

WEST MIDLANDS REGIONAL ASSEMBLY

Assembly Board of Directors

25 March 2009

**Business and Enterprise Committee:
Regional Development Agencies and the Local Democracy,
Economic Development and Construction Bill**

1. Purpose

To advise the Board of the publication and key findings of the Business and Enterprise Committee's report on Regional Development Agencies.

2. Recommendation

The Board is asked to note the report.

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. The final report was published on 13 March 2009.

3.2 The inquiry expected to focus on:

- the need for a level of economic development/ business/ regeneration policy delivery between central and local government;
- the effectiveness of RDAs and their role in adding value;
- RDA expertise;
- the extent of, and need for, their overseas activities;
- the 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 The Committee took evidence both before and after the publication of the Government's response to the SNR

consultation receiving 114 written submissions, including that of the Regional Assembly. The Committee report in full can be found via the following link -

<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmberr/89/89i.pdf>

3.4 The summary below identifies the Committee's key findings and recommendations:

Role and Effectiveness of Regional Development Agencies (page 11)

- Satisfied that RDAs serve a useful function and should be business led
- Seeks reassurance from RDAs and Government that strenuous efforts will be made to work across regional boundaries when needed
- Concerns that RDAs responsibilities have been increased "piecemeal" and impact on ability to maintain strategic outlook – must be full public enquiry if widened in future
- Differences in views on effectiveness between NAO performance assessments and anecdotal evidence – may be an issue to be revisited
- Disappointed that PwC report on effectiveness not available and regrets that Parliament being asked to decide on RDA's future responsibilities without it – should be published before Committee Stage of Bill
- Concerns with current extent of private sector experience of RDA staff and impact of new responsibilities re planning on RDA's ability to be "truly business led" – recommend Government monitors experience of staff and Board Members on a regular basis
- Overseas activities – some concerns re lack of co-ordination with national and local authority activities – Committee will monitor success of new model for overseas representation and expects more robust co-ordination in future
- While recognising challenges re recession, any budget cuts should only be made after comprehensive and thoughtful review of RDA budgets and programmes
- Important that RDAs have certainty over budgets – Government "should support Ministerial rhetoric with financial clarity; "dipping into" RDA budgets is no way to do that"

Review of Sub National Economic Development and Regeneration (page 22)

- Committee surprised and disappointed by the lack of detail contained in proposals about how new arrangements could work in practice
- Easier to implement if there was clarity – and must be available during Committee stage of Bill

Single Integrated Regional Strategy and Associated Regional Governance Structures (page 24)

- Support for single strategy but will be essential to balance economic and spatial planning aspects – will be difficult for RDAs to remain business led organisations
- Business interests cannot be presumed to take precedence over democratically expressed wishes of local communities – process must allow community concerns raised through the local democratic process to be taken into account
- Concerned with the creation of an accountability gap and that regional select committees will have time/resources to scrutinise regional strategies
- Need for clarity re procedure if SIRS cannot be agreed – before Bill reaches Committee Stage
- Concern with lack of clarity about how LALBs will operate – draft guidance on criteria for acceptable schemes should be published before Committee Stage
- Concerns that timetable for drafting and agreeing regional strategy is too short and proposal to revise every 5 year is too frequent – guidance should be provided as soon as possible
- Regional Select Committees should satisfy themselves that RDAs have sufficient spatial planning skills as a matter of urgency
- Bill should specify that certain groups should be included in the consultation as a matter of course and Regional Select Committees consider if there is effective consultation

Local Authority Economic Assessment Duty (page 37)

- Expects LA's to address any skill gaps before first assessments are undertaken
- Should not be seen as an end in itself – amend clause 71 (1) of Bill to ensure assessments must be considered when revising regional strategy
- LA must be given capacity required – recommends that Government provide a statement setting out how support is to be provided and how Ministers intend to monitor provision

Sub Regional Collaboration on Economic Development

(page 41)

- In principal supports Government attempt to encourage sub regional collaboration on economic issues but concerned that EPBs might be an “unnecessary addition to the plethora of organisations and strategies which operate at local, sub regional and regional level”
- Government should provide more info on what use Secretary of State will make of the review required by LA’s prior to establishing EPB – also question re role of RDA in this
- Concern that there is potential for conflict between flexible collaboration to adjust to possible changes in LA leadership/direction and a need for stability to make collaboration meaningful
- Concerns that LA might be prevented from leaving an EPB and how powers ceded to the EPB could be reclaimed
- Need to clarify consequences of lack of agreement re change of boundaries of EPB/Combined authorities

RDA Devolution of Decision Making to Sub Regions

(page 45)

- RDAs will be better able to focus on strategic economic and spatial planning if as much of the delivery as is reasonable is undertaken by LA’s and other sub regional partners
- Concerns with use of terms “delegation” and “devolution” interchangeably in SNR documents
- Government needs to clarify extent to which RDAs will be requested to delegate or devolve decision making
- Government needs to provide further information as to how RDAs will measure LA readiness and ability to deliver
- Government needs to clarify whether it intends to identify if an RDA is generally willing to devolve funding and what steps it would take if RDAs are found to be unwilling to devolve appropriately

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