

Agenda Item No. 11

**WEST MIDLANDS REGIONAL ASSEMBLY
Assembly Meeting – 24 October 2007**

**Review of Sub-National Economic Development and Regeneration
(SNR)**

Report of the Chief Executive

Recommendations:

That the Assembly

- i) Notes the Government's expectation that Regional Assemblies will continue to fulfill important functions until legislation implementing the SNR is enacted.
- ii) Notes those discussions at officer level are continuing as outlined in the report (appended) with regard to the roadmap about the transfer of functions from the Assembly to the RDA.

Purpose of Report:

The report updates the Assembly on the steps being taken to implement the SNR in the region.

1. Introduction

1.1 The Assembly meeting on 18th July 2007 received a report on the Review of Sub-National Economic Development and Regeneration (SNR), published by Government in the previous day which set out proposals for significantly reshaping regional governance arrangements. It is clear from discussions which have taken place since then that the government sees the implementation of these proposals as critical in delivering clearer regional arrangements which will lead, in turn to more integrated regional strategies and ultimately to enhanced economic growth across the regions.

The main elements in summary of the SNR are as follows:

- a) There will be a single integrated regional strategy (IRS), which will provide the strategic regional framework, combining what is currently covered by the regional economic, spatial and housing strategies. The RDA will have the executive responsibility for producing this strategy, working closely with local government and other partners. The strategy will need to be agreed with local government in the region.
- b) New scrutiny arrangements for RDAs will be put in place. These will take two, linked forms. At a regional level, local authorities will lead an enhanced scrutiny role, looking at a much greater accountability and looking at what is delivered and how it is delivered, and the outcomes which flow from the arrangements that are in place; there will also be regional select committees, run through parliament. The form which these will take has yet to be decided, but the two scrutiny roles will need to be linked and to work together.
- c) The RDAs' role will become more strategic, with increased delegation of economic development delivery to local authorities.
- d) Regional assemblies in their current form will continue with their present functions and funding until 2010.
- e) Regional Ministers (in the West Midlands Liam Byrne MP) have been appointed

1.2 The Government is aware that whilst the SNR set out the outline of the proposals it also left much detail to be put in place. A number of consultation papers concerned with the implementation of the SNR are expected to be published by Government before Christmas, including one on the IRS and another on the new economic development power for local authorities.

1.3 One thing which has however been emphasized is that the arrangements which are put in place across the regions are able to be different depending upon the particular needs of each region and that the SNR provides a broad framework for discussions to take place in the expectation that regions will come up with individual solutions within that. The timing though for these solutions is critical; whilst no dates have come down from government, the expectation is that if consultation papers are to be published in December, that regional proposals should be in time to influence these, thus a self imposed but pragmatic deadline of the end of November by which proposals should be with government is critical.

2 The Assembly's Continuing Role until 2010

2.1 The Assembly has a business plan in place until 2010 and Government is committed to funding assemblies until that date. Whilst it is crucial to start to talk, particularly with the councils and with AWM about how these relationships will operate post 2010, it is also important that the region does not lose momentum, at a critical time for regional policy making.

Through the transitional stage the assembly will be responsible for the following functions

- a) Fulfill the role of Regional Planning and Housing Body throughout the revision of the RSS;
- b) To advise Ministers on the regional budgets for housing and transport through the partnership boards established for this purpose, and develop advice with partners on the priorities for other regional budgets to be included in the forthcoming regional funding allocations exercise.
- c) Lead on the production of the Regional Sustainability Framework, on monitoring the region's performance against sustainability targets and ensuring a basis for the appraisal of the new IRS.
- d) Through the scrutiny function and strategic review process influence and help to improve the impact both of the work of the RDA and more generally for the benefit of the region
- e) Delivering the agreed work programme through the partnerships set up to take regional work forward, such as the regional health partnership and the equalities and diversity partnership

2.2 There is also an important role for the Association/Assembly to play in shaping the new arrangements so that the legacy of partnership and progress achieved over the last ten years is protected and sustained. It is vital for the region that the new regional governance, strategy, scrutiny and delivery arrangements work well.

2.3 A report jointly prepared by the Chief Executives of the RDA and Assembly and agreed by both Boards in September, together with the WMLGA Executive Committee, proposed the development of a road map framework which will set out (by early December) the following principles:

- a) Proposals for the development of an IRS which sets out the economic, environmental and social objectives for the regions and brings together the WMES and RSS
 - b) Agreeing the scope of the Local Government leadership role and the new scrutiny arrangements
 - c) Setting out the timescales for the transfer of the key strategic responsibilities and staff from the WMRA to Advantage West Midlands
 - d) Clarify arrangements for the delegation around delivery to Local Authorities through the mechanism of LAAs and MAAs and how, where capacity exists, this will take place
 - e) Maintaining the effective engagement of the Business Sector and other stakeholders through the transition process and beyond
 - f) Ensure we deliver business “as usual” during the transition.
- 2.4 The GOWM is also to set up a post SNR Steering group which will include the WMRA/LGA which will look at the practical issues of the transition within the regional bodies. The group will be key in driving the implementation of the new regional model in due course negotiated. The intention is, as outlined in the report to the September Board which is appended, to create a route map for change that minimizes uncertainty for staff by setting clear milestones for the transitional period.

3 Scrutiny

- 3.1 The SNR envisages a strengthened role for scrutiny and holding the RDA to account, and in recent ministerial meetings the importance with which government views this role was made clear, with ministers giving a clear view that the role is about what is being achieved by the RDA and how it is being done. In the West Midlands scrutiny has been developing effectively, linked with the strategic reviews that the assembly has been leading. However, with the greater focus on this role it is suggested that different methods of scrutiny will be needed at the regional level, led by local authorities, which build upon the work that has gone on so far and seek to raise that.
- 3.2 Links will also need to be made with the select committee once it becomes clearer how that will be set up. Further focused discussion

on the future of the regional scrutiny function will be given under agenda item 13.

4 Regional Minister

- 4.1 Since his appointment Liam Byrne MP has been very active in the region. He has held a 2030 visioning day at Warwick University, attended by a number of representatives from different agencies and sectors, including the Chairman and Chief Executive, and set up a mechanism for regional lead officers from the various agencies, including the WMLGA/WMRA to meet to brief him collectively on matters of significance. It is planned that he will lead an event on the 10th December at which the RES and RSS will be launched - although in the case of the RSS this will mark the submission to government of the Phase 2 work-; together with the skills framework and regional transport priorities for which he has asked, and where the assembly is leading on the transport issue. He has agreed to make the keynote speech at the Assembly conference in January.

5 Partners- Business and Other Stakeholder Group

- 5.1 The SNR was very quiet upon the involvement of stakeholders post the SNR Publication. However, since then vigorous campaigns have been conducted on behalf of stakeholders and through the latest government meetings, including with Ministers, suggestions are emerging that the SNR's lack of coherent reference to representative stakeholder involvement in future regional governance was something of an oversight. The Government did not intend for stakeholders and partnership working to be simply "swept away" but is now clearly recognizing that this offers a valuable contribution that must be continued in some way.
- 5.2 At the Association and Assembly Annual Meetings in July, the value of partnership working was endorsed and Members were anxious to see how the benefits of this could be taken forward. The arrangements for how this can happen will be developed along with other post SNR issues
- 5.3 For the new regional agenda post SNR to be effective and efficient the RDA and GOWM require a robust and sophisticated level of engagement with local government and other regional partners. WMLGA/WMRA has built up trust and high levels of engagement through member led Partnerships and officer networks. These must

not be lost as they will be invaluable to secure a regional strategy owned and implemented by the region.

5.4 The discussion which will need take place in due course is over which Partnerships need to continue to shape and influence the Single Regional Strategy and its delivery, in what guise and how will they be supported/funded.

Contact Officer:

Olwen Dutton

Chief Executive

0121 678 1031

o.dutton@wmlga.gov.

**ADVANTAGE WEST MIDLANDS
WEST MIDLANDS REGIONAL ASSEMBLY
WEST MIDLANDS LOCAL GOVERNMENT ASSOCIATION**

**Executive Committee – 26 September 2007
Board of Directors – 26 September 2007**

**SUB NATIONAL REVIEW AND ITS IMPLICATIONS FOR THE WEST
MIDLANDS**

**Joint Paper to the WMLGA Executive Committee and the Boards of
the West Midlands Regional Assembly and Advantage West
Midlands**

Non Confidential

1. Objective(s)

- 1.1 To outline the key recommendations of the Sub National Review of Economic Development and Regeneration (SNR).
- 1.2 To provide initial thoughts on the implication of the SNR for the West Midlands and how we can prepare for implementation.

2. Recommendation(s)

- 2.1 That the Boards of Advantage West Midlands, the West Midlands Regional Assembly and the Executive of the West Midlands Local Government Association with the Government Office West Midlands work together to:
 - **develop new working agreements for the SNR in the West Midlands that can be implemented in time for the proposed changes 2010;**
 - **develop the roadmap for change to be launched by the Regional Minister in December 2007.**

3. Background

- 3.1 The SNR was published by HM Treasury, BERR and CLG in July 2007. The SNR will inform the Comprehensive Spending Review (CSR) and proposes considerable reform to the working of Regional Bodies specifically Regional Assemblies and Regional Development Agencies. It also signal changes to the work of the LSC.
- 3.2 The SNR signals the following as clear intentions or "red lines":
- Bring together the Regional Spatial Strategy (RSS) Regional Economic Strategy (RES) into an Integrated Regional Strategy (IRS) which gives the economic, environmental and social objectives for the region, coupled with the transfer of Strategic planning, transport and housing functions from Regional Assemblies (WMRA) to the RDA(AWM)
 - Local Authorities to promote economic development with AWM to delegate regeneration funding where there is capacity.
 - Local Authorities to have a strengthened role in the development, prioritisation and sign off of the IRS and in the scrutiny of the work of RDAs; and Parliament, through mechanisms yet to be determined, to scrutinise regional working.
 - A significant leadership role for the Regional Minister.

4. Preparing to Implement the SNR in the West Midlands

- 4.1 There will be the need for primary legislation to implement some of the clear intentions mapped out in the SNR. The extent of this is, as yet, unclear and we can expect consultation from central Government on key aspects of the SNR in period to end March 2008. However we need to minimise uncertainties for regional partners and particularly for staff in WMRA. We also have the opportunity to shape national thinking so it is sufficiently flexible to allow the development of solutions that meet the needs of the West Midlands.
- 4.2 To minimise uncertainty and set out a framework for action the WMRA/WMLGA and Advantage West Midlands need to develop a road map for change. The road map will set out how we develop the new working arrangements for implementation in advance of the 2010 deadline. The principles behind the road map will need to be agreed and ready for launch by the Regional Minister at the conference planned for early December 2007.

4.3 The road map will set out our plan in the following key areas:

- Proposals for the development of an IRS which sets out the economic, environmental and social objectives for the regions and brings together the WMES and RSS
- Agreeing the scope of the Local Government leadership role and the new scrutiny arrangements;
- Setting out the timescales for the transfer of the key strategic responsibilities and staff from the WMRA to Advantage West Midlands;
- Clarify arrangements for the delegation around delivery to Local Authorities through the mechanism of LAAs and MAAs and how, where capacity exists, this will take place;
- Maintaining the effective engagement of the Business Sector and other stakeholders through the transition process and beyond;
- Ensure we deliver business “as usual” during the transition.

5. Summary

5.1 The SNR presents significant challenges and real opportunities for the West Midlands in the way it develops strategies and delivers solutions to promote sustainable economic development and regeneration. The role and function of the Regional Development Agency and Local Authorities are both enhanced and strengthened. The key to successful implementation will be an Integrated Regional Strategy, developed and agreed by the region, delivered through a network of strong Local Area Agreements and where appropriate Multi Area Agreements, and accompanied by effective arrangements around scrutiny and accountability.

5.2 The attached Appendix to this report provides the Executive with an outline of ongoing discussions from various senior groups regarding the Sub-National Review.

Paper prepared by:

John Edwards , Chief Executive, Advantage West Midlands

Olwen Dutton, Chief Executive, West Midlands Local G