

**Agenda Item No. 6 Appendix B**

WEST MIDLANDS REGIONAL ASSEMBLY

23 APRIL 2008

SNR CONSULTATION DOCUMENT ISSUES AND IMPLICATIONS PAPER

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*Additional Paper  
Agenda Item 3*

*Strategic Transition Group  
1 April 2008*

*Prosperous Places: Taking forward the Review of Sub National Economic  
Development and Regeneration Published 31 March 2008*

**1 Introduction**

This paper sets out an early view of the Issues/Implications for Advantage West Midlands, West Midlands Regional Assembly, Local Government, Regional Government Agencies/Partners and Business of the proposals contained in SNR and developed in Prosperous Places: Taking forward the Review of Sub National Economic Development and Regeneration 31 March 2008. It accompanies the summary of the above document, prepared by Government Office.

This paper has been prepared by officers from AWM, Assembly, WMLGA, local government and sub-regional partnerships, as informal advice to the Strategic Transition Group meeting on 1 April. It will need to be discussed in depth by the Executive Transition Group at there meeting on 11 April (plus AWM CMT and Chief Executives Task Force on 9 April and WMLGA RCEG on 11 April)

This paper is for information only and does not represent the views of the partners on STG. However, it is expected that a number of the issues identified will be used to start to shape the regional response to the Government's consultation document. Subject to the views of STG a version of this paper could be shared with regional and local partners.

**2 Discussion Points**

This paper highlights some of the key discussion points regional partners will need to address either as part of the response to the consultation document or to take forward the SNR agenda in the region, including:-

- Agreeing the scope of the SIRS and how partners including business will be involved in its development and delivery. The degree of influence SIRS will have over the investment decisions of Govt. Depts and other public bodies.
- Defining sub-regional working and collaboration.
- Capacity to deliver – including at the local authority level and at the RDA Board level, which is to remain business led but responsible for regional planning.
- Delegation – making it work, the place of a memo of understanding between the RDA and local authorities,
- The statutory duty - if required to prepare economic assessments.

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## **Chapter 2 – Securing Prosperity in a Changing Economy**

- a) SNR has a clear aim: “to put in place a robust delivery framework to **promote productivity and growth** at every spatial level..” (para 2.1).
- b) To this end: “**SNR is a vehicle for reforming public institutions** to enable them to achieve sustainable economic growth, development and regeneration at every spatial level through better alignment of economic and spatial planning, within a sustainable development framework” (para 2.3).
- c) Sustainable growth is defined in a footnote to para 2.3 as: “economic growth that can be sustained within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles”.

## **Chapter 3 – Stronger Partnerships for Regional Growth**

- a) As part of developing the **SIRS**, RDAs will be expected **to balance economic, social and environmental issues through the planning system**. (para 3.3). Partners will want to discuss the place of democratic ownership of the planning system and links to local planning matters.
- b) RDAs will need to balance its growing strategic (planning) role with that of maintaining a **business-led focus** and engagement (para 3.5 & 3.6).
- c) **RDA Board** appointments will be overseen by an independent assessor and take **advice from the Regional Minister (para 3.6)**.
- d) There is a proposed legal duty for local authorities to **assess their economies** and the ability to act with neighbouring local authorities to tackle common problems.(para 3.7).

- e) ***RDAs will deliver some services directly*** e.g. inward investment but will work with partners to commission activity and delegate, where appropriate, decision making and funding (para 3.8). Partners will wish to discuss these this issue.
- f) RDAs will need to agree with local authorities and key regional partners the balance of relevant investment from ***their single pot*** between different policy areas. This appears to be the only reference of the need to agree investment with local authorities and partners.(para 3.8)
- g) Capacity is a key issue linked to delegation and ***RDAs*** will need to consider their role in terms of their ***specific contribution to address any gap in capacity*** and what support they might provide. Local government in the region has begun to address this issue.
- h) ***Delegation will be set within the appropriate financial and value for money frameworks*** (para 3.11) and potentially underpinned by a memorandum of understanding between the RDAs and local authorities. This requires expansion and clarification and is a key discussion point for regional partners.
- i) The SNR suggested the establishment of ***a regional forum of leaders*** and the consultation document provides additional detail on the shape and role of this structure (paras 3.15 & 3.17).
- j) The condoc is generally 'light' on ***accountability and scrutiny***. RDAs will remain accountable to Parliament working within a performance framework and scrutinised accordingly (3.19). The House Modernisation Committee has begun an inquiry into regional accountability (3.21) due to report shortly while the document also outlined the potential for local authorities to use their existing scrutiny powers which can be applied to RDAs and other government agencies (para 3.20).
- k) RDAs will lead on the new arrangements for the ***regional strategy*** (para 3.22) and will need to devise working arrangements which best suit regional needs. This is a considerable task that will require a ***collective focus***. RDAs to devise arrangements which are effective in drawing upon the expertise of stakeholders for sound decision-making(para 3.23) Need to take forward communication & involvement strategy.
- l) RDAs will need to work with local authority partners to develop a ***change management programme*** . Regions will be left to develop their own approach to implement solutions to meet their needs (para 3.24) This is a key issue for partners to address.
- m) ***Regional assemblies are now empowered to delegate any of their planning functions to RDAs*** but this (empowerment) does not currently allow RDAs to become the regional planning body and further legislation will be required (para 3.29). The Assembly will wish to consider this option with AdvantageWM.
- n) Government has confirmed a second, ***expanded round of RFA*** advice to be launched in the summer (para 3.31) seeking regions' advice by early 2009 on their strategic priorities and funding allocation (para 3.32). A formal Ministerial response is expected in summer 2009 and will help shape regional strategies and delivery plans (para 3.34). The ***interplay between the RFA process and developing integrated regional strategy will need***

**careful consideration.** It is unclear which agency/body should lead the RFA process in the region.

- o) LSC funding priorities are outside the formal RFA process, but skills and training priorities which complement wider economic goals, will be developed by partners within the RFA framework.(para 3.33). Clarification from Government will be required.

#### **Chapter 4 – Integrating Regional Strategies to Promote Growth**

- a) The regional strategy is expected to be a “succinct” document (para 4.5). **The development and agreement on the regional strategy will reveal what “succinct” will mean in practice**
- b) **The extent and scope of existing strategies to be integrated into the new regional strategy will have widespread implications** (para 4.2 defines the strategies)
- c) The regional strategy will “steer” regional and local partners, and “influence” central government departments and public agencies (para 4.3). **These terms are imprecise and therefore leave room for manoeuvre over their implementation.**
- d) There is confirmation that the regional strategy will be part of the statutory development plan (para 4.4)
- e) The requirement to reflect national policy and be alert to emerging Government policies (para 4.6) **will have implications for the flexibility of the regional strategy and potential open ended nature.**
- f) Each region is expected to set a regional economic growth objective (para 4.8). **How this sits with the process of nationally set targets for RDAs is not clear.**
- g) Housing in the regional strategy will start from local authority assessments of housing opportunities and need (para 4.10) with the RDA and the leaders’ forum working in partnership on housing growth. This suggests no place for the current Regional Housing Partnership.
- h) What every regional strategy should cover is listed (para 4.13) **Partners are invited to consider whether this list is appropriate.**
- i) There is a requirement to work with other regions (para 4.16)
- j) Each region can devise for itself the best working arrangements for developing the regional strategy (para 4.17). Further discussion with partners will be required.
- k) All local authorities must be involved across the full life-cycle of the strategy collectively through the leaders forum, and also individually where appropriate (para 4.18). **This**

**collective and individual involvement will need to be managed carefully to avoid conflict between the two approaches.**

- l) Government will work with RDAs, local authorities and stakeholders to develop a **single national core sustainability framework for assessing regional strategies**. (para 4.20)  
The region will want to influence this new development.
- m) **The embedding of “examination in public” or “ independent testing” on potentially two occasions during the drafting process rather than at its end is an innovation** (para 4.20).
- n) Independent testing is seen as an important addition to stakeholder engagement in regional strategy making. This would be supported by the appointment of an independent panel early in the process to test the issues and options identified by the RDA and leaders forum (paras 4.22 and 4.23) **The implications of early independent testing will need to be taken into account**. Further discussion with partners will be required
- o) The development and agreement of the draft regional strategy will be led by the RDA working with the leaders’ forum which will “sign off” the document on behalf of all local authorities (para 4.24). This suggests no place for the current Regional Planning Partnership. In the absence of agreement Ministers would receive a draft from the RDA, take account of the independent panel, and then decide whether to approve (para 4.25). BERR and CLG will be the approving Ministers (para 4.24). ‘Managing’ the interplay between and aspirations of the 2 Govt Depts could be a challenge for regional partners.
- p) The **24/25 month timescale for developing the SIRS** is suggested. A view as to whether this is realistic will need to be taken. A decision by the Assembly in consultation with partners on the viability or worth of continuing with **RSS phase 3** will be required.
- q) The Government has not decided whether there should be a requirement to have a delivery plan for the new regional strategy (para 4.27). There is flexibility over when the new regional strategy should be reviewed (para 4.28). **This needs consideration within the region**.

## **Chapter 5 – Strengthening Sub-regional Economies – the Local Authority Role**

- a) Chapter 5 is about the opportunity for, and the possible form of, an **economic assessment duty**.
- b) The duty to prepare an economic assessment [if implemented] is placed on upper tier and unitary authorities [lead authorities]. They are required to work with Districts and their RDA. ( para 5.4)
- c) The assessment may be produced jointly by two or more lead authorities, for example by all authorities participating in an MAA (para 5.7). There seems to be a **push for MAAs** (reference paras 5.5.,5.7, 5.28); and a suggestion that sub-regional collaboration through new statutory sub-regional arrangements for economic development may follow on from collaboration on MAAs (para 5.35). In the WM we are all rated relatively highly in CAA terms in relation to this area

- d) There is only one reference (para 5.5) to the interfaces with local authorities' **Sustainable Communities Strategies and Local Development Frameworks**. This joining up of strategies and their mutually-reinforcing effects could be very powerful for local authorities in, for example, the context of promoting or improving the economic, social and environmental well-being of their areas. It is surprising that more is not made of this.
- e) **Three options** are set out for legislation for the new economic assessment duty (paras 5.10 - 5.18) and these are discussed in further detail in an Appendix (paras 5-13).
- f) Unfortunately the Option numbers have become transposed between the body of the report and the Appendix [for clarity the position is in Chapter 5:-  
Option 1 is Option 2 in the Appendix;  
Option 2 is Option 3 in the Appendix; and  
Option 3 is Option 1 in the Appendix].
- g) The benefits and the likely costs to lead authorities of each of the options for the new economic duty are identified in the Appendix. It is intended that the **Government will fund any reasonable costs following a 'new burden assessment'** [Para 5.26]
- h) The base, no-change, option [Option 3 in Chapter 5] is based on powers deriving from existing legislation. In requiring no change Government believes that existing economic development practice leads to high variability between authorities. It therefore presses the case for the options which, following legislation, would place a duty on lead authorities to assess the economic conditions of their areas.
- i) Differences between the two options [1 and 2] derive on whether statutory guidance would be issued to lead authorities and the regard that such authorities would have to have to the guidance.
- j) Local Authorities will wish to consider carefully the merits of all three options, and in particular assess the opportunities against the duties and responsibilities arising from the two consultation options.
- k) If lead authorities decide, following legislation, to prepare economic assessments, the **consultation document identifies a wide range of delivery partners** [national agencies, RDAs and business organisations] that ought to be consulted.
- l) There would be a duty on named partners [including District Councils] to respond to the consultation within a given period of time. This may be regarded as helpful to lead authorities, in **ensuring a timely development of such economic assessments**. It also ensures, usefully, that a wide range of organisations that may affect the economy and labour markets of local areas –including business and business organisations –are party to the development of a local economic assessment.
- m) For some national organisations [e.g Highways Agency, Natural England, LSC] the requirement to respond to a large number of requests for engagement may prove onerous.

- n) The consultation document identifies [paras 5.30-5.34] that the Department of Transport will consult later this year on whether and how powers that it holds for a range of sub-national transport projects [including trams, guided busways, local highways] could be devolved to alternative bodies at regional, sub-regional or local level. Current transport bodies at regional and local level in the West Midlands will be keen to engage with this consultation.
- o) The document identifies [in paras 5.35-5.44] the opportunity of strengthening the statutory arrangements for sub-regional collaboration on economic development issues. Functional economic areas are seen as likely to be sub-regional rather than be based entirely within one local authority. The document sees **the strengthening of sub-regional collaboration as one means of strengthening sub-regional leadership**. It looks for consultation responses on the types of projects that could be facilitated by giving sub-regional partnerships powers to carry out a variety of economic development duties.
- p) While this may be welcomed by sub-regional economic partnerships and local authorities that have well-established economic partnership arrangements authorities are likely to be wary of the suggestion in the paper that 'where cooperation is proposed that extends significantly beyond economic development .... **an appropriate way forward.... might be to merge or propose some well-targeted and clearly focussed reorganisation**'.
- q) As a result of any legislation on the new economic duty the consultation foresees that decision-making will be devolved directly to the sub-regional bodies, rather than to voluntary collaborations of councils or to a lead council within a city-regional partnership. This is seen as binding in local authorities to long term decision making.
- r) The **timing of implementation of a new duty to prepare economic assessments is dependant upon primary legislation**; while some additional duties that sub-regional partnerships may be empowered to undertake will also be subject to legislation. No timescales are proposed. It may be that this requirement for legislation may affect the suggested undertaking of the first economic assessments in 2010-2011.
- s) **The consultation document notes the concern that has been raised at the possible lack of capacity to carry out assessments effectively by some local authorities**. It proposes that through work with the LGA and the Improvement and Development Agency [IDeA] capacity will be assessed and a strategy will be developed to overcome identified shortfalls. This is to be welcomed – and indeed there may be merit in seeking to develop a regional approach which would marry resources from the Regional Improvement Partnership with those from AWM.