

Wednesday, 25 April 2007

## Future Regional Governance Arrangements

### Report of the Chief Executive

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#### Purpose

1. The purpose of this Report is to present to Assembly members a critique of the context for regional governance, current issues affecting this and to assist a discussion for Assembly members about the options to develop this within the West Midlands.

#### Recommendation

2. Members are asked to:
  - (a) to give consideration to the development of a regional strategic partnership; and the key issues which should be contained within that to deliver most effectively the key strategic issues for the region.

#### Background

3. Regional working is highly regarded as 'unfinished business' following the failure of the elected Regional Assembly model when put to public vote in the North East in spring 2004. Despite this there have been considerable developments around the regional architecture, with a strengthening importance of the prime regional policy documents setting out the regional vision and priorities and with stronger working amongst regional bodies.
4. The question of regional governance has been highlighted as part of the Comprehensive Spending Review (CSR) which represents a long-term and fundamental review of government expenditure and will identify the investments and reforms needed to equip the UK to successfully develop through the global challenges of the forthcoming ten years. The CSR will not report until at least October 2007.
5. A programme of cross-Government work, led by the Treasury is laying the foundations for the CSR. This is examining the key long-term trends and challenges that will shape the next decade, considering how UK public services need to respond to these challenges, developing a

- far-reaching value for money programme to release the resources needed to address the challenges and producing detailed studies of key areas where cross-cutting, innovative policy responses are required to meet these long-term challenges. The work has also included externally led reviews such as the Leitch review of Skills, Eddington Review of transport, Barker review of planning policy and others.
6. Within the broader CSR, the Treasury is leading a 'Sub-national Review of Economic Development and Regeneration' (SNR), which aims to identify ways to improve further the effectiveness and efficiency of existing sub-national structures in England – including governance, incentives and powers. This is of particular significance for Regional Assemblies, who have given evidence on several occasions to the SNR. According to the Budget Statement the subnational review
  7. "Aims to build on the work of RDAs and local authorities in England and consider how to further improve the efficiency and effectiveness of existing sub-national structures in England so as to strengthen economic performance in regions, cities and localities throughout the country. It looks at mechanisms to drive sub-regional collaboration, such as city-regions.
  8. The review includes an assessment of the impact, effectiveness and accountability of sub-national delivery agencies, including the outcomes of RDA spending and opportunities for efficiency savings. It also considers the long-term challenges that face the RDAs and other sub-national agencies to help ensure a robust prioritization of activities in support of economic growth in each region and locality."
  9. The statement goes on to highlight the key areas for potential reforms: -
    - Strengthening local authority incentives and decision-making powers to improve economic outcomes and tackle concentrations of deprivation, following analysis in the Lyons Inquiry;
    - Developing mechanisms to drive sub-regional collaboration across functional economic areas, including city regions, building on the Local Government White Paper, and considering the case for devolving individual powers and functions;
    - Improving the economic planning and decision-making processes at the regional level, including through better alignment of regional strategies, enhancing the strategic role of RDAs, improving RDA capacity, efficiency and effectiveness and increasing regional accountability;
    - Ensuring clearer objectives for regeneration and renewal at national, regional, local and neighborhood levels, with sharper

incentives for improving performance, clearer accountability and more effective coordination, and a stronger link to wider economic strategies;

- Strengthening the interface between the public and private sectors to maximize the effectiveness of investment. The review will take account of the recommendations of the Leitch Review of Skills and Employment."
10. The debate has been stimulated by the publication in March of a think tank report, 'Redesigning Regionalism' from the New Local Government Network. This recommended, from a host of different models, a 'Regional Development Agency Executive Style Plus' which would take over, amongst other things the strategic planning, housing and transport powers which are currently the responsibilities of the regional assemblies. This would be accompanied by a stronger accountability model carried out through an Assembly of local authorities. NLGN have since been keen to stress that the intention behind this pamphlet was to provoke and stimulate the debate and it certainly done this with local authorities concerned about the loss of their strategic powers and SEEP members concerned about the loss of their voice.
  11. Discussions carried out with central government colleagues and others indicates that views on how best to achieve these reforms are being sought and that there is an acceptance that the optimum result may well be a more flexible approach which works differently in each of the regions. Some other regions have already developed models which are in place designed to bring together regional bodies to look at delivery on key issues.
  12. In the East of England the Assembly led the development of a Regional Partnership Group, which combines the democratic influence of local authorities, expressed through LAA groupings, the Regional Assembly group leaders, and non executive representatives from the EEDA and senior executive officers from key regional partners. This has led to the formation of a group of 34 members, split evenly between non-executive and executive members and is a voluntary, "light touch" coordinating mechanism drawing together and linking where necessary existing regional strategy and delivery processes, and including a forum for discussion on the alignment of public service policy and budgets.
  13. The East Midlands Regional Assembly has led the establishment of a Regional Leadership group comprising a smaller group of the chairmen of key regional organisations and with a separate Executive coordination steering group intended to lead to the development of a single regional Balance sheet, which identified spend, aligned business

- plans and funding programmes and reviewed these against regional priorities.
14. Within this context there is an opportunity for the West Midlands to develop a strategic partnership approach to take the region forward most effectively, providing for a greater degree of democratic accountability across the regional bodies and funding stream without creating additional layers of bureaucracy, delays and expense and building upon the existing relationships and partnership working which takes place. For example, key regional partners have already signed up to the Regional Concordat. This provides a framework for joint working between regional organisations and for the integration of regional strategies. The current joint work between AWM and WMRA in respect of the review of the RES and its alignment with the RSS are a manifest of the Concordat approach.
  15. The Concordat commits its signatories to deliver against regionally agreed strategies and priorities and is peer governed in the sense that each signatory has the ability to call others to account if there is deviation from the collective agreement. The Assembly provides the democratic legitimacy to this process as each of the councils within the West Midlands has elected members appointed to represent their councils on regional issues and ensure that local and sub-regional dimensions are properly reflected.
  16. Informal discussions around the principal of how the regional bodies might move towards a further development of this approach have been initiated by the Assembly with a view to exploring the likely commitment of the bodies. This question of how to move forward has also been considered by the Review Reference Group which has been meeting to consider a wide ranging review of the Regional Partnership.
  17. At its first meeting, the group concluded that in light of the SNR debate the most pressing task was to set out a proposition to government with regard to a future institution framework which had the support of the key stakeholders. As a result, the Group have developed a proposition for the West Midlands which is attached to this paper as Appendix one. The paper seeks to build on the existing strong partnership working and recommends an enhancement of existing rather than major institutional change and transfer of power. It is presented as a worked up example of how the governance arrangements which exist could work together more effectively towards a single vision for the Region with, at the same time, increasing democratic levels of accountability.
  18. An alternative model suggested by some consultees is to form an Executive Board, comprising the Chief Executives of the key regional bodies meeting regularly to work through some of the regional

strategies, identify how each body would be programming its resources and activities and then influencing the developments of the various regional strategies for which each body was responsible to deliver a closer alignment of both strategy and programming based on the key issues that need to be resolved for the Region to improve its overall performance. In this model, the accountability and scrutiny arrangements would remain unchanged. The Assembly would emphasise its leadership role through ensuring that the right organisations and individual were represented on the Assembly and that the Board and various partnerships were focused on the key strategic issues, using scrutiny and strategic review to assess progress on key issues.

19. Both of the above models would involve a proactive approach with the Region being positive in offering a suggestion to government. An alternative is for the existing arrangements to continue, left to evolve in a more gradual manner and the Region being content to leave the dissemination of regional working to the Sub National Review rather than seek to influence it in the terms of the other two options.