

Agenda Item No. 7(b)

**WEST MIDLANDS REGIONAL ASSEMBLY
Assembly Meeting – 17 January 2007**

***LYONS INQUIRY INTO LOCAL GOVERNMENT - PROMOTING
ECONOMIC PROSPERITY***

Report of the Director of Policy

Purpose of Report

1. To provide a draft response to the *Lyons Inquiry into Local Government - Promoting Economic Prosperity* before 19 January.

Recommendation

2. To consider and amend as necessary the attached paper and endorse it for submission to the Lyons Inquiry.

Background

3. Sir Michael Lyons has been asked by the Chancellor to undertake a further piece of work to consider the implications for local government of the Eddington Transport Study, the Barker Review of Land Use Planning and the Leitch Review of Skills. To assist him Sir Michael has produced a further consultation document - *Lyons Inquiry into Local Government - Promoting Economic Prosperity considering the implications of Eddington, Barker & Leitch*. Attached as Appendix 1 to this report is a draft response for consideration from West Midlands Regional Assembly and West Midlands Local Government Association.
4. Sir Michael Lyons final report will inform the Government's Review of Sub-National Economic Development and Regeneration and the Comprehensive Spending Review. The former is being undertaken by HM Treasury and is looking at what economic development and regeneration activities should be undertaken at the sub-national level (regional level), which organisations should have responsibility and under what accountability and governance arrangements. And the latter is expected to produce some challenging spending targets and efficiency savings for public bodies and services.
5. In view of the strong emphasis on the role of local government, the discussion of matters pertaining to the Assembly's role as Regional Planning Body and the local and regional level 'place shaping' issues; it was felt important to offer a West Midlands perspective to Lyons.

**Director – Policy
Rose Poulter**

Lyons Inquiry into Local Government - Promoting Economic Prosperity**19 January 2007****West Midlands Regional Assembly Response****Introducing this Paper**

The opportunity to provide a further response to the Lyons Inquiry is welcomed.

This paper will argue that there is a clear need for a certain set of **decisions** about policy and funding to be taken at the **regional level** with strong local government input. It will identify that decision making and governance arrangements are already in place to deliver against economic prosperity targets and our ambitions for urban and rural renaissance. It will also highlight the potential of sub-regional and local partnerships, particularly the developing City Region and sub-regional related working and interventions. It also highlights the valuable role that the District authorities have in articulating local needs and delivering services directly to communities.

In the West Midlands region we recognise the challenges for different parts of our region - Black Country aiming to create demand and Worcestershire/Warwickshire manage demand – these dynamics cannot be tackled by a simplistic approach eg more housing faster.

This paper therefore sets out a response to the issues posed in the **Lyons Inquiry** and is based not only on the recent the experience of having a local government led regional chamber/assembly but also on over 25 years of local government working with partners at the regional level in the West Midlands.

Introducing the West Midlands Regional Assembly

The West Midlands Regional Assembly delivers a wide ranging work programme agreed with DCLG and the region, covering statutory functions for Planning and Housing; the scrutiny of the Regional Development Agency and ensures integration of regional policies and strategies.

It undertakes these functions via an Executive Board, Full Assembly and Partnerships which lead on regional planning, transport, housing, environment, health and equality & diversity matters. Each has either a general membership or core group of Assembly members in a ratio of 4:1:1 - local government:business:other stakeholders.

The role of **local government within the Assembly is pivotal and influential**. Each of the 38 local authorities in the West Midlands, working through the West Midlands Local Government Association, is represented at a senior elected member level on the Assembly, Executive and Partnerships. Elected members ensure that local issues are taken into account when taking

decisions of regional significance and shaping regional strategies and their delivery. By the same token the involvement of elected members at the regional level ensures ownership of regional strategies and their delivery at the local level. In the West Midlands this is especially true of the Regional Spatial Strategy, including the Regional Transport Strategy, Regional Housing Strategy and the emerging Regional Health and Well-Being Strategy.

There is clear **democratic legitimacy** in this arrangement with elected members representing local interest and being accountable back to their local communities for the actions taken at the regional level.

Business and other stakeholders on the Assembly are subject to a selection process via their nominating bodies, they too are **accountable** back to their communities of interest and bring those perspectives into Assembly work. The presence, involvement and interaction of the business community and other stakeholder groups within the Assembly brings many benefits at the regional level. Not least the ability to draw in different perspectives, secure greater awareness of regional challenges and work through common approaches to the challenges. In the West Midlands the Assembly effectively operates as a Regional Strategic Partnership.

The principle of subsidiarity is important in this debate. But it is clear that some activities are best done at the regional level. Local government is already working effectively through WMLGA and its leadership role within the Assembly at the regional level and grasping the convening and place shaping role.

Eddington Transport Study

Governance

The West Midlands and the Assembly have already demonstrated that governance arrangements are up to the challenge of facing and taking difficult decisions. The Regional Funding Allocations submission to Government in January 2006 was testament of the ability of local government working with partners through the Assembly to tackle the tricky issues. It was the transport element of the submission that tested the robustness of arrangements.

But through the Assembly's Transport Partnership, which includes agencies such as the RDA, GO and Highways Agency, a mature and inclusive approach was taken to reaching an agreed list of strategic transport priorities for the region. All local transport authorities together with providers and regional partners were involved in formulating the Submission. This same approach will be used during 2007 to update and refresh the list of priorities with additional input being provided by the City Regions and sub-regional partnerships.

Critical Success Factors:-

- Aligned Regional Spatial Strategy and Regional Economic Strategy.

- Strength and depth of the Transport Partnership – Terms of reference and membership attached.
- Formal links with the Assembly's other Partnerships including Planning Partnership, the WM Passenger Transport Authority and AdvantageWM.
- A 'whole region' approach which recognises urban-rural interdependences and the particular challenges of our two City Regions and sparsely populated rural areas.

Convening

The Regional Funding Allocations submission in January 2006 followed by the CSR07 submission in September 2006, both presented jointly by the Assembly and AdvantageWM, confirmed the ability of all partners to work on a shared agenda for the good of the region. When local government works at the regional level and sub-regional level it is seen by partners as authoritative and influential. There is a 'collective bundle' of experience and expertise which is both geographic and policy focussed in nature and commands respect.

Funding

The West Midlands Regional Assembly together with AWM and regional partners has argued for much greater delegation of decision making on transport funding from DfT. The RFA submission demonstrated our ability to take collective responsibility for difficult decisions. This is being augmented by the development of transport priorities in the two City Regions, and through the Transport Innovation Fund supported West Midlands Congestion Management Study.

Funding regimes for transport infrastructure must be embedded in the wider strategy process to secure much broader benefits to communities and economic prosperity.

The West Midlands is ready to take responsibility for managing a devolved transport budget. It would also expect to have a greater influence in the way national agencies such as Network Rail and Highways Agency utilise their budgets.

<h3><i>Barker Review of Land Use Planning</i></h3>

Barker recognises the role and place of Regional Planning Bodies and de facto Assemblies with their strong local government influence, in spatial planning.

In the West Midlands the local government family was critical to securing a Regional Spatial Strategy (RSS) which was developed through a partnership approach backed up by a strong evidence base. As a result the RSS is genuinely shared and owned by national, regional and local partners.

Certain key elements of the RSS are currently the subject of a revision. This has helpfully coincided with a Review of the Regional Economic Strategy (RES). The Assembly and AdvantageWM will ensure that the two processes are linked eg we are having a series of joint meetings and consultation events during January & February 2007 on our respective Spatial Options and Policy Choices documents. Both agencies are committed to ensuring that the outcomes of the two processes secure a new RES and RSS policy revisions which are in full alignment and complementary to each other; with a set of shared objectives based on the need to secure sustainable growth for the West Midlands.

The two processes are overseen by different Government Departments and relate to different time-scales. We urge the DTI and DCLG to work with the English Regions Network and RDAs Group to see how we can collectively secure greater synergies between the two processes. The flipside to this suggestion is that responsibility for securing regional alignment and co-ordination of policy and funding streams is vested in a single body – the West Midlands Regional Assembly, this body is in effect operating as a Strategic Partnership at the regional level.

The West Midlands experience of developing and implementing the RSS and RES suggests that whilst linked, each needs to be a distinctive document as each fulfils a quite different role. The RSS provides the land use and development framework for regional working, the RES together with other strategies including those of the Strategic Health Authority and a range of other public bodies and private sector investors. The RES must rightly focus on the economic drivers for the West Midlands. The two City Regions, and the joint working of the five shire counties has the potential to accelerate the delivery of both the RSS and RES.

Governance

To support the implementation of the RSS in the West Midlands we have an RSS Conformity Protocol. This has been developed by the Assembly with local authorities and partners. Its purpose is to clarify how the conformity process should be undertaken and the role of respective players, primarily local authorities, at each key stage of the planning process. The Conformity Protocol is reviewed on a regular basis to ensure it is 'fit for purpose' as the new planning regime beds in.

We commend the Protocol as a very clear tool which defines roles and responsibilities in the planning process at the local, sub-regional and regional level. The Protocol is effectively a Multi Area Agreement between the Assembly and all 38 local authorities in the West Midlands. It also provides developers and investors with clarity and certainty about the planning process including those matters which are regionally significant and those which are local.

The advice of the strategic authorities (section 4.4 authorities) into the statutory RSS Revision process is also testament of the ability of local

government to step up to the regional mark and play a very significant place shaping role. Their advice had considerable influence on the shape and direction of the Options Phase of the RSS Revision Phase 2.

The Barker Report has much to commend it. However the West Midlands Regional Assembly has consistently argued for regional flexibility and interpretation of national policy guidance to secure sustainable growth that is appropriate to the region. This is not a plea to shirk responsibilities for accommodating national targets for housing growth, but it is a request to allow the West Midlands the opportunity to sequence the housing growth in line with economic growth and allied growth of the infrastructure.

The merits or otherwise of a Planning Commission have yet to be fully considered in the West Midlands. If it is established then regional planning bodies, as a key tier in the planning system, must be represented on it.

Convening

Whilst this paper is principally concerned with local government's place shaping role at the regional level; there is also a corresponding role to connect regions to regions. This is evidenced in the West Midlands by the 'Cross Border Collaboration Agreement' we are developing with Wales and our work with the South East and East Midlands on the Milton Keynes-South Midlands Growth Area etc. Local Government is central to these activities.

The resource available to local authorities to support planning, housing and transport issues is limited. There are opportunities to make the resource 'go further' by encouraging authorities to put into a pot and sharing a consultancy/resource/specialist person etc. Such an arrangement has the potential to secure greater co-ordination and strategic oversight across planning, housing and transport at regional, sub-regional and local levels.

Funding

Future funding arrangements should focus on delivering sustainable communities with rewards for delivering in line with agreed strategies – phasing, balance etc/ This would recognise that some places may be constrained by strategy for the greater good – to produce sustainable communities. This should also include reward for creating balanced and stable communities eg balanced mix of housing. This could be linked to planning delivery grant as well as retention of business.

Government could assist local authorities by establishing a new fund to support the arrangement described above. We would also suggest that this fund be available to Regional Planning Bodies (RPBs). Such a fund would enable RPBs to secure additional capacity to be used to develop a body of expertise around implementation and sequencing of delivery and share new thinking and good practice into local authorities and with partners. Such a fund would greatly assist the RPBs to work with partners in the private sector on implementation matters.

We welcome the opportunity to develop these ideas further with Sir Michael Lyons and Government.

Leitch Review of Skills

The West Midlands is one of the worst performing regions on almost all performance indicators relating to skills. All players regional, sub-regional, City Regional and local are committed to addressing the issue. The key to success will be to have a clear agenda at the regional level, sub-regional level and clear delineation of roles at local level.

Skills issues are critical to the region in terms of achieving economic growth and their contribution to social cohesion. The recently published Assessment of the Regional Economy identifies skills as an area for future review activity. It states “the West Midlands suffers badly from skills shortages having the largest proportion of people with no qualifications of all regions, and also fares very poorly in terms of proportion of the workforce with higher qualifications (NVQ level 3 or above).”

In the West Midlands the LSC is exploring the options to establish Skills and Employment Boards. These are welcomed but accompanied by an expectation that local government will be fully engaged in their development phase, including the geographical coverage, and appropriately represented on the Boards. Clearly local authorities should play a leading role in proposed Employment and Skills Boards as leaders for the locality and a statutory responsibility for young people. Local authorities would also serve to link into wider economic prosperity and development and other local frameworks.

The recommendations in the Leitch Report must be taken forward through strong partnership arrangements at regional and local level, as described below.

Governance

In the West Midlands the Regional LSC has recently invited the Assembly to review the contribution of the LSC to the region. This request is an acknowledgement of the Assembly’s role in ensuring coherence between regional strategies

Key issues to be addressed include :

- Alignment of partners skills objectives and achievement of a coherent regional approach to regional objectives
- Development and use of a shared regional intelligence
- Inclusion of skills issues within the development and implementation of key regional strategies
- Consideration of the skills dimensions of key regional issues e.g. the successful development of a pilot Birmingham, Coventry and Black Country City Region wide City Strategy for the Department of Work and Pensions.

- The development of a robust regional commissioning plan that is aligned with wider regional strategies and priorities
- Understanding of how skills contribute to social cohesion
- Cross cutting themes of sustainable development and equalities and diversity

Accountability of LSC and Job Centre Plus needs to be improved. Both should seek endorsement from Assemblies for their regional delivery plans. We also argue that the Regional Skills Partnerships should have clear links into the Assembly.

Using the existing Assembly structures would ensure local authorities have a leadership and strategy setting role which would enhance the integration with spatial planning, housing, transport, the economy and other strategies at regional, sub-regional and local level.

Convening

The resource coming into the West Midlands over the last 15 years to develop skills via the MSC, TECs and now LSCs has been significant, but regrettably has not had a correspondingly significant impact in raising skill levels. The time must be right to vest greater autonomy and responsibility in the regions to allow them to agree priorities, set targets, allocate funding and call to account those responsible for delivering the training.

The opportunity to link the skills agenda with other regional strategies and activities is one not to be missed. We believe that the Assembly, with partners, is best placed to secure synergies and agreement to a regional skills strategy with a shared set of priorities. The role of local government Elected Members on the Assembly is to provide strategic direction at the regional level and be a conduit between local and regional activities. The Assembly can also hold to account those responsible for delivery at the regional level. Local Strategic Partnerships (LSPs) can play a similar role at the local level.

Funding

As with Barker and Eddington, local authorities are pivotal to securing a joined up and coherent approach through a robust partnership at the local level. Experience suggests, whether at the national, regional or local level, that effective partnership requires a resource.

Conclusion

In this response we have sought to show, through real examples that the local government family in the West Midlands is already stepping up to the challenges of the 21st Century. Whilst there has been a relatively short period of time to respond to this consultation we hope it gives a flavour of the strength of feeling in the region. We welcome the opportunity to develop these ideas further.

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