transport system can open up opportunities for new or more attractive locations for housing construction. Funded projects should already be included in the national and regional transportation plan.
Responsible ministry	Ministry of the Environment	Ministry of Local Authorities and Modernisation	Ministry of Enterprise and Innovation
Local and regional partners	Municipalities of the city-region, Ministry of the Environment (co-ordinator), Ministry of Transport and Communication, the Housing Finance and Development Centre, Finnish Transport Agency and the Centres for Economic Development, Transport and the Environment (state actor at regional level). Other actors may be included if the LOI includes themes they are responsible for.	Regional council and municipalities are responsible for the implementation plan. The Ministry of Local Authorities and Modernisation coordinates a group of state actors.	Municipalities are mainly responsible for seeking funding, but could also include the county council.

6. France: Urban and regional contracts

The French planning system is different from the Nordic planning systems both in terms of the relations between different levels of government and thematic orientation. In a European comparison of spatial planning systems, the French planning system can be categorized as system characterized by 'regional economic planning style' (in comparison with the Nordic 'comprehensive planning style') (Nadin & Stead, 2013). A more equal distribution of wealth, jobs and population in the regions is a clear objective (CEC, 1997).

Although spatial planning, or territorial planning¹, have changed over the years, the main focus areas of French planning have remained constant. They continue to support development of the largest urban areas (métropoles) as well as the rural, coastal and mountainous areas, to provide good infrastructure to the entire nation (highways in the past; broadband these days), and to support territories and neighbourhoods in crisis (Ministry of Foreign Affairs, 2006). French spatial planning policies are characterized by a number of ongoing principles such as a balanced distribution of jobs and infrastructure and support for territories suffering from social and economic crisis.

The state is the lead actor in French spatial planning but other main actors with competency in spatial planning are the régions and the inter-municipal authorities Établissements publics de coopération intercommunale à fiscalité propre (EPCIs), which are public inter-municipality co-operation establishments with an independent tax function, such as Communautés de Communes (communities of municipalities). An important element in the past, present and future of French spatial planning organizations is the process of décentralisation, the transfer of competences from

the state to regional or local levels. Decentralization has been executed through three main acts, the first elaborated in 1982. The most recent is the Third Act of Decentralisation that came into force in 2013. Each act parallels a series of laws on the reorganization of the French territories. There are three laws with particular relevance to land-use, transport and housing planning.

The first law is Modernisation de l'action publique territoriale et d'affirmation des métropoles (MAPAM), from 2014, which aims to simplify public actions at the different administrative levels. The objective is to have one leading planning authority for each thematic domain. One consequence is that the région has now more competencies than previously. Briefly, the région has become the main actor for territorial planning (aménagement du territoire), transport development and economic development, including innovation and R&D support. The département mostly has social competencies, while inter-municipality co-operation (EPCI) bodies and municipalities are responsible for local services, development and local planning. Furthermore, this law strengthens the eleven métropoles, public EPCIs with independent tax functions, created in 2010. It has also created a new administrative structure for the Métropole de Lyon, which now has the competencies of both a county and a métropole. The second important law, from 2016, formed new régions by merging and reducing the existing metropolitan regions from twenty-two to thirteen (excluding the five overseas regions).

The third law is Nouvelle organisation territoriale de la République (NOTRe), from August 2015, concerning a new territorial structure of France. It mostly aims to strengthen the role of EPCIs such as the métropoles, and points towards abolition of the départements in the near future (ca. 2020). The number of municipalities may also be reduced. The law, furthermore, gives new competencies to the région, which becomes the new lead actor in sustainable spatial planning (aménagement et développement durable du territoire) and in multimodal mobility (intermodalité et complémentarité entre les modes de transports). The région has to

¹ Spatial planning in French exemplifies the concept of aménagement du territoire. An English translation of this concept would be territorial planning rather than spatial planning. The notion of territory in the French discourse corresponds to an area with clearly-defined boundaries where an authority exercises its power, in contrast to vaguer notions of space and spatiality. Hence, the notions of territory and planning together indicate that planning areas are tightly connected to administrative borders in France.

develop a regional plan for sustainable and balanced spatial development (Schéma régional d'aménagement, de développement durable et d'égalité des territoires (SRADDET)) that includes elements of strategic planning, mobility, air pollution, energy, housing and waste management. The transport tasks of the département (county roads and school transport) are transferred to the région, and the région becomes the organizing authority for all inter-urban transport.

Contractual policies in France

Urban and regional contracts have been one of the main devices for project implementation in France over the last 30 years. Contractual arrangements are regarded as an efficient tool involving several planning authorities at several administrative levels (state, régions, départements, the new métropoles and other inter-municipal entities) (Ministry of Foreign Affairs, 2006). Contractualization has the benefit of initiating a dialogue between the state and the different territorial collectives (Ibid.) but also contributes to consistency of territorial policies (Ibid.). Mutual control between the two parties also generates a higher realization/achievement rate than when projects are led by the state only (Ibid.). All partners involved sign a contract that includes clauses on the main objectives, the actions and the financing aspects of the included projects.

The Commissariat Général à l'Égalité des Territoires (CGET, General Commission/Public Institution/county for Territorial Equality) is responsible for elaborating and implementing urban policy (i.e. urban contracts), devising strategies for increasing territorial equality, and managing contractual tools relating to territorial equality policies in territories facing problems or undergoing change. CGET was established in 2014 by merging three public institutions that had tasks in the fields of spatial planning (DATAR), urban issues (CIV) and equality and social cohesion (ACSE). CGET has inter-ministerial competence. There are two main types of territorial contracts, one at the regional level (Contrat de Plan Etat-Région) and one at the urban level (Contrat de Plan Etat-Ville).

Contrat de Plan Etat-Région

A Contrat de Plan Etat-Région is a contract between the state and the regions. Such regional contracts were first established to support the restructuring of the industrial sector in the French regions during the mid-1980s. A regional contract enables coherence between the national and the regional planning strategies for the implementation of structural projects. There is a contract for each region, which is signed by both the

state (Prime Minister) and the region (President of the region, as a collective territory). The participation of the state in the budget (EUR 12.5 billion over a 6-year period) is different from one region to another, partially based on socio-economic criteria, in order to support the most challenged regions. Each contract contains a list of projects and their corresponding multiannual financing scheme. Other territorial authorities can be part of the contract if they contribute financially to projects. A part of the financing also comes from the EU. The current contracts are the 6th generation and, in alignment with the programming of EU funding, cover the period 2015–2020.

The number of contracts will decrease from 2016. During the merging of régions mentioned above, regional contracts will also be merged. Each region can, in dialogue with the state and the other involved local authorities, suggest projects to be included in the contracts, but in general the state defines a number of themes for each contract period. The région and the other signatories then decide on the details and the amount of the budget, to be divided among the signatories, to allocate for each project. The région has to provide the services and the financing described in the contract on an annual basis.

The regional contracts specify development or improvement of infrastructure and equipment, supporting job creation and preparing for the future. The contracts always contain projects on transport, modernization of the economy, industry, the universities and professional training. Overall, in the 2015–2020 period, the six thematic priorities defined by the state are:

1. Jobs (EUR 211 million, transversal theme): diagnosis and better information provision for the training and education programmes and sectors of employment.
2. Multimodal mobility (EUR 6.7 billion): updating existing infrastructure, better and more equal accessibility.
3. Higher education, research and innovation (EUR 1.2 billion): more attractive and functional campuses (including student housing), investing in scientific equipment.
4. Digital and energy transition (EUR 2.9 billion): sustainable management of natural resources and waste, support to the circular economy.
5. Development of the use of digital technology (EUR 32 million): installation of very-high-speed broadband, open data, GIS applications, teleworking.
6. Innovation (part of the EUR 1.2 billion for higher education).

There is also one transversal theme supporting urban planning policies that improve equity (EUR 994 million), which includes the Contrat de Ville (urban contract).

Contrat de Plan Etat–Ville

The Contrat de Plan Etat–Ville process was created in 1985 with a focus on challenged urban neighbourhoods. Urban contracts are developed in parallel to regional contracts (6 years, 2015–2020) and are a formal framework agreed between the state and the local authorities (municipalities or inter-municipal bodies), for the implementation of economic, environmental and social cohesion policies. The focus is on social issues (housing, poverty, etc.). Based on a single criterion, concentration of poverty, 1,300 districts (quartiers prioritaires) have been chosen.

Regional contracts and urban contracts are distinct but interconnected. They operate over the same programming period and have some common financing authorities (the state and the région are present in both types of contract). The regional contract has a section regarding urban contracts because it may include the same, or very similar, principles as in the urban contracts (for instance: social integration and quality of life in the case of the Région Rhône-Alpes), and because both have an effect at the local scale. Hence, the budget of the regional contracts has a section dedicated to the urban contracts located within its regional territory (e.g. the Rhone-Alpes region has 38 urban contracts, worth EUR 109 million in total; one of them is the Contrat de Ville Métropole de Lyon 2015–2020).

Example: The Métropole de Lyon in the Rhone-Alpes region

The Métropole de Lyon is a unique local authority with a special status established in 2015. It has the tasks of both the county (Rhône) and the inter-municipal authority (Communaute Urbaine de Lyon). Its status is different from the other French métropoles, which are simply inter-municipal authorities, without any of the tasks attributed to a county. This unique local authority consists of 59 municipalities with a total population of 1.3 million.

The Métropole de Lyon is active in the elaboration and monitoring of the regional contract in Rhône-Alpes 2015–2020. The contract of EUR 2 billion is divided into five sectoral themes (multimodal mobility; higher education, research and innovation; innovation; development of the uses of digital technology; and digital and energy transition), four transversal themes (culture; jobs; urban policy – urban renewal; and gender equality) and the territorial theme (a department

contract with each of the eight counties in the Région Rhône-Alpes; two metropolitan contracts with the two largest urban areas; two territorial conventions of metropolitan co-operation; and four contracts with territories having high potential for development).

The regional contract for the Métropole de Lyon has a total budget of EUR 657 million (EUR 228 million from the state, EUR 226 million from the region and EUR 203 million from the Métropole de Lyon). This contract includes two themes (multimodal mobility; and higher education, research and innovation) and four challenges (attractiveness for inhabitants, investments and companies; innovation; solidarity through diverse housing; and environment). A new multi-use congress centre dedicated to gastronomy (Cité Internationale de la Gastronomie), improvement of the energy balance of social housing, improvement of the rail hub in Lyon for better service to clients and increase of train capacity, construction of student housing units and the relocation of an international research centre on cancer are examples of projects that are part of the regional contract for the Métropole de Lyon.

There are 38 urban contracts (Contrats de Ville) within the regional contract. The 38 urban contracts have been identified by the state using the criterion of poverty. They cover 124 priority areas in 77 different municipalities with a total of 750,000 inhabitants. In addition, the Région Rhône-Alpes has introduced criteria related to the employment rate and education levels in order to focus even more on selected areas within the 124 priority areas. The urban contracts are developed in parallel to other policies and instruments. The region is one of the actors involved in their elaboration and monitoring. The actions taken by the National Agency for Urban Renewal, for example, have been prioritized on the basis of advice from the region.

Assessing contractualism in France

The contractual policies in France have been reviewed through interviews with national, regional and local stakeholders actively involved in the elaboration of regional contracts. The interviews, by Ernst & Young (2011) and Daniaud et al. (2013), focused on identifying weaknesses and eliciting suggestions for improvement. In the interviews, stakeholders recognized the benefits of multi-annual financing for large projects arising from fruitful collaboration at multiple levels (state, region, etc.). This funding should be aligned to EU programme funding periods in order to include an additional financial source. The presence of several stakeholders in contractual negotiations advances the development of large projects. Regional contracts have

a high degree of both transversality (i.e. including a wide range of sectors) and commitment, resulting in a high percentage of finalized projects (partially explained by the ability to appeal when a co-signatory does not fulfil its assignments) (Daniaud et al., 2013). The interviewees also mentioned that regional contracts contribute to strengthening the region as the main actor for spatial planning vis-à-vis other local authorities. They also shared the hope that the current territorial reform (i.e. reducing the number of regions) would contribute to more efficient regional contracts.

However, a number of critical comments from the regional and local stakeholders can be found in the two studies. Regional contracts, and contractualism more generally, are supposed to be a device through which all signatories have some power, ideally with a win-win configuration. However, the governance has mostly favoured the national level over the regional and local levels. By law, the former can unilaterally question the terms of the contract, for example when voting on finance laws (Daniaud et al., 2013). Furthermore, the state can, to some extent, change the contracts through legal measures (i.e. a legal vote to modify a financial arrangement that has been previously agreed by all the signatories). In a regional contract, the regional and local authorities can have different objectives and priorities when elaborating the contract and discussing the budget allocation. This weakens their voices in the dialogue with the state representative, who usually has a clear and unique position. This is partly because regional and local authorities may be in competition to obtain funding for their projects. If signatories did not fulfil a part of their assignments, the trust between signatories can become particularly fragile, especially after several contract periods. Failure to complete contracted projects has at times been blamed on disagreements between political parties at the regional level.

A number of criticisms of regional contracts, and contractual policies more generally, have been raised (Daniaud et al., 2013). Foremost is the conflict between the contracts and the perennial principles of spatial planning in France. The contracts, indeed, often lack

vision of their impacts at the national level and can be seen as merely a tool to increase the competitiveness of a region, resulting in wider territorial inequalities across the nation. The contractualization policies were supposed to reduce territorial inequalities. In this, they did not succeed. Other criticisms mentioned were the limited role of civil society; a number of sectoral plans developed in parallel with the regional contracts, which weakens the role and budget of the contracts; and the lack of dialogue between neighbouring regions during elaboration of the regional contracts. The large number of regional and local stakeholders participating in the elaboration of the regional contracts contributes to competition for funding, putting the notion of territorial inequalities far down the list of objectives. Inequality in the contractual policy process can also be explained by the rule of equal co-financing between the state and the regional or local authorities. The rule states that each partner should contribute the same amount of financing to any project included in the regional contracts. As a result, local authorities with small budgets have difficulty contracting for large projects.

Recent changes in planning policies such as contractualization, the development of cross-sectorial planning, and the emergence of new local authorities (i.e. the Métropole de Lyon) can be considered successful. Unfortunately, other characteristics of the French planning systems are compromising its success. The 'mille-feuilles territorial' (a 'mille-feuilles' is a dessert made of many very thin layers of puff pastry) is often used as a metaphor to highlight the multitude of existing administrative levels in France. The very large number of municipalities (more than 36,000 in 2015) does not help the efficient implementation of planning policies. Finally, complicated urban legislation, adding even more confusion, is often pointed to as a further source of difficulty.

7. England: Local enterprise partnerships and ‘City Deals’

The British planning system is different from both the Nordic and French planning systems. It is, firstly, based on common law, i.e. based on precedent, and thus distinct from many other European traditions, which are based on civil law, i.e. based on codified laws. The British planning system has been described as a dual system since it is characterized by state authorities providing the legal and financial frameworks for local governance and planning (Newman & Thornley, 1996).

The political trend in the UK (and especially in England)² is towards decentralization, subsidiarity and privatization. There has been a ‘dramatic restructuring of the UK state over the past 15 years’, and this has had profound consequences for planning and land-use policy (Clifford & Morphet, 2015, 16). Current British spatial planning has been described as ‘a form of neo-liberal spatial governance’, because of its ‘supply-side approach predicated on inter-regional competitive ‘catch-up’ that identifies economic growth as the ultimate aim of public policy’ (Allmendinger & Haughton, 2011, p. 89). Increasingly, planning powers are concentrated at the local level. Since 2010, the regional level has been more or less abolished, and the planning system is formally based on national guidelines and local plans (Smas et al, 2012; Colomb & Tomaney, 2015). In place of previous Regional Development Agencies and Regional Spatial Strategies, are Local Enterprise Partnerships (LEPs) and local government actors, operating within a framework that places emphasis on public–private partnerships (PPPs) and strategic economic growth.

Local enterprise partnerships

LEPs are distinguished from earlier institutions by being (at least in principle) voluntary collaborations between local authorities and businesses (i.e. PPPs). A

Cities Policy Unit, along with a new Minister for Cities, was established at the state level to explicitly emphasize and promote ‘bottom-up’ urban economic growth (Chinn, 2014). The justifications for these changes, as Colomb and Tomaney (2015, 11) note, ‘lie at the intersection of the politics of ‘localism’ and ‘austerity’. This is part of what makes the UK very different case from France and the Nordic countries: a pronounced economic liberalism, including ‘fiscal consolidation and deficit reduction’, has factored strongly within UK planning and governance since the turn of the 21st century (O’Brien & Pike, 2015, 3). Devolution has been consistent with these priorities, and LEPs now dominate planning and negotiation at the local level.

LEPs are themselves fluid in nature, and it is not always clear what the exact competencies and designations are for each partnership. Multiple ‘emergent types’ of LEP can be seen in practice. Within Manchester and Leeds, for instance, the LEPs act as a ‘sub-set of mayoral and combined authority governance arrangements’ (Pike et al., 2015, 193). However, several LEPs are operating as business-led organizations, and still others have no clear formulation at all, and sit ‘alongside often newly formed local authority leadership structures’ (Pike et al. 2015, 193). LEPs may function at an approximately ‘city-regional’ level, representing multiple local authorities (and usually private actors) within a metropolitan area.

Despite the enthusiastic promotion of LEPs by the British state, there has been considerable scepticism among planning scholars that they can adequately and efficiently promote regional development. Shutt et al. (2012, 13), for example, contend that ‘LEPs appear to be considerably lacking in both resources and momentum, and are insufficiently embedded within government’. James and Guile (2014, 181), similarly, report that small and medium enterprises in Greater Birmingham have expressed ‘considerable uncertainty’ regarding the stability and longevity of partnerships.

² What is commonly known as the United Kingdom is constituted by the four nations of England, Scotland, Wales and Northern Ireland, and the political structure and administrative organization differs between them. In the following section, we will focus on England and (to a much lesser extent) Scotland.

City Deals

'City Deals' have emerged as the primary development mechanisms for Britain's largest urban areas. City Deals are planning and funding contracts negotiated between LEPs, their constituent local authorities and HM Treasury at the state level. At their most basic level, these deals provide incentives (including funding) and increased autonomy to LEPs and local authorities in return for coherent plans from the city-region to boost economic growth and maximize returns on investments.

City Deals first appeared in an HM Government (2011) report titled 'Unlocking growth in cities'. Within this document, the British government emphasizes its ambition to create 'powerful, innovative cities' via 'genuine transactions, with both parties willing to offer and demand things in return' (HM Government, 2011, 1). While 'soft' contracts have been part of British land-use planning in previous years (e.g. Lloyd & Peel, 2012), City Deals represent a significant pivot towards comprehensive contractualism at the urban level. (See below for a detailed description of the City Deal and related governance structures of the Greater Manchester Combined Authority – GMCA.)

City Deals have been supplemented by the Regional Growth Fund (RGF) and Growing Places Fund (GPF), which are two major public sources of finance for the LEPs. These funds are awarded by the UK government on a project basis and the LEPs are expected to provide plans for profitable outcomes in return for central funding. Furthermore, these funds are awarded to the partnerships mostly as loans, and it is stipulated that these loans are to be paid back within a few years, creating a sort of 'revolving door' of infrastructure finance (Dept for Communities and Local Government, 2013, p. 3). For example, 82% of the GPF was awarded on a 'loan only basis' in 2013 (Dept for Communities and Local Government, 2013, 7). LEPs also receive direct EU structural funding from the European Regional Development Fund (ERDF) and European Social Fund (ESF); this is distinct from the finances provided by the RGF and GPF (HM Government, 2015).

A total of 28 City Deals have so far been enacted. Deployed in two 'waves' throughout 2012 and 2013 (except for Glasgow, which was negotiated separately in 2014), these contracts now cover most of Britain's major urban areas, incorporating 48% of the UK population (O'Brien & Pike, 2015, R17). Edinburgh is set to negotiate the next major City Deal, and its local council's application was delivered to the UK government in September 2015 (BBC, 2015).

The City Deals put in place so far include large transactions and significant commitments. The Greater Man-

chester City Deal, for example, provides over a billion pounds (from various sources and funds) to be put towards local business support, housing and transport, balanced with commitments to ambitious productivity gains, caps on public spending, and GDP growth (GMCA, 2012). The Sheffield City Deal, similarly, secures funding and increased autonomy for the city-region in exchange for supporting 'private sector leadership' and pledges to '[reduce] pressure on the public purse' (Sheffield City Region 2012, 8).

While the state-led formation of LEPs marked a strong step towards urban devolution in 2010, City Deals are also 'devolution deals' in that they move planning authority and financing further down to the city-regional level. The Sheffield City Deal, for example, is described by local authorities as a 'ground-breaking shift of power from Whitehall to Sheffield City Region' (Sheffield City Region, 2012, 2).

The content of UK City Deals has shown a bias towards transport infrastructure projects, while other types of planning projects and feasibility studies have received comparatively little support (O'Brien & Pike, 2015, R21). The Glasgow Clyde Valley LEP, for instance, secured over GBP 1 billion from the British government for transport funding, while Sunderland City Council received only GBP 5 million to conduct studies on a planned manufacturing park (O'Brien & Pike 2015, R21). Greater Birmingham and Solihull, similarly, received a relatively paltry sum—GBP 2.7 million—for expansive 'green deal' measures aimed at improving schools, community buildings and social housing towers (Marsh, 2013).

Beyond the emphasis placed on transport finance, each deal is quite unique in its specific proposals and trade-offs. Nottingham, for instance, envisions a 'creative corner' within its city centre to boost innovation and attract businesses (Marsh, 2013). The Sheffield city-region outlines ambitious apprenticeship programmes to increase employment and training figures (Marsh, 2013). Perhaps the most interesting case of all comes from Manchester's 'devo Manc' deal, in which a 'devolution of responsibility for health and social care to statutory organizations' has been planned (Moran & Williams, 2015). This plan to create a 'Northern powerhouse' is the first of its kind in the UK, although it will likely serve as a model for further devolution. Also of note in Manchester's case is how rapidly its devolution has occurred in comparison to other regions. For example, devolution in Scotland was a slow, arduous, considered process, while the devo Manc proposal was drawn up and agreed to in a number of months, essentially bypassing public opinion and debate entirely (Moran & Williams, 2015).

Example. The Greater Manchester City Deal

Greater Manchester is a city-region and one of six metropolitan counties in the UK. The population of the area is estimated at 2.7 million, making it one of the largest urban metropolitan areas in the UK. It has a particularly intricate governmental structure because of its large size and the fact that the area is under both the GMCA and the Greater Manchester LEP (GMLEP). The former includes local authorities: Trafford, Bury, Stockport, Rochdale, Manchester, Oldham, Salford, Bolton, Tameside and Wigan, while the latter partnership includes both local authority representatives and private-sector members. The GMCA acts as the 'accountable body for GMLEP funding' (GMCA, 2012, p. 6). In the case of Manchester's City Deal, the GMCA is the body that officially arranged and authored the contract, securing money that is being used by a broad range of actors, within the GMLEP, for local development.

At its core, the Greater Manchester City Deal includes tables of 'Greater Manchester commitments' alongside 'Central government commitments' in the themes of Skills, Business Support, Inward Investment, Low carbon, Housing and Transport. In addition, there is an overarching 'Earn back model' and 'Investment framework', each detailing commitments to prioritize economic self-sufficiency and provide clarity in regard to the economic impacts of investments.

As an example of the deal-making discussed in this text, the combined authority, within its City Deal, pledged to establish a 'Low Carbon Hub [and] Implementation Plan to reduce emissions by 48% by 2020' (GMCA, 2012, p. 19). In exchange, the central government formally offered 'ad hoc support in bidding for appropriate EU monies relating to sustainability and highlighting the success of low carbon investment in the city' (GMCA, 2012, p. 19). Similarly, the central government pledged GBP 4.4 million in funding for Greater Manchester's 'Business Growth Hub', which provides financial and logistical support for local businesses (GMCA, 2012, p. 15).

Assessing UK urban contractual policy

There are many ways of assessing the emergence of contractualism within UK planning policy. City Deals represent an opportunity for cities and city-regions to shape their own destinies, but the oldest of these deals dates back only to 2012, and there is still considerable room for evaluation, adjustment and refinement. The potential gains in efficiency and from highly-targeted funding are appealing, if unproven. Perhaps most promisingly of all, City Deals could provide a mechanism for addressing many of the profound regional in-

equalities within the UK. For example, Martin et al. (2015, p. 16) contend that 'the increasing array of fiscal and other powers being devolved' (including the movement towards City Deals and contracts) amount to a 'welcome recognition' of these regional imbalances. On the other hand, this contractual approach to budgeting and planning could further exacerbate existing inequalities by prioritizing projects that are the most lucrative in the short term. There are, for example, concerns regarding the ability of LEPS to actually enact meaningful redistributive policies in the context of national austerity and faltering growth (Pike et al., 2015, p. 202). Furthermore, the City Deals and devolution have in practice been 'conditional, piecemeal and potentially limited, with powers and resources perhaps too restrictive for 'place-based' approaches' (Hildreth & Bailey 2013, 246). In an environment where 'supply-side reforms' and cost reduction are still deployed to favour private-sector growth, it is difficult to see how the UK's urban devolution could actually alter prospects for Britain's most disadvantaged urban areas (Hildreth & Bailey, 2013, 246). PPPs, infrastructure projects and rates of return are indeed important, but this represents a narrow and somewhat sterile view of what 'development' is and who it is meant to serve. Moreover, as Pugalís & Townsend (2013, 117) note, the rhetoric of localism 'could well mask a socially divisive planning system that favours (economic) growth over all other considerations'. This approach 'may reap benefits for some groups [while] other groups struggle to 'help themselves' (Pugalís & Townsend, 2013, 117). A rescaling of planning and decision-making does not necessarily mean a rescaling of values or priorities.

A comprehensive analysis and comparison of the UK City Deals, based on 32 in-depth interviews with key actors from across the UK, concludes that City Deals are, in general, deeply liberal and growth-oriented strategies, often emphasizing PPPs and private-sector investment (O'Brien & Pike, 2015). However, these deals are not indicative of 'roll-back' neoliberalism or a secession of state authority; to the contrary, the British state 'retains an enduring and pivotal role in planning, regulating and managing infrastructure funding and financing at national and sub-national scales' (O'Brien & Pike, 2015, R15). The UK government acts, in other words, as a 'gatekeeper' for devolution and City Deals, setting the terms and conditions that other actors must work within. Within the City Deal negotiation phase, it is rare for external stakeholders to be involved. Deals are arranged quickly between local officials and state representatives, with details often being shared with politicians and community actors only after the deal has been signed (O'Brien & Pike, 2015). The manage-

ment of the deal-making process has been described as ‘ambiguous’:

‘Government officials briefed some cities and city-regions to be competitive when drawing up proposals and negotiating Wave 1 City Deals, whereas other cities were advised to share information, ideas and good practice. Co-ordination did take place on Tax Increment Financing (TIF) regeneration projects in Newcastle, Sheffield and Nottingham given their novelty in the UK context, with Newcastle keen to secure the lions’ share of borrowing and taxation retention flexibilities.’ (O’Brien & Pike, 2015, 21).

City Deals have been marketed as a win-win situation, a means to maximize local output and involvement while minimizing state-level risk. But what is ‘the local’? Residents of English cities have been largely excluded from these deals, and their negotiation process has been described as protracted and opaque (O’Brien & Pike, 2015). This ‘backroom’ approach is not only problematic in representative terms: it potentially creates a situation where accountability and transparency

are compromised. Despite this, it is very likely that more similar City Deals will follow, especially for Scotland and Wales. The continuation of these policies, in fact, is a central tenant of the present Conservative administration, which has considerable leverage over each negotiation.

These new developments are still subject to significant changes, as City Deals are still in their relative infancy. At present, a proper evaluation of City Deal outcomes cannot be made. However, this process of ‘asymmetrical and transactional deal-making’ in the UK has come under scrutiny from a number of researchers, and there have been concerns raised regarding the ability of the British government to support growth that is democratic, fair and sustainable (O’Brien & Pike, 2015). There are deeply consequential ‘issues of powers, resources, and governance arrangements’ that have thus far not been properly contended with (Hildreth & Bailey, 2013, 246). In any case, these are potent questions and issues that will likely shape the form and function of future urban development in the UK, as City Deals bring with them ‘profound and long-lasting impacts on future devolution and constitutional reform’ (O’Brien & Pike, 2015, 15).

8. European outlooks and insights

At first glance, given the significant differences in institutional structure between the countries, it might be difficult to see how the French and British experience and their approaches to urban contractual policies could be used in the context of the Nordic states. However, there are still some lessons and ideas that can be taken from the cases discussed in this paper. From the British situation, we can see that there is a need for caution in implementing urban contractual policies, as the transition from regional planning authorities to LEPs and City Deals has actually left urban areas with fewer funding options available. Cities and local authorities appear to have a weaker bargaining position with the British state than before the establishment of LEPs. The nature of these (ostensibly) binding contracts means that City Deals are considerably less flexible and tailored than they first appear. Our French study came to a similar conclusion, finding that the current mode of contractual governance clearly favoured state-level actors. Competition and distrust between national, regional and local stakeholders was also identified as a particular challenge to effective contractual planning in France.

With LEPs, City Deals and the explicit pursuit of neo-liberal growth strategies, the UK has placed localism and economic growth as the core ideals of its spatial planning policy. The state's urban contractual policies have tended to act as mechanisms to enhance private-sector engagement within urban planning. Within France, we find a more complex arrangement: the state has mixed 'welfarist' with 'business-driven' development logic, and retains a strong policy of redistribution (most notably within the urban contracts, which are focused on poverty reduction). In contrast to the core goals of British planning, France has used regulations and social transfers specifically to balance economic performance and reduce disparity throughout the country. While French policy is certainly concerned with economic growth, 'the planning sector acts as a means of providing broad support for regional and social development.

Urban contractual policy, as an emerging element of urban governance, is of considerable interest to both politicians and policy-makers. A side-effect of the im-

plementation of contractual urban policies and contractualism might however be depoliticization. Clarke & Cochrane (2013) contend that the UK's movement towards localism and contractualism has been interpreted as 'anti-political' in several ways. For example, these contractual arrangements create insulated negotiation spaces where fewer voices are heard, thus evading democratic processes. Moreover, the rhetoric behind localism and the City Deals with their focus on 'expertise' and efficiency, replace political wrangling and sidestep more nuanced issues of social justice and public debate (Clarke & Cochrane, 2013, 27). There has been little reflection (at least within municipal and UK government publications) on why contractual urban policy should be treated as more legitimate, binding and desirable than more inclusive governance processes. This is, to return to Jayasuriya (2002, 309), a prime example of how 'contractual governance' has come to hold a virtually uncontested, self-evident place in European policy-making.

Expanding on the themes explored by Jayasuriya (2002), Raco (2013, 60) argues that the UK's new approach to urban development amounts to a 'contractual strait jacket' that limits the ability of local authorities to flexibly and responsibly meet changing public demands. He further comments that the UK's 'dismissive characterization of the state as a 'barrier' to action has thus far limited the extent of creative thinking about what planning is and what it could become' (Raco, 2013, 59). The 'contract' is never a neutral or apolitical entity; it is, in this case, deeply bound with states' ideological pursuits. The emphasis on contracts may mean that the (national) state has a more powerful and immediate bargaining position on development policy than ever before.

Spatial planning is, by nature, 'non-neutral'. Urban contractual policies are not inherently more efficient or democratic. In the France and UK examples, they merely represent an approach to development that aligns with present political goals. While these countries have clear differences in regard to how they organize planning and contractual policy, they also have significant features in common. Within both countries, a movement towards liberalization within planning

has been observed (Waterhout et al., 2013, p. 155), and this movement aligns with broader development trends found throughout Europe. Private forms of finance are increasingly and explicitly being promoted as development strategies by many EU governments, particularly in regard to infrastructure, transport and housing.

For the Nordic countries, it is essential that any urban contractual initiatives, going forward, must be based on awareness of these trends and remain sensitive to the unique institutional arrangements within the Nordic region.

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