

## **Agenda Item No. 6**

### **WEST MIDLANDS REGIONAL ASSEMBLY Assembly Meeting – 16 January 2008**

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

#### **Report of the Chief Executive**

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##### **Purpose**

- 1.** This report provides an update on SNR related activity both nationally and within the West Midlands. It builds upon the reports which have been received by the Assembly on 19<sup>th</sup> July and 24<sup>th</sup> October 2007; and by those received by the Board on 25<sup>th</sup> September and 5<sup>th</sup> December 2007.

##### **Recommendation**

- 2.** Members are invited to discuss the content of the report and note progress made.

##### **Report Detail**

- 3.** Matters arising from the SNR are being dealt with at both a national and also a regional level; there are matters which are common to all assemblies where the English Regions Network is working collaboratively through all Assemblies; and also more practical organisational matters which are being resolved at a regional level.

##### Scrutiny

- 4.** One matter which is being looked at nationally concerns accountability and in particular the proposal within the SNR for a model involved parliamentary scrutiny through a select committee. Parliament's Modernisation Committee is undertaking an inquiry looking at the possibility of establishing Regional Committees as heralded in the Governance of Britain Green Paper. ERN has made a submission to the Committee setting out the experience of Assemblies in this area, in particular around developing regional scrutiny and accountability arrangements. This submission is subject to a separate report on the agenda. The Modernisation Committee will be taking oral evidence and Assemblies have been invited to give evidence through a joint group made up of

representatives across the regions on the morning of 16<sup>th</sup> January, Dagmar Waller, Regional Scrutiny Manager will be in attendance at this session.

- 5.** At the local level, members will be aware that at the last Assembly meeting a discussion regarding the future of regional scrutiny had been planned but as time did not permit this it was subsequently held on 17 December 2007 with eighteen attendees from all sectors.
- 6.** This considered the broad approach of any future arrangements and addressed possible outcomes, who should carry out the function and what should be scrutinised. Key points arising from the discussions included:
  - Scrutiny should help remove blockages and silos at the regional level
  - Advantage West Midlands have trust in the current process and we need to build on and develop this relationship
  - Need to liaise with local authority overview and scrutiny
  - Should be carried out by the region's representatives with a balance of perspectives
  - New arrangements should not focus solely on Advantage West Midlands
  - Should look at delivery as well as development of strategy
  - The need for adequate resources to enable and demonstrate independence
- 7.** Detailed notes of the event will be used by the Assembly's Strategic Review Group to help develop its advice to the Assembly on possible future arrangements. It is anticipated that there will be further opportunities for Assembly Members to discuss a number of preferred options as part of this process.

#### Partnership

- 8.** At the Assembly meeting in July, immediately following the publication of the SNR, members spoke very strongly of the value of partnership working in the West Midlands; and members will recall that at the Assembly meeting in October it was reported that the Government were now suggesting that

the lack of reference in the SNR to the involvement of partners was an omission which was being reconsidered.

- 9.** The value of partnership working was a view broadly shared across the regions. ERN subsequently commissioned and has now submitted to CLG and BERR a paper concerning the involvement of Social, Economic and Environmental Representatives in Regional Level Working post 2010. This paper is attached as Appendix One to this report, and members are invited to discuss the issues raised within it. The Assembly conference on 28<sup>th</sup> January will be focused around the development of partnership working in the future.
- 10.** The Assembly are currently considering with AWM a scoping exercise which would seek to undertake appropriate research and information gathering relating to current partnerships. More information will be provided to Assembly partners as details of the scoping exercise are confirmed.

#### Sustainable Development

- 11.** Representatives from ERN attended the National Sustainable Development Commission (NSDC) meeting for Regional Sustainable Development Champion Bodies. The NSDC remains concerned about the focus on economic development in SNR and in particular that it runs counter to other government policies such as the draft Climate Change Bill. The NSDC has indicated that it will work to reinforce the importance of SD Champion bodies (including our SD Board) and the need for these to receive national funding. They are also assessing the consistency of the SNR with the SD principles set out in the National Sustainable Development Strategy and will be using their networks to lobby government on this key issue.
- 12.** ERN Chairs and Chief Executives continue to meet regularly with officials from CLG and BERR to discuss the development of SNR proposals. The next ministerial meeting scheduled is with Stephen Timms on 29th January 2008, and future meetings are being sought with Hazel Blears, John Healey and Ruth Kelly.

#### Consultation

- 13.** Government had originally indicated that the SNR would be the subject of consultation before Christmas. However, this has been delayed and the current understanding is that the Government's main consultation paper will be published in late

January or shortly afterwards, with a twelve week consultation period following the publication

- 14.** On Friday 21 December Government published a short holding paper – *Taking Forward the Review of Sub-National Economic Development and Regeneration*. This is available on the CLG website from the following location:

[www.communities.gov.uk/publications/citiesandregions/snr](http://www.communities.gov.uk/publications/citiesandregions/snr).

Whilst this paper contains little that is new, it brings the matters together in a single place. The paper reconfirms the reforms set out in the SNR and outlines progress to date. The paper also sets out the next steps in relation to primary legislation, consultation and transition issues.

- 15.** Key points from the paper are as follows:

**(a) Primary Legislation** will be required to:

- Designate RDA's as regional planning bodies and set out the principles underpinning the Single Regional Strategy;
- Facilitate delegation of funds from RDA's to sub regional bodies and Local Authorities;
- Change RDA scrutiny and accountability arrangements;
- Introduce the new local authority economic development duty; and
- Establish statutory sub-regional economic development authorities.

(b) The **consultation paper** mentioned above will seek views including:

- How the single regional strategy might be implemented and the creation of a local authority economic development duty.
- The process for developing the strategy and principles for joint working between RDA, Local Authorities and other partners (business and third sector specifically mentioned) on the development of the strategy and the implementation plan (whilst still recognising the need for regional flexibility).
- Options for how RDA's, Local Authorities and their Regional Partners should change to meet their new challenges
- How the second round of Regional Funding Allocations will be taken forward and what funding streams will be included.
- The role of the Homes and Communities Agency in delivering SNR reforms (Sir Bob Kerlake, currently Chief

- Executive of Sheffield City Council has recently been announced as the Chief Executive); and
- Options for the future of regional housing boards.
- (c) The paper touches briefly on **transition issues**. In particular assemblies will continue to:
- Work on regional spatial strategies including revisions to take account of new housing numbers. These are to be completed by 2011. This was emphasised in a recent meeting between CLG civil servants and the ERN Chief executives where it was made very clear that Assemblies are seen to have a critical role over the next two years in delivering the planning for the housing growth identified in the housing green paper.
  - Work with RDA's and Local Authorities to take forward the expanded round of regional funding allocations.
  - Work with RDA's and Local Authorities developing the joint evidence bases and implementation plans for regional strategies.
- (d) Finally the paper includes a list of SNR implementation Milestones that conclude with 2010 as the earliest date for the transition of responsibilities between assemblies, RDA's and local government.

#### Transition

- 16.** On a more local level and taking forward the proposals discussed with the Board in December, the GOWM has set up a Transition Board involving representatives from AWM, the Assembly, local government, OSG and business, supported by an officer group. The transition board has yet to meet, with the first meeting intended to take place before the end of January. It will sit until 2010, or as necessary, and will oversee the development of arrangements around the transition, ranging from the way in which the critical staffing matters are dealt with, to the way in which the region puts itself in place for the successful delivery of an Integrated Regional Strategy. Reports of progress through the Transition Board will be notified to the Assembly and the Assembly Board as matters proceed.
- 17.** As part of the arrangements a transition team reporting in to the Transition Board is to be set up. It has been agreed between the Assembly and AWM that the best person to head up this team will be Rose Poulter, the assembly's Director of Policy. Rose will be seconded over to AWM to lead this work

from the beginning of February 2008. A secondment is being sought to back fill Rose's position, although she will of course remain in closed contact with the Assembly as the future progresses.

**Recommendation**

- 18.** Members are invited to receive the above report.

**Olwen Dutton  
Chief Executive**

### **THE ROLE AND CONTRIBUTION OF STAKEHOLDERS**

#### **Executive summary**

- This paper examines the stakeholder members of the English regional assemblies. It is the first of a series of papers researching stakeholder engagement and development.
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- The paper
  - o revisits the rationale behind stakeholder inclusion;
  - o assesses the strengths and weaknesses of stakeholder engagement so far;
  - o and considers the opportunities raised by the recent review of sub-national economic development and regeneration.
- The inclusion of the social, economic and environmental partners in the assemblies was part of a wider move towards partnerships and governance. Stakeholder partners were included because they have a stake in the region and can provide invaluable resources to the regional policy-making process.
- Stakeholders are advantageous because they:
  - o provide a wide range of expertise;
  - o encourage collaborative working;
  - o are non-political actors;
  - o can provide a regional perspective;
  - o and can enhance democracy.
- The decision-making capacity of stakeholders, the quality of their systems of accountability and representation, and the quality of stakeholder engagement could be strengthened.
- The recently published sub-national review (SNR) proposes to discontinue regional assemblies but the stakeholder members have received limited attention in the new arrangements.
- There is, however, continued Government commitment to stakeholder inclusion in the regions.
- There is now an opportunity to propose new mechanisms of stakeholder engagement.
- In conclusion, there was a strong case for including stakeholders in the regional assemblies and these reasons have not changed. Stakeholders will continue to be a valuable asset in regional policy-making and attention should now turn to how best to involve them.

## *1. Introduction*

*1.1.* The ERN believes that stakeholders are a valuable asset to the decision-making process at the regional level. It is necessary to support and strengthen their capacity alongside local authority representatives to ensure a more inclusive approach to policy-making. To this end, the ERN has commissioned research to explore the processes of stakeholder engagement and development<sup>1</sup>.

*1.2.* This paper is the first in a series focussing specifically on the stakeholders of the regional assemblies in England. In this paper, the stakeholders are defined as those individuals nominated to fill the assembly seats reserved for social, environmental and economic partners. Known variously as 'SEEPs,' 'SEPs,' or 'ESEPs' across the regions, these stakeholders make up at least 30% of the regional assemblies' memberships.

*1.3.* This paper revisits the principle behind including stakeholders in the regional policy-making process. It then assesses the contribution stakeholders have made and the value of their inclusion, but also recognises the weaknesses of stakeholder engagement. In light of the recent publication of the sub-national review (SNR), this paper considers the issues raised and opportunities available for stakeholders at the present time and, in conclusion, makes the case for continued stakeholder involvement.

## *2. The rationale for stakeholder inclusion*

*2.1.* The ideas of partners and partnerships have been popular for over a decade and are now an embedded feature of modern public policy. The Government has been explicit about the benefits of working in partnership with stakeholders, promoting their inclusion through publications such as the 1997 White Paper for the Regional Development Agencies *Building Partnerships for Prosperity*, and *Professional Policy Making for the 21<sup>st</sup> Century* produced by the Cabinet Office in 1999.

*2.2.* These ideas about working in partnership with non-governmental actors in the policy-making process have been enacted at different governmental levels. This is evidenced by a range of public-private partnerships across the policy-making landscape. At the local level there exist local strategic partnerships and at the regional level the assemblies involve social, economic and environmental partners.

*2.3.* This phenomenon is reflected by the growth of academic literature charting the development of partnerships and addressing the concept of

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<sup>1</sup> This research is supported by the UK Economic and Social Research Council (ESRC) Studentship Award PTA-033-2006-00065 'Accountability in Multi-Level Governance: Stakeholder Engagement and Development' and the ERN.

'governance,' which is used to capture the involvement of non-governmental actors in the policy-making process<sup>2</sup>.

2.4. The term 'stakeholder' that is commonly used to describe the SEE partners in the regions reveals the rationale behind their inclusion. It recognises that SEEPs have a 'stake' in the region. The individuals drawn in from a wide range of sectors to fill the SEEP seats of the regional assemblies have a right to participate in the decision-making that affects the region by virtue of their stake.

2.5. The stakeholders were included in regional decision-making because their connections to a variety of local and regional organisations across different sectors give them invaluable knowledge which can benefit the regional assembly and the region as a whole. This inclusiveness encourages a well-rounded approach to regional working, one that takes a range of interests into account in order to stimulate economic growth that is both socially and environmentally sustainable.

### *3. An assessment of stakeholder engagement*

3.1. Through reviewing the original thinking behind the inclusion of SEEPs, the value of stakeholders has already been revealed. However, for the purposes of this paper, it is necessary to re-state the benefits they bring to the regional assembly. In particular, it is important to understand how the inclusion of stakeholders complements the local authority membership of assemblies.

#### **3.2. Stakeholders provide a wide range of expertise**

The stakeholder members of the regional assemblies are drawn in to represent the social, economic and environmental sectors. They are nominated from a range of organisations, such as arts, business, community, environmental and faith organisations, operating at the local and regional levels. Their backgrounds provide the stakeholders with knowledge in specific areas as well as an understanding of the region. This wide range of expertise is a valuable resource for the development of well-informed policy.

#### **3.3. Stakeholders encourage collaborative working**

Stakeholders bring expert, interest- or sector-specific knowledge to the regional policy-making forum, which enables the regional assembly to generate more collaborative, inclusive policy. In addition, the continual involvement of stakeholders in their parent organisation means that they are able to channel information in both directions – to and from the assembly.

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<sup>2</sup> See for example: Janet Newman (2001) *Modernising Governance*, Gerry Stoker (1999) *The New Management of British Local Governance* and Helen Sullivan and Chris Skelcher (2002) *Working Across Boundaries*.

Stakeholders can encourage 'buy-in' from their parent organisations, and thus enable wider regional consensus.

#### **3.4. Stakeholders are non-political actors**

Stakeholders are non-political actors, not constrained or distracted by party politics and not obliged to follow a political party line. The SEEPs represent their respective communities of interest and by doing so they focus on the social, economic and environmental concerns of the region. The inclusion of stakeholders in regional policy-making can therefore dilute adversarial party politics.

#### **3.5. Stakeholders can provide a regional perspective**

Many stakeholders are not tied to a particular locality. Many stakeholders work for regional organisations, whether they are regional units of national organisations (e.g. Sport England or the National Trust) or localised groups that have formed regional umbrella bodies (as many voluntary and community groups have done). This enables them to provide a regional perspective to the regional policy-making process.

#### **3.6. Stakeholders can enhance democracy**

There are a number of ways in which the stakeholders can be seen as democratic. Many stakeholders are elected by their organisation, which is effectively their constituency. This means that these stakeholders are accountable to and are representative of a large electorate. Furthermore, in many regions the stakeholders enable greater levels of gender and minority representation<sup>3</sup>. In these ways, stakeholders can be seen to enhance a more plural, participatory model of democracy.

3.7. Stakeholder inclusion provides a number of advantages to the regional policy-making process. However, there are some aspects of stakeholder engagement that could be strengthened to provide maximum benefit for the regions.

#### **3.8. The decision-making capacity of stakeholders**

Many stakeholders have the authority to act on behalf of their parent organisations but some do not. Some stakeholders must confer with their parent organisation before they are able to make any decisions in the assembly. This can be a hindrance to regional working.

#### **3.9. The quality of stakeholder accountability and representation**

Linked to the previous point, there need to be clear mechanisms of accountability to ensure that the stakeholder can act on behalf of the whole organisation that they represent. Currently the quality of stakeholder accountability and representation varies.

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<sup>3</sup> This was one of the findings of a large-scale survey of regional assembly members, entitled *The Role of Regional Assembly Members* undertaken by Sundeep Aulakh, Stephanie Snape and John Mawson in 2005.

### **3.10. The quality of stakeholder engagement**

In many regions there are persistent problems with the engagement of some stakeholders. There are problems with attendance and substitution. These raise issues about the practical hurdles to stakeholder engagement and the continual marginalisation of some stakeholders in the region.

## *4. The review of sub-national economic development and regeneration*

4.1. As part of its Comprehensive Spending Review, the HM Treasury recently undertook a review of sub-national economic development and regeneration. The conclusions of this sub-national review (SNR) recommended the discontinuation of the regional assemblies in their current form and function by 2010. The functions of the assemblies are to be distributed to local authorities and Regional Development Agencies.

4.2. There is little mention of the future of the regional assemblies' unique function of formally engaging stakeholders. The SNR does not, however, preclude stakeholder engagement. The document is peppered with references to stakeholders, demonstrating the Government's continued commitment to involving business and other partners in new regional arrangements.

4.3. The SNR does not provide a blueprint of how stakeholders will now be engaged in the process. This can be seen as an opportunity for each region to re-assess its stakeholder engagement and decide what arrangements would suit their region. It also provides the opportunity to address the weaknesses of stakeholder engagement highlighted in points 3.7 – 3.10

4.4. In this process, the stakeholders could consider:

- at what point(s) in the policy-making process they would prefer to be involved;
- how they could take advantage of a less rigid structure;
- and whether they would prefer to remain as a collective stakeholder group.

## *5. Conclusion*

5.1. The case for the inclusion of stakeholders in regional decision-making is clear. Stakeholders are a critical component of more inclusive and collaborative policy-making, aided by expert specialist knowledge. They are an asset to the regional policy-making process.

5.2. The case for the continued inclusion of stakeholders, then, is also clear. The advantages of stakeholder inclusion will continue to benefit the

region. The indispensable resources of the social, economic and environmental partners will still be required for the key functions of achieving sustainable development, and bringing together their disparate interest will continue to generate more consensual policy decisions and regional buy-in.

*5.3.* This is not an argument for the regional assembly. Whilst the achievements of the regional assemblies are recognised, the purpose of this paper is to assess the principle and practice of stakeholder engagement. Attention is now required to determine how best to involve the stakeholders in the new governance arrangements for the region.

**Tatum Matharu**  
**December 2007**