

**Agenda Item No. 14a**

**WEST MIDLANDS REGIONAL ASSEMBLY**

**23 April 2008**

**REPORT ON A PROPOSAL FOR NEW STRUCTURES AND GOVERNANCE TO  
SUPPORT REGIONAL EUROPEAN WORKING**

**Report of the Chief Executive**

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**1. Purpose of Report**

The purpose of this report is to seek the support of the Association to proposals for new structures and governance arrangements for regional European working following the Strategic Review of the Region's relationship with Europe.

**2. Recommendations**

It is recommended that the Association;

- 2.1 **Endorses** the proposals for rationalising the arrangements for Regional European Working as set out in this report.
- 2.2 **Approves** a proposal that WMLGA enters into a formal partnership agreement with Advantage West Midlands (AWM) setting out the joint responsibilities and shared liabilities of both parties as managing partners in WMiE.
- 2.3 **Approves** a proposal that WMLGA enters into a funding agreement with AWM in respect of West Midlands in Europe (WMiE).
- 2.4 **Delegates authority** to the WMLGA Resources Panel to approve related governance documents including;
  - 2.4.1 Partnership Agreement between WMLGA and AWM
  - 2.4.2 Governance & Funding Agreement between WMLGA and WMiE
  - 2.4.3 Revised Constitution for WMiE and Terms of Reference for the WMiE Management Committee
  - 2.4.4 Revised Role Description for the European Portfolio Holder

**3. Report Details**

In 2007 the Regional Assembly's Strategic Review Panel carried out a review of the 'Region's Relationship with Europe'. This naturally included a review of the role and focus of West Midlands in Europe (WMiE) (the region's office in Brussels), which is jointly

managed by WMLGA and Advantage West Midlands (AWM), with WMLGA being the accountable and employing body.

This report seeks to progress the key recommendations of the Strategic Review which sought to establish;

- 3.1 A simplified governance structure for Regional European working
- 3.2 A rationalisation of regional European officer working groups with clear reporting lines
- 3.3 A review of the form and function of WMiE

All of the recommendations are in the context of establishing a clear European Strategy for the West Midlands.

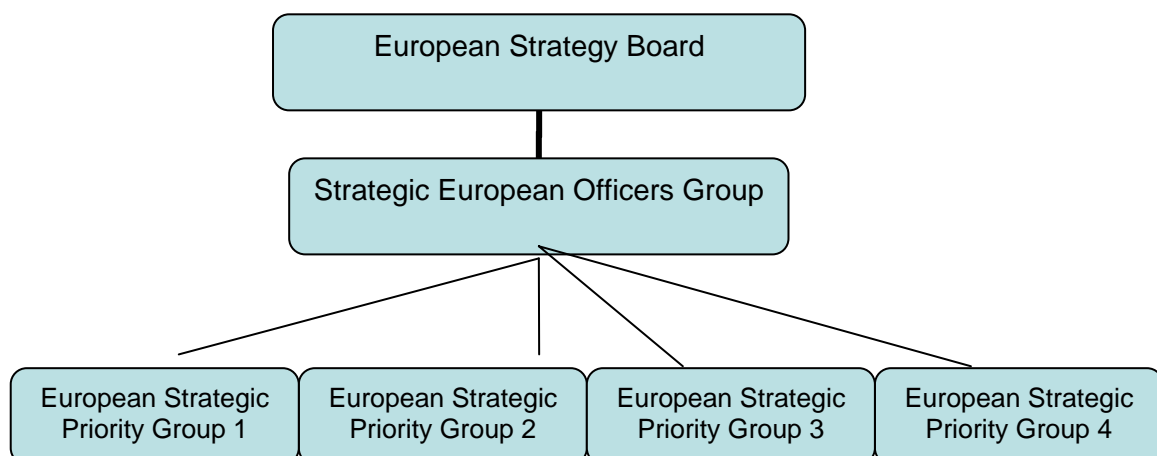
A Project Board chaired by Michael Clarke of Birmingham University and including Cllr Sir Albert Bore, Olwen Dutton, Jerry Hutchinson, John Edwards, Isabella Moore and David Burton, was established to take forward all of the recommendations of the Strategic Review and this report outlines the proposals of this Project Board.

### 3.1 A simplified governance structure for Regional European working

At its first meeting the Project Board considered a paper which set out some parameters and principles for the new governance arrangements and this was agreed by the European & International Affairs Panel on 21 September 2007.

This paper recognised that for European working the regional level remains the one which, practically and politically makes the most sense. It is, therefore proposed that the arrangements for both the strategy and, flowing on from that, the governance arrangements, operate at a regional level. It should be emphasised that these arrangements may be subject to change following the SNR and also the WMLGA review which will look at European working as part of its remit.

A proposed structure for European working is shown in the diagram and described in the following points.



#### 3.1.1 Proposal for a European Strategy Board

Based on the principles set out in the paper at appendix 1, it is proposed that there should be an enhanced European and International Affairs Partnership, with responsibility for developing, approving and monitoring the regional European Strategy, communicating and championing the strategy and adding profile to regional European working.

At a political level the membership will be drawn from the region's local authorities, plus all members of the Committee of the Regions (CoR) and Congress of Local and Regional Authorities of the Council of Europe (CLRAE) and all the region's MEPs. Consideration should also be given to including regional MPs with a particular European interest.

The enhanced body should seek greater involvement from sectors key to implementing the European Strategy; particularly (given the priority of Research & Development and innovation) at a senior level from within the Higher Education sector. Consideration should also be given to identifying members from relevant regional policy partnerships with a strong European Strategy interest e.g. Equalities and Diversity, Environment, etc.

The new body would continue to report to the West Midlands Regional Assembly, until new regional arrangements following the implementation of the Sub National Review are established.

To reflect the enhanced role proposed and to emphasise that it is designed to have a sharper cutting edge, the present rather cumbersome title of European and International Affairs Partnership should be replaced. A suggested title for the new body is the '**European Strategy Board**', which would reflect the predominance of European work. As with the current EIAP, it is proposed that the European Strategy Board would meet quarterly.

### 3.1.2 Proposal for a co-ordination group to support the European Strategy Board

Based on the principles set out in the paper at appendix 1 the European Strategy Board should be supported by a group of senior officers whose responsibilities will include;

- The co-ordination and communication of the strategy via an annual work plan.
- Identification and monitoring of groups and individuals with a responsibility for delivery of the strategic priorities.
- Alignment of the regional resources available for regional European working, feeding into and supporting the regional strategy (i.e. AWM, WMRA/WMLGA and WMiE).
- Maintaining a watching brief for 'big picture' EU issues, such as Cohesion Policy and Budget Review.
- Commissioning work/reports to support and develop the European Strategy.
- In conjunction with the Chair of the European Strategy Board; set the agendas for meetings; which will include regular input to the Board from each of the four European priority working groups, and summaries of EU funding attracted to the region.

It is suggested that membership of this group will be drawn from AWM, WMiE, WMRA/WMLGA, Government Office, WM Chambers of Commerce, WM HEA/Learning and Skills Council. The group will be led at a senior level by AWM and WMRA/WMLGA. This group could be titled the **Strategic European Officer Group**. It is further proposed that this group would be chaired by the Chief Executive of WMRA/WMLGA.

This group would meet approximately two weeks after the European Strategy Board.

### **3.2 A rationalisation of regional European officer working groups with clear reporting lines**

The EIAP of 16 November 2007 agreed that each of the four key priorities identified within the European Strategy, should have a working group, based wherever possible on existing regional structures.

Work is currently taking place to both identify appropriate existing groups to be developed, or where necessary establish new ones, as well as identifying groups that will no longer receive support from regional agencies.

Each of the four **European Strategic Priority Groups** should be chaired by a member of the Strategic European Officer Group.

### **3.3 A review of the form and function of WMiE**

The Project Board has also given due consideration to the role of WMiE in supporting the delivery of the European Strategy and recommends that the WMiE Brussels office fulfils its role in the following ways.

#### **3.3.1 The focus of the Office must be the key priorities set out in the European Strategy**

Staff resource should cover the required skill base and be allocated tasks that match/support the key priorities identified within the WM European Strategy. There has already been opportunity to review the WMiE establishment and there is now already an identified officer within WMiE supporting each of the four priorities.

In addition, extra resources and effort should be focused on the science, technology, innovation and research agenda. This was a key theme evolving from discussions with four other English offices during the review process.

#### **3.3.2 WMiE should concentrate primarily on work that can only take place in Brussels and spend less time in the region**

The Director and senior staff should focus their activity on the EU institutions, especially the Commission and the Parliament, and key networks in which the West Midlands has a serious interest. The role of WMiE as lobbyist with the Commission came through clearly in discussions with Sachsen-Anhalt, Scotland and the West of England.

Concentrating WMiE activity in Brussels will provide the type of focused support for European working the region needs, whilst also reducing operational travel costs for WMiE. Whereas previously WMiE staff have covered shortages of resource for European activity within the region; it should no longer do so. It is expected that no more than a monthly visit to the region of a senior member of WMiE staff will be necessary.

#### **3.3.3 WMiE should also focus some resource on future emerging new areas of interest or benefit to the region**

It was felt that WMiE needs to develop connections within the European Commission that would be helpful to the region's growing environmental technologies cluster and key firms within it. The following are some early suggestions for new areas of focus for WMiE.

- Science City is a major initiative by the region. The Brussels Office should liaise with senior staff and project managers involved in Science City; work together on a number of projects and link Science City staff to appropriate officials within the Commission.
- Consolidate the European Regional Research and Innovation Network; plug West Midlands' clusters and specialists into its key policy groups.
- Draw up a list of staff in EU institutions with West Midlands' connections.
- Host an annual event in Brussels with a Commissioner present and several senior representatives from Directorate Generals or Chairs of Parliamentary committees.
- Develop closer links with DG Employment and DG Justice and Home Affairs on the social cohesion and skills agenda.
- Explore potential links that would be valuable for the new West Midlands Regional Minister.

#### 3.3.4 Simplify and refine the WMiE governance and management arrangements

WMiE is essentially a partnership arrangement institutionally supported by WMLGA and is predominantly funded by two key partners WMLGA and AWM, who share operational responsibility and liabilities on an equal basis. Other regional organisations subscribe annually for services. Currently WMiE operates with a Management Board, supported by Finance and Audit Committee and a User Panel.

The Scrutiny Review considered the relationship of WMiE to the EIAP to be a source of confusion and duplication, with on occasion similar or identical papers being submitted to both bodies; this uncertainty has now been resolved. It is the Assembly's partnership body (EIAP) that provides the strategic direction for the region's European activity.

West Midlands in Europe is one of the operational arms of the strategy, designed to maximise the region's impact in Brussels.

In this context, and in light of the agreed principles of governance (Appendix 1) and desire for rationalisation, a change in the governance arrangements for WMiE is necessary. It is suggested that the existing structure of a Board, Audit Committee and User Panel are abolished and replaced with a single WMiE Management Committee.

The **WMiE Management Committee** will be led by the two managing partners of WMLGA and AWM with additional membership drawn from other key funding bodies, currently WMCCC and WMHEA\*. An initial proposal for membership is as follows;

WMLGA	AWM	WMCCC	WMHEA
2 seats	2 seats	1 seat	1 seat

The WMiE Management Committee will be responsible for the effective and efficient operation of the WMiE Brussels Office within the agreed annual business plan, constitution and scheme of delegation; and in particular for all matters of governance, financial management and staffing.

It is proposed that, as the Chief Executive of WMLGA/WMRA will chair the Strategic European Officers Group, then AWM should Chair the WMiE Management Committee.

West Midlands European Centre (WMEC) is a not for profit association established to enable WMiE to carry out 'commercial' activities in Belgium. It requires a minimum of two directors and as AWM are not legally able to hold these posts they will be held by the two WMLGA members of the WMiE Management Committee.

*\*HEA membership is currently under review and pending a final decision for 2008-09.*

### 3.3.5 Ensuring WMiE Accountability to WMLGA as a Special Interest Group

WMLGA has to ensure any revised governance arrangements for WMiE provide satisfactory lines of democratic accountability within its member structure, therefore the following arrangements are proposed;

- The WMLGA European Portfolio Holder and the Chief Executive are the two WMLGA nominees to the WMiE Management Committee; with delegated authority from the Executive to act on behalf of the Association in respect of the decisions of the WMiE Management Committee.
- WMiE Business Plans will be approved by the Executive and audited accounts should be received by the WMLGA Resources Panel; to provide accountability in respect of the management of the Association's contingent liabilities which is a responsibility of the Resources Panel.
- The European Portfolio Holder and Resources Panel will report to the WMLGA Executive Committee and WMLGA Council as appropriate.

### 3.3.6 Governance Framework

A suite of documents will clearly set out the protocols and framework for these new arrangements;

- a) West Midlands European Strategy (already approved and in place)
- b) WMiE 2008-09 Business Plan aligned to the four European Strategic Priorities
- (c) Partnership Agreement between WMLGA/AWM in respect of WMiE
- d) Governance & Funding Agreement between WMLGA and WMiE
- e) Revised WMiE Constitution and terms of reference for WMiE Management Committee
- f) Funding agreement between AWM and WMLGA for WMiE
- g) Terms of reference for the European Strategy Board and Strategic European Officers Group will be approved by the Assembly Board

### 3.4 Conclusion & Recommendation

Overall this proposal seeks to provide clarity on European working in the West Midlands, with the European strategic priorities being identified through the European Strategy

Board; responsibility for the delivery of the region's European work in support of the Strategy assigned to the Strategic European Officers Group; and the governance and management of WMiE as a delivery mechanism for effective European working resting with the WMiE Management Committee, led by those organisations with primary responsibility for the funding and liabilities of its operation. The arrangements set out within this report are recommended for approval within the current operating arrangements but may well be subject to change following the SNR and the WMLGA Review.

There is still some work to do to finalise the supporting framework of governance documents and these documents are also key to signing off the AWM funding agreement for WMiE in 2008-09. Therefore in order to avoid delays in finalising arrangements and funding to WMiE the Executive is asked to delegate approvals of the final arrangements and documentation to its Resources Panel. A special meeting of the Resources Panel will then be called in April to facilitate this.

**Olwen Dutton**  
**Chief Executive**