

## **Agenda Item No. 8(a)**

### **WEST MIDLANDS REGIONAL ASSEMBLY**

**Board of Directors - Friday 6<sup>th</sup> October 2006**

### **Birmingham, Coventry and the Black Country City Region**

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#### ***Purpose***

- 1 To advise the Board of correspondence between Ruth Kelly, Minister for Local Government and Communities and Birmingham, Coventry and the Black Country City Region.

#### ***Recommendation***

- 2 To note the correspondence between Ruth Kelly, Minister for Local Government and Communities and Birmingham, Coventry and the Black Country City Region.

#### ***Background***

- 3 Since the last Assembly Board meeting in June discussions concerning the 'Metropolitan' City Region have moved on. Firstly it is now known as Birmingham, Coventry and the Black Country City Region. And secondly there have been various meetings of officers and members each of which have sought to move the agenda forward in terms of agreeing objectives, structures and next steps.
- 4 The current state of play with Birmingham, Coventry and the Black Country City Region is summarised in the correspondence between Ruth Kelly, Minister for Local Government and Communities and Birmingham, Coventry and the Black Country City Region – attached in appendix one.
- 5 Key points of interest to the Board are as follows:-
  - The draft letter to Ruth Kelly was seen, via email, and supported by the Assembly Board.
  - David S Smith as Assembly Chair is a member of the Shadow Executive Board.
  - Birmingham, Coventry and the Black Country City Region is driven by locally agreed priorities, rather than central Government.

- Activities and interventions are rooted in the frameworks provided by regional strategies, especially the Regional Spatial Strategy.
- Joint Investment Plans will be prepared, initially for transport, skills/employment and inward investment/marketing.
- Commitment to work with neighbouring authorities and regional partners.
- Scrutiny and accountability proposals are being developed, they will involve the Assembly.

**Rose Poulter**  
**Director – Policy**  
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# Department for **Communities and Local Government**

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**The Rt Hon Ruth Kelly MP**  
*Secretary of State for Communities and  
Local Government*

**Department for Communities and Local  
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Monday 31 July 2006

Dear Cllr Richards

I am writing to thank you and colleagues again for coming to London on 23 May to present your business case for the City Region. I was impressed by your collective commitment to improving economic performance, and by the efforts that have gone into developing the business case so far, especially on the skills and worklessness front. This is an agenda I am seriously pursuing, and I look forward to continuing the dialogue. Thank you also for your letter dated 7 July following on from this.

As I said at the Core Cities Summit in Bristol the other week, we are all facing an economic imperative more now than ever, and this means that we all must think creatively about how best to enable our cities to compete effectively in the face of increasing globalisation. I know you are alive to this issue, and have been giving considerable thought to those measures and issues which need to be addressed if we are to succeed. I, too, have been having discussions with Ministerial colleagues in DCLG and in other Departments, and we will be further working up policies and propositions ahead of the White Paper.

As I have also indicated, there are a number of issues which are key to successful cities: creating and maintaining economic opportunities, often through making tough decisions; harnessing and working closely in partnerships with the private sector; and strong city and city-region leadership. In particular I am keen to see appropriate governance arrangements in place - ones that are at the right spatial level and that have a better fit between administrative boundaries and underlying economic geography. This means allying strong city-region leadership with shared strategic regional priorities, and in this regard it is important that you work closely with the RDAs, who of course have a central role.

With that in mind, I am interested in hearing more about the following issues and how your thinking is developing:-

- (a) On transport, DfT colleagues and I have been discussing the issues arising from the business cases and will continue to do so. I would encourage you to continue to develop proposals which could improve on the existing practices, ensuring improved links between deprived and economic areas. For example: what exactly do you envisage the proposed new transport body covering (including how it might interact with national bodies), and how would its decisions be made accountable? How exactly – in terms of processes and outcomes – would this be an improvement on the existing PTA/PTE set-up? Have you given more thought to how the body might lever in greater funding, beyond what is possible now?
- (b) Have you developed further the thinking on the economic case for the current boundaries as presented in the business case. I would welcome any evidence or further justification on why the boundaries as set present a coherent economic case, and how the proposals that are in your business case would make the difference, economically, to Birmingham and other places in the region?
- (c) How would economic development and investment activities be managed across the city-region? How best can activity be marshalled across the city-region such as to generate business confidence and ensure consistency of economic decision-making across the area; and how would this relate to delivery of the proposed City-Region Area Agreement, alignment of funding and individual area-based interventions?
- (d) On 20 June I announced that your city region was one of the candidate New Growth Points, regarding which my officials will continue to work to ensure that the proposed additional growth is sustainable and realistic in terms of infrastructure. This announcement will be followed up with a letter to officers detailing specific areas where we believe more work needs to be done, in particular to consider whether higher housing numbers will be needed to allow the city region to fully play its leading role in the region.
- (e) Have you given any further thought to how local authorities might, collectively, make better use of the planning system to set out strategic priorities and focus investment?
- (f) I am, as you will imagine, especially interested in how scrutiny of the city-region Executive Board would work in practice? How visible will that scrutiny be, and how will citizens hold members of the Executive Board to account, especially for decisions made in respect of “other” local authority areas from their own? This is a key issue for us all to address.

- (g) And equally important: how would the proposed arrangements impact on the rest of the region, especially in view of the size and importance of the city-region? And how would you ensure both that the city-region's case fits with other strategies and that the interests of the rest of the region are enhanced and not undermined?
- (h) I would also like to understand how you see the proposals and governance arrangements in your business case having an impact on socio-economic deprivation.
- (i) Finally, I am very interested in whether you have had any further thoughts about how the city-region might help address climate change and make a move towards carbon neutrality?
- (j) I was delighted to learn that Birmingham was selected as a pathfinder area for DWP's consortia. I look forward to seeing how your consortium will fit with your broader employment and skills proposals set out in your business case.

You and I both recognise the importance of getting this right so I have asked my officials to work closely with you in developing your proposals further, and they stand ready to meet again over the summer if that would be helpful (and not just on those matters mentioned above). It would be helpful to me if you were able to respond on the particular points raised above, by 18 September if at all possible. Please feel free to reply directly to my officials if that would be easier – either Jessica Matthew (020 7944 6705) or Chris Stendall (020 7944 3928) at floor 4/G10, here in Eland House.

I look forward to hearing from you and considering your further thoughts as we continue to work on preparation of the White Paper. I am copying this to Katherine Kerswell, Chief Executive, as well as writing to all Leaders in those local authorities that are party to the city-region business case, copying these letters to the Chief Executives and to the RDA Chief Executive; and you will no doubt want to copy your letter to other partners.

I am writing similarly to all of the Core Cities, and copying letters to the Government Office, DCMS, DEFRA, DfES, DfT, DTI, DWP and HMT.

Yours sincerely



**RUTH KELLY**

**Birmingham, Coventry  
and Black Country City Region**

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The Rt. Honourable Ruth Kelly MP  
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Friday, 15th September 2006

Dear Secretary of State

Thank you for your letter of 31st July that followed the presentation you received from representatives of the Birmingham, Coventry and Black Country City Region at Eland House on 23rd May.

Before responding directly in the attached appendix to the specific points you raised in your letter, we would like to outline our approach to city region working.

We are aware of the interest that has been shown over a considerable period of months, and indeed years, regarding the concept of city regions within Government. However, whilst we look forward to your forthcoming Local Government White Paper, we have not stood still awaiting its publication. Rather, we have begun the process of establishing in shadow form the mechanisms that we require to enhance the competitiveness and quality of life of our city region. We have set a date of April 2007 for the start of the formal activation of these mechanisms.

We see our commitment to connected, coordinated and cross boundary decision making, and supporting financial interventions, as our own initiative and one that is being driven by locally agreed priorities and outcomes. We believe that our strong track record of cooperation between public and private sector partners, as demonstrated for example by the development of Birmingham International Airport, our joint working on traffic demand management and congestion, and our recent successful expression of interest to the Department for Work and Pensions for a City Region City Strategy, provide tangible evidence of the merits of our approach.

Of course, we recognise that the response of the Government to any request we may make in due course for new “freedoms and flexibilities” related to our joint working will have an impact on our ability to realise the full potential of the city region approach.

The activities and interventions that we describe in response to your questions are firmly rooted in the frameworks provided by existing regional strategies, especially the Regional Spatial Strategy and the Regional Economic Strategy. We seek to increase the GVA of the whole West Midlands region through increasing the competitiveness of the city region area. We will continue to build upon the strong working relationships that we have with regional and local partners as we develop our city region approach.

We have established a shadow Growth and Prosperity Board comprised of the Leaders of the local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Telford, Walsall and Wolverhampton, the Chairs of the West Midlands Regional Assembly, Advantage West Midlands, the regional Learning and Skills Council, and an elected representative of our business community.

We are currently preparing Joint Investment Plans for our first three priority areas of

- Transport
- Skills and Employment
- Inward Investment and Marketing

We are also continuing to develop our work in the areas of housing, economic development and regeneration, and culture.

The Joint Investment Plans will demonstrate how city region working will accelerate key strategic decision making and policy delivery, align funding, create better value for money, leverage additional levels of private finance, and create efficiency through the avoidance of duplication and unnecessary competition.

We have commissioned the West Midlands Regional Observatory and Cambridge Econometrics to conduct an independent economic impact assessment on our city region approach. This will provide empirical evidence of the improvements that our connected, coordinated and cross boundary working will have by 2010 against a wide ranging set of indicators.

We wish to continue our dialogue with you. We understand that you will be visiting the West Midlands later this year, and we would welcome this opportunity to meet with you to explain further our city region thinking and proposals, and to explore how we can work together on this agenda.

Best wishes

Yours sincerely,

**Cllr Mike Whitby**  
Leader



**Cllr Ken Taylor**  
Leader



**Cllr David Caunt**  
Leader



**Cllr Bill Thomas**  
Leader



**Cllr Ted Richards**  
Leader



**Cllr Keith Austin**  
Leader



**Cllr Tom Ansell**  
Leader



**Cllr Roger Lawrence**  
Leader



**Cllr David Smith**  
Chairman



**Mr Nick Paul**  
Chairman



**Mr Mike Beasley**  
Chairman



**Mr Ben Reid**  
Representative



**Copies sent to:**

- Rt. Hon. Douglas Alexander, Secretary of State for Transport
- Rt. Hon. Gordon Brown, Chancellor of the Exchequer
- Rt. Hon. John Hutton, Secretary of State for Work and Pensions
- Rt. Hon. Alan Johnson, Secretary of State for Education and Skills
- Rt. Hon. Tessa Jowell, Secretary of State for Culture, Media and Sport
- Rt. Hon. David Miliband, Secretary of State for Environment, Food and Rural Affairs.
- Trudi Elliot, Regional Director, Government Office of West Midlands.

## Appendix: Responses to Questions.

### Birmingham, Coventry and Black Country City Region

**a)** Our Joint Investment Plan for Transport will detail how we will align strategic decision making and funding in support of the delivery of improvements to our transport networks and services.

At present the remit of the PTA/PTE predominantly focuses on the provision of public transport services. Our Joint Investment Plan approach, directed by the City Region Growth and Prosperity Board, will address these issues, but also more importantly wider strategic transport policies required to reduce congestion and boost competitiveness. It will also ensure cross boundary coordination and consistency with regional strategies and processes.

The full potential of this new approach to transport policy would be realised if key national agencies had a duty to cooperate with our city region structures.

Above and beyond the alignment of appropriate existing funding in support of the city region Joint Investment Plan for Transport, we are giving consideration to three alternative mechanisms for leveraging in additional finances.

The first, as you will be aware, is through the investigation of how best to manage traffic demand and congestion in the city region. This is currently at an advanced stage of consideration, and a feasibility study is being funded by the Transport Innovation Fund.

The second would involve a reorganisation of the relationship between the city region and our public transport providers. The purpose of this would be to permit the city region Growth and Prosperity Board greater influence over the utilisation of the fare box. This could create a new income stream for the city region which could be deployed to support a prudential borrowing strategy for the delivery of large capital transport projects.

The third is currently ongoing as all city region partners seek to identify new unallocated funds that could be used in support of our transport priorities.

**b)** The Birmingham, Coventry and Black Country City Region is polycentric, and is comprised of a number of complementary yet distinct areas of economic geography. Despite its polycentric nature it exhibits strong shared characteristics, which supports our commitment to delivering shared objectives. This explains our decision to bring Telford into the city region after the submission of the initial business case, demonstrating as it does our urban focus.

Our city region policies and interventions will not be framed and delivered in isolation of existing regional strategies nor surrounding cities, towns and rural areas. Transport, economic development and housing in particular will demonstrate a high degree of working with neighbours and regional partners across our city region boundaries in

order to reflect the realities of economic geography across the whole of the West Midlands region. For example, measures to relieve traffic congestion in the city region will be of benefit to the surrounding areas too.

**c)** For those issues best dealt with at the city region level, the Growth and Prosperity Board will seek to ensure the consistency of economic decision making, and the required alignment of funding, so as to generate increased levels of business confidence and investment. The Board intends to align spatial planning, economic development, transport and skills and employment decisions on a connected, coordinated and cross boundary basis in support of this objective.

**d)** We welcome your designation of the city region as a candidate New Growth Point. Our commitment to increase our population substantially by 2026, with a particular focus on the retention and attraction of those economically active and independent households that currently do not aspire to live in the city region would be assisted by designation as a New Growth Point. This status would also mean that the city region would be better able to coordinate its contribution to balanced and managed population growth across the West Midlands region through the Regional Spatial Strategy and its development of options including housing growth at over 50% above current RSS targets.

Further information regarding a city region New Growth Point was submitted to your Department on 11th September.

**e)** We are identifying how and when it will be necessary for the shadow City Region Growth and Prosperity Board to align specific strategic planning decisions, for example, through the development of our Joint Investment Plan for transport. This will involve the coordination of the planning powers of our eight local authorities. It may also in due course lead to us seeking new powers to vest land without the recourse to compulsory purchase orders to facilitate delivery of strategically important projects.

**f)** We are currently developing proposals for scrutiny and accountability of our city region policies and interventions. A number of key principles underlie this work.

First, scrutiny and accountability would respect the provisions and requirements of the Access to Information Act, especially for meetings to be held in public. For example, it would be possible for a city region annual report to be presented to the press and public at “question time” style hearings, and as part of any scrutiny process submitted to the West Midlands Regional Assembly.

Second, the West Midlands Regional Assembly will be responsible for a scrutiny function in respect of our city region policies and interventions, especially where these involve the delivery of existing regional strategies

Third, we will engage in regular consultation with our parliamentarians, with young people (a first consultation has been arranged for 7th October through the good offices of the Young People’s Parliament), regional partners, principally via the West Midlands Regional Assembly, and with other community and business based interest groups. This will be in addition to the enhancement of the work of an existing shadow Partner Board comprised of a range of West Midland local authorities and major organisations

with an interest in the city region, which has been meeting regularly for several months.

As was discussed with you at the meeting on 23rd May, and also with your predecessor on 23rd March, current decision making in key areas such as transport and skills is opaque and at times totally removed from any connection with the public or other interests such as the business community. Our city region approach will be visible and transparent, and will provide identifiable and accountable leadership.

**g)** Economic growth and regeneration in the City Region will reduce development pressure on rural and non-metropolitan areas of the West Midlands, in particular through an enhanced capacity to manage population growth in line with the RSS. In addition, the presence of the Chairs of the West Midland Regional Assembly and of Advantage West Midlands on the Growth and Prosperity Board is proof of our commitment to work with and within existing and forthcoming regional strategies. The Growth and Prosperity Board is committed to accelerate the delivery of the Black Country Study, the West Midlands Regional Spatial Strategy (currently under review) and other Assembly- led strategies, and the West Midlands Regional Economic Strategy (which is also currently undergoing review).

**h)** A central reason for our city region approach is the capacity that it will bring for us to better connect on a coordinated and cross boundary basis a number of policies and interventions in support of a common strategy. This will increase the efficiency and focus of decision making and delivery. Consequently, the Growth and Prosperity Board will use its collective decision making power to connect areas of socio-economic deprivation with employment and economic development opportunities, for example through our transport interventions, while simultaneously providing those individuals with targeted skills and training support.

**i)** We are continuing to explore a range of policy interventions that will support our commitment to move towards carbon neutrality. We are in discussion with English Nature and the Countryside Agency (both of which will soon merge with the Regional Development Forum to become Natural England), Sustainability West Midlands, and other locally based partners such as the Lunar Society, to develop our proposals. We will use the power of our decision making and financial interventions to introduce policies that will progress us towards our goal of carbon neutrality, always accepting that at times some outcomes may have the opposite effect. For example, we would ensure that our commitment to extend the existing runway at Birmingham International Airport is offset by countervailing city region measures and policies.

**j)** Like you we are pleased that the expression of interest by the Birmingham, Coventry and Black Country City Region in City Strategy status was so well received by the DWP. The preparedness of Birmingham, Coventry and Wolverhampton to decline the invitation to submit individual competing proposals in favour of the city region approach means that the eight local authorities, the regional Learning and Skills Council and other interested partners were able to table a submission that encompasses our 55 most deprived wards with a population of well in excess of 400,000. The submission is now being developed further, and is a very practical example of city region working.

The detail of the next phase of the development of our City Strategy is now under way. It will be employer led, with Employer Boards for the three localities in the city region – Coventry, Birmingham and Solihull, and the Black Country and Telford – ensuring direct engagement in the upskilling and recruitment of local people. These three Boards will report to a small executive group to be chaired by the city region Skills and Education portfolio holder.