

Regional Funding Allocations

'Rolling Briefing Note'

Produced by the Assembly, Advantage West Midlands & Government Office

Version 2 – 3rd October 2005

This document is produced as a rolling brief which will be updated from time to time between now and the 31st January 2006.

New in version 2 –

- Collated comments from Core Regional Advisory Group 2/9/05, Chief Engineers and Planning Officer Group (CEPOG) 2/9/05, Regional Transport Partnership (RTP) 5/9/05, WMLGA Executive 7/9/05 Regional Chief Executive Group 9/9/05 and Assembly Board on 16/9/05. (Annex B)
- Update on timetable for production of transport priorities.

Introduction

The Guidance to the regions on preparing advice on regional funding allocations was issued by HM Government on the 21st July 2005. This guidance sets out:

- Regional transport funding allocations for three years, up to and including 2007-08, in line with the regional housing and economic development allocations, (the economic development allocation is the RDAs' Single Budget), that had already been published; and
- Indicative longer term planning assumptions for regional allocations, up to 2015/16, across the three funding streams.

The Government is asking for advice on our regional priorities in transport, housing and economic development; *'showing how these relate to each other to form a coherent, credible and strategic vision for improving the economic performance of the regions; and how these priorities are aligned to resources'*. This advice will be used as an input to policy development in advance of the next Budget.

The format of the advice is to be no longer than 30 pages, including maps and tables, although reference can be made to other documents providing the advice itself is free-standing. The closing date for submission is 31st January 2006.

Overview of Current Situation in the West Midlands

We are already fairly well advanced in identifying priorities for the region for each of the three funding areas, particularly in the short term. This is summarised in the attached Annex A, this also identifies any further action that needs to be taken to prepare advice on Regional Funding Allocations. These actions are summarised at the end of this document together with a list of key dates.

There is a high degree of consistency between regional strategies on the economy, housing and transport, and regional partners have sought to maintain this consistency in reviewing documents. For example the recently agreed Regional Housing Strategy was prepared with the full engagement of the Regional Development Agency and transport issues are acknowledged within it. Although the views of other stakeholders will need to be taken into account before a final response is made to Government in January, initial views from the Regional Assembly and Advantage West Midlands are that there is unlikely to be a case for altering the balance of spending between the three areas.

It is important however that sequencing of funding in each area reflects the priorities in the other two. For example it would be inappropriate for economic development to be funded when private investment could not realistically be realised because necessary transport infrastructure was not programmed until later.

It will be necessary then for the lead partners (Regional Housing Board, Regional Development Agency Board and Regional Transport Partnership with the Assembly Board) in agreeing priorities under each funding stream to consider whether its own priorities will need to be complemented by priorities under either of the other two areas, and whether it might be necessary to defer funding until later in the period. It will be necessary to undertake this consideration sufficiently in advance of the January

deadline to have the opportunity of further discussion on co-ordinated priorities. It is consequently proposed that this part of the exercise is completed by Christmas.

Methodology

Government Offices are asked to act as facilitators and establish an agreed process with regional stakeholders. The guidance states that the advice will be more credible to Government if we can demonstrate that it is based on 'a wide consensus, and reflects the full range of evidence'. The guidance specifically refers to the important role to be played by Regional Development Agencies, Regional Assemblies and Regional Observatories and also draws attention to the need to draw in other appropriate stakeholders including the business community, the voluntary and community sector and local government.

Comprehensive consultation has taken place throughout the region during the development of each of the Regional Economic, Housing and Transport Strategies – the latter is an integral part of the Regional Spatial Strategy. There is also a wide range of stakeholder groups already in existence which have been engaged as part of that consultation, and in many cases continue to be engaged in discussing implementation and review.

In view of the recent consultation on the Regional Housing Strategy, the ongoing consultation on the framework for transport priorities, and the forthcoming consultation on the review of the Regional Economic Strategy, a widespread consultation exercise on the Regional Funding Allocations process would be likely to cause confusion/duplication of effort within the region. A more productive exercise would be the engagement of existing partnership groups within each area. We could also hold one bespoke workshop during the autumn, possibly for people that attended the consultation event on Devolved Decision Making earlier this year. This would allow some cross-cutting discussion to take place between stakeholders.

The document will be produced on a 'rolling basis', **with the final version being available for the West Midlands Regional Assembly meeting which is due to take place on the 18th January**. This will allow any last minute adjustments to be made before the 31st January deadline and for the Assembly, AWM and GO (chairs and chief executives) to meet again finally before it is submitted.

An officer group has been established to co-ordinate this process. Dave Marr (Acting Director Northern Division) will lead the process on behalf of GOWM, Rose Poulter (Director - Policy) on behalf of West Midlands Regional Assembly and Roger Sumpton (Director of Strategy) on behalf of AWM. They will draw in others when appropriate from wide range of regional organisations. We also suggest that the latest version of the document is available for reference/comment on each of our websites so that it can be seen by partners in the region.

The focus for providing specific advice on the three funding areas will be as follows:

- **Transport** – The WMRA Transport Partnership supported by Strategic Transport Implementation Group (STIG). .

- **Economic Development** – The AWM Board supported by advice from other relevant groups including The Regional Skills Partnership; West Midlands Enterprise Board and WM Innovation and Technology Council.
- **Housing** – West Midlands Housing Board supported by the WMRA Regional Housing Partnership.
- Advice in relation to other government policy will be sought by GOWM through the Government Office Regional Board.

All the above groups and other relevant groups are asked to put the Preparation of Regional Funding Allocations advice as a standing item on their agendas for any meetings they will be holding between now and the 31st January 2006. The preparation of a 'rolling' document should allow the latest version to be considered at the meeting.

Next Steps

This document will be updated on a regular basis. Attached is a time-table of key dates and meetings where we anticipate there will discussion, development and progress made in securing a credible and robust submission to Government from the West Midlands.

Together with the issues addressed in this briefing note, the Assembly, AWM and GO will start to consider the mechanisms and processes required for delivering this particular agenda.

Further Information

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GO – Liz Charlton 0121 352 5229

AWM – Roger Sumpton 0121 503 3349

Summary of initial project plan

August 2005	Sept/Oct 2005	Nov/Dec 2005	January 2006
<ul style="list-style-type: none"> • GOWM agrees project plan with AWM/WMRA • Officer Group established • Lead responsibilities for each of the three streams and for overall drafting of document established • Consultation methods agreed • Initial work plans for each of the three streams identified • Chairs/CEs of WMRA, AWM and GOWM meet 		<ul style="list-style-type: none"> • Chairs/CEs of WMRA, AWM and GOWM meet 	
	5 th Sept WMRA Transport Partnership meeting 7 th Sept WMLGA Executive meeting 9 th September WMLGA RCEG 12 th Sept Strategic Transport Implementation Group meeting 15 th Sept Regional Housing Board meeting 16 th Sept WMRA Board meeting 22 nd Sept WMRA Housing Partnership meeting 27 th Sept AWM Board meeting 18 th Oct WMRA Meeting 20 th Oct Regional Housing Board meeting 25 th Oct AWM Board meeting	2 nd Nov Government Office Regional Board meeting 7 th Nov WMRA Transport Partnership 17 th Nov Regional Housing Board meeting 23 rd Nov WMLGA Executive meeting 25 th Nov WMRA Housing Partnership meeting 29 th Nov AWM Board meeting 2 nd Dec WMRA Board meeting 13 th Dec AWM Board meeting 15 th Dec Regional Housing Board meeting including final 'sign off' of agreed housing priorities and suggested sequencing.	9 th Jan WMRA Transport Partnership meeting
		-End Nov – completion of second stage of STIG 'Technical and Communications' brief. -Early Dec STIG 'Technical and Communications' brief considered and agreed by STIG and RTP	
	Possible workshop?	Mid Dec – final decision taken on priority order and any sequencing of projects needed by each of the lead partners.	Agreement reached on 'sequencing' between three lead partners.
			18th January – Final draft considered by WMRA Assembly Chairs/CEs of WMRA, AWM and GOWM meet 31st Jan – RFA advice submitted to ODPM, HMT, DfT and DTI

Other key dates may be added

Annex A

Regional Funding Allocations

Introduction

GOWM letter to Trudi Elliott and John Edwards asked for a project plan which covers the following areas:

- timescales for prioritisation exercise for each funding stream;
- proposals for developing an evidence base setting out value for money proposals;
- process for developing relationship between above and national, regional and local policy objectives;
- process for arriving at regionally agreed view on priorities.

These will be dealt with for each funding stream:

Housing

Prioritisation

Considerable work on prioritisation has already taken place, in recognition that the level of public sector resources available to housing within the Region in the near future is unlikely to match what is required to fully adopt the policies within RHS 2005. For the period up to 2008 this is reflected in the Regional Allocations document produced by the Regional Housing Board and the subsequent allocations to local authorities and the Housing Corporation.

Priorities for the longer term are expected, in the Regional Housing Strategy, to focus upon those that have the potential to have the most beneficial outcomes for the Region and those which are critical to the implementation of RHS:

- ensuring the Region's existing housing stock will be fit for future need and demands
- ensuring the overall level of supply of new affordable housing for additional households is in the right place for those who are unable to exercise market choice.
- short-term priorities: maximise rural affordable housing to develop sustainable rural communities and delivery of the Decent Homes Standard
- longer-term priorities: maximising urban and rural renaissance

The Regional Housing Board is currently responsible for these priorities through the Regional Allocations Strategy and has asked the Regional Housing Partnership to agree a list and subsequently advise the Board on what priorities can be delivered within the

funding assumptions of the Guidance, including scenarios which assume 10% higher and 10% lower funding than that described in the Guidance. It is anticipated that this work will be co-ordinated by the WMRA Secretariat.

It will be necessary for the Regional Housing board to sign off the work at its meeting on 15th December at the latest in order to meet the January deadline.

Evidence Base

Housing priorities within the region have been established with the support of a significant body of research developed over a considerable period of time but more recently in response to issues raised prior to the development of the RHS 2005. In the light of this, there is unlikely to be a need for further research to support the Regional Funding Allocations process.

Relationship with National, Regional and Local Policies

The Regional Housing Strategy has been fully integrated with the Regional Spatial Strategy, and shares a common evidence base with the RSS. Preparation was undertaken with significant input from Advantage West Midlands, and there is a good fit between the Regional Economic Strategy, the Regional Spatial Strategy. The latter contains the Regional Transport Strategy. Although there is still work to be done on the relationship between housing and transport projects.

The housing priorities referred to above are consistent with strategies emerging through the two Housing Market Renewal Pathfinders, and local authorities' Local Development Schemes have been assessed on the basis of the ability to deliver the agreed housing priorities.

Transport

Prioritisation

The current regional priorities are contained in the Regional Transport Strategy and identified in Policy T12 in the Regional Spatial Strategy.

The regional partners (GOWM, AWM, WMRA and LA's in association with DfT) have commissioned work to develop, apply and evaluate a framework for prioritising transport investment in the West Midlands. The objectives of the work have been to:

- Develop a technically robust framework which provides a transparent comparison between potential priorities for regional spending, and
- To produce a framework which ensures key decision makers have the appropriate information on which to prioritise between potential interventions within a defined budget.

The first phase of the work which developed the framework was completed in April and endorsed by both the Strategic Transport Implementation Group chaired by GOWM and

the Regional Transport Partnership in May. The second phase commenced in June and comprises of both a technical and communications brief. The technical work has developed the framework to ensure that it is technically robust; enables proposed transport interventions to be prioritised against the regional, sub-regional and local objectives, assesses their efficiency and deliverability and then summarises the results in a banded table supported by qualitative assessments.

The outputs of the study will include;

- Technical Framework Guidance for those who need to provide data for and apply the framework,
- An overview for the Decision-Makers summarising the Technical Framework to inform those using the outputs of the prioritization framework for decision making
- Final Report summarising the overall project, including an evaluation of the use of the framework, any limitations, lessons learned from its use and any regional evidence deficits.

The output from the study will be that each scheme will be banded depending on the results of its assessment against the framework criteria. This work will be completed by December.

The prioritised banding of the schemes will then be considered by the Strategic Transport Implementation Group and the Regional Transport Partnership, thereby effectively gaining Regional Assembly endorsement.

As part of this exercise, the Strategic Transport Implementation Group will be asked to advise on the extent to which recommended priorities fit with and help to deliver regional housing and economic priorities. It will also be asked to examine the implications of scenarios which assume 10% higher and 10% lower funding than that described in the Regional Funding Allocations Guidance.

Evidence Base

A detailed evidence base is being prepared as part of the study. Transport sponsors will be required to provide the evidence to be considered by the framework. Scheme sponsors have been asked to supply this information, by 9th September, on Regional Assessment Summary Tables (RAST) forms by the technical consultants.

The study will test a range of transport schemes taken from T12 of the Regional Spatial Strategy, local schemes being promoted by Local Authorities and regional schemes promoted by the Highways Agency.

Once this test is shared with partners and stakeholders, and the process is considered 'fit for purpose', the whole range of regional transport schemes will be subject to the framework for banding.

Relationship with National, Regional and Local Policies

The Regional Transport Strategy is contained within the Regional Spatial Strategy. The framework described above will be test the regional transport schemes for strategic fit with both the RSS and RES, to ensure consistency as far as possible at this stage.

Regional transport priorities will be taken forward in local development frameworks, local transport plans and the Highways Agency investment programme. Partners and stakeholders are being engaged in the framework process by means of two stakeholder workshops. The workshops will introduce the stakeholders to the details of the framework and demonstrate its application to transport schemes by taking participants through the prioritising appraisal process. As part of this exercise, STIG will be asked to ensure that partners also understand, and are given the opportunity to comment on, the relationship with regional housing and economic priorities.

Key dates in process to identify regional transport priorities (updated 4th Oct 05)

16th Sept – Highways Agency and Local Transport Plan authorities provide completed RAST forms for first 20 schemes to the consultants. These will be considered by a technical group which will report to the STIG.

23rd Sept – Details on remaining 40 projects to be provided as above

10th Oct – Second workshop with LTP officers

19th Oct – Stakeholder workshop to outline framework process

During October – RASTs 'banded' by consultants/technical group for completion by early November

7th Nov – Progress report to Regional Transport Partnership

Mid November – letter outlining results shared with Transport Portfolio Holders/Senior Officers

1st Dec (approx) – responses to above made to WMRA Secretariat

13th Dec – Special Transport Partnership meeting to consider final report on prioritisation exercise

Economic Development

Prioritisation

Priorities for the next three years are set out in the AWM Corporate Plan 2005-08. This identifies which specific parts of the West Midlands Economic Strategy AWM is proposing to use its funding to deliver on. The focus of this funding is Regeneration Zones, Clusters and High Technology Corridors. Priorities for aligning with other funding is also set out in the Corporate Plan.

Beyond 2008, priorities have been agreed more generally within the Regional Economic Strategy but only up to 2010. Future priorities will be agreed as part of the comprehensive review of the Strategy which will be commenced in 2006. In the meantime, the Regional Spatial Strategy, which incorporates the key spatial considerations within the existing Economic Strategy, gives a longer term basis consistent with the Regional Funding Allocations timescale. It will be necessary to agree the general assumptions up to 2021 based on the current strategy and the following priorities which are already aligned with the Regional Spatial Strategy and the Regional Housing Strategy:

- Transport; skills; enterprise; manufacturing; economic inclusion

- Delivery Priorities – Regeneration Zones; Business Clusters; high technology corridors

The following partnership bodies have already been set up to develop and manage the implementation of frameworks and delivery of specific aspects of the WMES:

- Regional Skills Partnership (one of top 5 challenges)
- Enterprise Board (two of top five challenges)
- Innovation and Technology Council (knowledge economy challenge)
- Tourism West Midlands (visitor economy challenge)
- Other regional partnerships are leading on some of the other challenges – e.g. Regional Transport Partnership on transport; Housing Board on housing – so engaging cuts across the WMES.

The Advantage West Midlands Board will be asked to co-ordinate agreement of general policy priority assumptions as a precursor to the 2006 review, to provide the basis for the Regional Funding Allocations exercise, with the co-operation of the above partnerships and the Regional Assembly. It will also need to advise on the implications of scenarios which assume 10% higher and 10% lower funding than that described in the Guidance.

If these priorities change as a result of the review, then the Regional Funding Allocations assumptions will need to be revisited.

Evidence Base

Economic priorities in the West Midlands Economic Strategy were developed with the support of a significant body of research, much of it commissioned specifically for that purpose.

While it might be necessary to undertake further research to support the 2006 review it will not be necessary to extend the evidence base in order to identify general funding priorities beyond 2008.

Relationship with National, Regional and Local Policies

The Regional Economic Strategy is consistent with the policies in the Regional Spatial Strategy, which was developed with full engagement of Advantage West Midlands and its partner organisations and incorporates the former's spatial priorities.

The Regional Housing Strategy was similarly prepared with full engagement of the Regional Development Agency which is also a key partner in the development of the Transport Framework.

Annex B

Collated comments on the process made by regional partners at Core Regional Advisory Group 2/9/05, Chief Engineers and Planning Officer Group (CEPOG) 2/9/05, Regional Transport Partnership (RTP) 5/9/05, WMLGA Executive 7/9/05 and Regional Chief Executive Group 9/9/05.

Policy

Recommendations to Government on funding priorities must be policy led and made within the context of current agreed regional strategies and policy.

Democratic Processes

This exercise is more than a technical exercise of aligning budgets, it will have knock on implications for the way the Assembly and partners including local government deliver services. Therefore the advice must involve appropriate democratic processes at the regional and local level.

West Midlands Joint Committee's Planning and Transportation Sub Group and CEPOG will take an active role in the process. To be discussed at the next Planning and Transportation Sub Group meeting (23rd September).

Transport

There is confusion in respect to what constitutes a committed transport scheme and the status of schemes in Local Transport Plans. There is a potential shortfall in transport funding for the region.

Understanding the Government's consultation is crucial, the Chair of RTP to write to all Local Transport Plan Authorities' Council Leaders and Chief Executives, to invite them to attend an awareness raising workshop on 19th October and the Special RTP meeting on 13th December.

The transport prioritisation process should not create any surprises for any Local Transport Plan Authority in December/January.

With respect to the West Midlands conurbation's LTP, the Multi-Modal Study '£1bn' is still unclear.

Flexibility – A request to ensure that there is local flexibility within funding streams to meet local needs. The example used was rural transport needs where local knowledge must be able to influence use of funds.

West Midlands Submission – The submission to Government must emphasise the significant contribution that the West Midlands economy, our regional/national transport infrastructure and cities, towns and countryside make to Great Britain PLC.