

West Midlands  
Regional Assembly

**WEST MIDLANDS REGIONAL ASSEMBLY**

**29 October 2008**

**Response to BERR select committee inquiry into RDAs**

**Report of the Regional Scrutiny Manager**

---

1. **Purpose**  
To inform Assembly Members of the submission made by the Assembly to the Business and Enterprise Select Committee.
2. **Recommendation**  
That the submission is noted.
3. **Background**
  - 3.1 In July 2008, the Business and Enterprise Committee announced an inquiry into the future roles and responsibilities of Regional Development Agencies. Submissions were invited by 19 September 2008.
  - 3.2 The inquiry will focus on the:
    - Need for a level of economic development/ business/ regeneration policy delivery between central and local government;
    - Effectiveness of RDAs and their role in adding value;
    - RDA expertise;
    - Extent of, and need for, their overseas activities;
    - Consequences of expanding RDA remit to include new functions, as proposed by the sub national review, including the delivery of EU funding;
    - Accountability of RDAs and
    - How RDA performance has been measured in the past and will be measured in future;
  - 3.3 At the Assembly Annual General Meeting on 9 July it was agreed that the Assembly's response would be signed off by the Chief Executive in conjunction with the Chair and Vice Chairs following

consultation with Board Members. This is attached for your information.

- 3.4 Information has been received that this inquiry has been split into two distinct elements. The first sessions are focusing on the Sub National Review with a report to be published in this Parliamentary session. The second element, which the committee 'may come back to', will focus on RDA performance.
- 3.5 To date two evidence sessions have been held. On 7 October the Committee took evidence from the private sector and business organisations and from local authorities represented by:  
Chris Hannant, Head of Policy, British Chambers of Commerce  
Steve Radley, Chief Economist, EEF  
Karen Dee, Head of Infrastructure, CBI  
Councillor David Sparks, Chair, Transport and Regeneration Board, Local Government Association  
Councillor Stephen Castle, Cabinet Member for Economic Development, Regeneration and London 2012, Essex County Council  
Deborah Haydock, Director of Policy, Lancashire County Council
- 3.6 On 14 October evidence was presented by Regional Development Agencies represented by:  
Dr Bryan Jackson, Chair, East Midlands Development Agency and RDA Chair of Chairs  
Jeff Moore, Chief Executive, East Midlands Development Agency  
Nick Paul, Chair, Advantage West Midlands

Dagmar Waller, Regional Scrutiny Manager  
Tel no: 0121 678 1054  
Email: [d.waller@wmra.gov.uk](mailto:d.waller@wmra.gov.uk)

**1. Introduction**

1.1 Thank you for the opportunity to respond to this call for evidence. This response draws on our experiences of working with Advantage West Midlands (AWM), the Regional Development Agency for the West Midlands. Our comments discuss the issues identified in the call for evidence.

**2. Context**

2.1 West Midlands Regional Assembly is a partnership body constituted from all local authorities in the Region together with social, economic and environmental partners. The Assembly has a key role in developing, implementing and co-ordinating regional strategies. It has a statutory responsibility for developing the West Midlands Regional Spatial Strategy (WMRSS), which includes the Regional Transport Strategy for submission to the Secretary of State for Communities and Local Government (CLG). A core activity is scrutiny of AWM focusing on the development and delivery of the West Midlands Economic Strategy (WMES).

**3. Need for a level of economic development / business / regeneration policy delivery between central and local government**

3.1 Economic activity and regeneration priorities occur across wide geographic areas. Business needs (such as support for workforce, goods and services) and physical regeneration requirements (such as derelict land or poor communications) bear little relationship to local administrative boundaries. The regional level of operation can encompass many of these economic relationships such as journey to work, the influence of city regions and the catchment areas for higher order services. These economic realities need to be expressed at the regional level.

3.2 National government and localities working together regionally provides a practical way of determining and balancing priorities between areas, policy themes and in coordinating delivery. This would be impractical and insensitive to localities if prescribed by the national level. Certain roles may best be performed regionally in partnership, resulting in solutions that are not apparent locally or nationally.

3.3 Regions can also provide an effective level of policy engagement with the national and international levels, which is vital in a global economy. This is evidenced in the existing arrangements for dealing with international enquiries for business sites and premises from the Department for Business, Enterprise and Regulatory Reform to the local and sub regional levels via the regional development agencies.

#### **4. The effectiveness of the RDAs and their role in adding value**

4.1 AWM provides regional economic development expertise and funding that should act as a catalyst for local interventions and improvements. It is clear that AWM has taken a strategic view of priorities within the region in order to ensure its interventions add value. However evidence presented as part of the regional scrutiny process has identified the need to secure continuous improvement in partnership working and communication.

4.2 WMES emphasises the need to utilise all public sector funding within the region related to economic development and regeneration. Over the next 5 years this is estimated as £20bn of which AWM's contribution is limited to £2.2bn. This will require meaningful engagement with and a key role in decision-making for partners. AWM has already acknowledged this. The danger in failing to secure ownership amongst partners will be a lack of commitment to the WMES and its delivery mechanisms.

4.3 An issue of concern has been the lack of integration between the WMES' key delivery mechanisms. A lack of co-ordination has led to lack of clarity, duplication in provision of programmes, less effective use of limited resources and mixed messages to partners regarding priorities. AWM has proved to be flexible and effective in responding to recent economic shocks such as the closure of Rover in Birmingham. The Agency played a crucial role in bringing together partners from a variety of sectors to respond.

4.4 AWM, in common with all RDAs operates within a national framework for project appraisal. It has worked hard to support project development and streamline the appraisal process in response to partners. If delegation to sub regional and local partners is to be effective there must be an increased flexibility from within DBERR.

4.5 The Assembly has worked hard with AWM to bring closer alignment between the WMES and WMRSS and to reconcile the very different levels of consultation during preparation of these. The proposal for a Single Integrated Regional Strategy (SIRS) set out in the Sub

National Review (SNR)<sup>1</sup> has provided the impetus for AWM to bridge the gap between economic planning and spatial/community planning. Active engagement of AWM's staff in regional and sub-regional partnerships will also be crucial to effective delivery.

## 5. **RDA Expertise**

5.1 AWM is focused on delivering economic regeneration programmes and its expertise reflects this. In the past partners expressed concerns with the impact of staff turnover but this no longer appears to be a significant issue.

5.2 Post SNR, AWM and other RDAs will need to deliver a broader agenda which include social and environmental in addition to economic responsibilities. This step change will require wider staff skill sets than they currently employ. The current economic delivery focus of RDAs leaves them exposed in the environmental and social elements of regional strategies. It will be important that delivery meets the aims of regional strategies and is not merely to deliver national output and spending targets.

5.3 In particular, if the current proposals in the SNR are to be implemented around the transfer of functions to the RDA's, especially around planning, there will be a need to introduce a significant capacity within the Agency at both Board and officer level, which understands these issues. The present organisation and Board Membership of the RDA's was not intended to deal with these areas. The importance of providing this capacity and the complexity of these issues should not be underestimated. In addition RDAS capacity and understanding will have to be increased in order to work effectively within a political environment due to the need for stronger engagement with local authorities and councillors.

## 6. **The extent of, and need for their (RDAs) overseas activities**

6.1 Partnership is at the heart of the West Midlands in Europe office in Brussels which is managed jointly by AWM and WMLGA and acts as a strategic delivery vehicle for WMES priorities. Approximately a third of the costs are provided by AWM with the remainder from WMLGA and subscribing partners including the Region's Chambers of Commerce and Universities.

6.2 The presence of so many regions, EU institutions and other organisations in Brussels means that networking and contacts are critical success factors through which the office can enhance the region's standing and reputation, attract trade and investment as

---

<sup>1</sup> Prosperous Places: taking forward the Review of Sub National Development and Regeneration Paragraph 3.19

well as support regional participation in EU funding programmes and policy input.

6.3 AWM is key player in the Region's European Strategy Board which provides strategic direction for regional European activity. Its involvement in this and in the Brussels office enables provision of targeted expertise on selected regional priorities, set out in the West Midlands European Strategy and to ensure that the whole region benefits from effective engagement in the EU.

**7. Consequences of expanding the RDA remit to include new functions, as proposed by SNR, including the delivery of EU funding"**

7.1 The SIRS will be the highest spatial expression of policy in England. It is essential that regions have the authority and resources to integrate economic policy with spatial policies. Without this an effective strategic framework for the delivery of national economic and regeneration policy will not be created.

7.2 The SNR proposes to improve economic regeneration delivery through the delegation of economic programmes and resources to the sub regional level. Effective co-ordination of delegation will however be essential to ensure consistency of delivery and continued alignment with national priorities. RDAs and local government need to work together to achieve this at both regional and sub regional levels.

7.3 There are implications for national government from the SIRS proposal, not least the need for common expectations from DBERR, as the RDA sponsoring department, and from CLG in respect of spatial planning. A further issue is the need for RDAs to receive sufficient funding for these new functions. Failure to provide this will result in RDA funding available for interventions being reduced. Moreover there are implications for Whitehall to ensure that central government is fully able, and committed, to support the regional strategy and contribute to its delivery.

7.4 There are real concerns about the democratic deficit in the SNR proposals. It is critical that regional and cross boundary sub-regional activity is responsive to local priorities and needs, as well as national objectives. A further area of concern is the lack of expertise within RDAs in respect of the spatial aspects of the SIRS including the wide spread engagement and consultation with the public that currently is required in respect of the development of the RSS.

7.5 The RDAs have already taken on the role of delivering ERDF funding in the current 2007-2013 funding programme. AWM has

also recently taken on the delivery of the EU Rural Programme in the Region. West Midlands lobbied for a fully regional ESF strategy and delivery, achieved in part through goodwill/partnership working, though as sub-set of national programme. A regional ESF programme reflecting regional priorities is still the aim of regional partners. WMLGA has a unique partnership agreement with the LSC enabling West midlands local authorities to have a full role in directing ESF resources to meet needs within their sub regions. These arrangements must be enabled to continue post 2010.

## 8. **Accountability of RDAs**

8.1 RDAs currently have a number of different accountability arrangements, some flowing from the Regional Development Agencies Act together with others introduced more recently. These include;

- Annual Report – laid before the House
- Parliamentary scrutiny currently through the Business and Enterprise Select Committee but also the proposed Regional Select Committees
- Chief Officer accountability and related audit arrangements
- Six monthly reporting to RDA Boards and Government Offices
- Assembly Scrutiny role
- Independent Performance Assessment
- Annual General Meeting
- Impact Evaluation Framework
- Local authority overview and scrutiny committees in respect of delivery of local area agreement targets

8.2 These mechanisms tend to operate in isolation and do not allow for the sharing of intelligence or experiences. They could therefore result in contradictory outcomes that will inhibit improved performance. It is vital that the various aspects of RDA accountability are complementary, co-ordinated and form a coherent whole.

8.3 We support the principles for future regional scrutiny arrangements as identified by the English Regions Network.<sup>2</sup> In the future local authority led regional scrutiny must be the principal way in which RDAs are subject to external scrutiny and held to account. Select Committees can then draw on regional scrutiny activity in addition to performance data.

## 9. **Performance Measurement**

9.1 The SNR states that RDAs will be held to account will be via a robust performance framework focusing on:

---

<sup>2</sup> Renewing Regional Accountability – ERN March 2008

- audits of accounts and financial management systems carried out annually by the National Audit Office;
- monitoring performance through independent appraisals, corporate plan reviews and financial monitoring; and
- evaluation framework measuring performance in delivering strategic objectives<sup>3</sup>

9.2 Performance measurement plays an important role in identifying impact and added value but should not replace wider accountability to Parliament and the Region. It provides quantitative evidence to inform wider assessments. RDA performance measurement frameworks, such as the current tasking framework, are simplistic one dimensional tools made up of national targets rather than reflecting regional needs. Targets are not challenging, Advantage West Midlands have consistently met all or virtually all targets but the Region is still underperforming when compared with other English regions. There has been little or no opportunity for regional partners to contribute to the setting of targets or in assessing progress against these. A consequence of this has been an inability of performance frameworks to distinguish cause and effect and take account of indirect effects of interventions such as displacement.

9.3 RDAs now have clear guidance on the standards of thinking and evidence collection that are required if rigorous evaluation is to take place. This was set out in the DTI Occasional Paper, *Evaluating the Impact of England's Regional Development Agencies*, containing the Impact Evaluation Framework (IEF). This changed the focus on output targets to the economic impact of what is being done looking at a longer term programme approach, outcomes and strategic added value. The current national evaluation programme being carried out by PWC and being informed by full programme evaluations being carried out by all RDAs will provide a significant evidence base. It will be imperative that this and other evidence is disseminated to inform wider accountability assessments both of RDAs and other partners operating within the Region, including the area assessment element of Comprehensive Area Assessments.

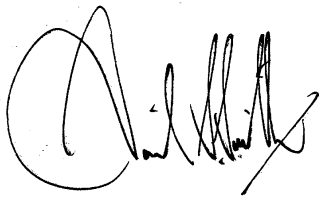
9.4 In the future RDA performance framework should be linked to regional priorities as articulated in Regional Economic Strategies and the proposed SIRS which may include important intra-regional objectives. Bearing in mind the wider remit of SIRS, the performance framework should also reflect social and environmental as well as economic outcomes. In particular there should be a direct relationship with those aspects delivered by

---

<sup>3</sup> Via the Impact Evaluation Framework focusing on added value

RDAs. This should build on the evaluation principles of the IEF focusing on added value. It is important that this framework is considered in conjunction with qualitative evidence currently provided by other accountability arrangements including regional scrutiny.

I hope that the above comments will be useful and would welcome the opportunity to discuss these further. For clarification or further information please contact Dagmar Waller, Regional Scrutiny Manager on 0121 678 1054 or via [d.waller@wmra.gov.uk](mailto:d.waller@wmra.gov.uk)

A handwritten signature in black ink, appearing to read 'David S Smith', with a large circular flourish at the beginning.

Cllr David S Smith  
Chairman  
West Midlands Regional Assembly