

WEST MIDLANDS REGIONAL ASSEMBLY

Board of Directors – 5 December 2007

Sub National Review

Report of the Chief Executive

Purpose:

1. To provide the Assembly Board with an update on matters within the West Midlands around the Sub National Review (SNR), in particular, the transition arrangements being developed between the Assembly, AWM, Local Government and GOWM.

Recommendation

2. That the Board of the Assembly:
 - (a) considers the information provided within this report
 - (b) discuss the issues raised within it, and in particular the suggested roadmap around transitional arrangements;
 - (c) that Members note the position regarding scrutiny arrangements

Report Detail

3. At the meeting of the Assembly on the 24th October 2007, members received and debated a report concerning the SNR and in particular the Government's expectations that Regional Assemblies would continue to fulfill important functions until legislation implementing the SNR was enacted. Additionally, they noted that the discussions were continuing at officer level about the transfer of functions from the Assembly to the RDA.
4. The Government has recently announced that the consultation paper which was expected before the end of the year around Sub National Review will now be delayed until a time in the New Year, however a letter received on the 28th November by all Regional Assembly Chief Executives from the Director General, Local Government and Regeneration in CLG announced that an Interim Document would be published by the end of the year which will set out more detail on the Government's plans for the implementation of the SNR, including the timetable, the planned scope of the forthcoming consultation document and further advice on transitional arrangements. This letter also emphasises the importance of maintaining the existing partnerships until new structures are put in place and the key role that Assemblies must play during the transitional period, particularly in relation to ongoing work on Regional Spatial Strategies.

5. At the meeting of the Board on the 26th September 2007, the Board received a joint paper from the Chief Executives of AWM and WMRA which indicated an approach towards transitional arrangements. Discussion has been going on around these matters and the proposals for the transitional arrangements have been developing.
6. Linked with these arrangements Government Office West Midlands propose to set up transitional arrangements around a Leadership Board and a Transition Team. The director of the Government Office has written to the Chairman of the Assembly asking for comments upon the proposals. Details of these proposals are included within the AWM report, which is attached as Appendix one.
7. This proposal is also being discussed with representatives from Local Government. It is hoped that the arrangements will be resolved within the next few weeks so that the Leadership Group can start its work in the New Year.
8. So far as the other proposals are concerned it is essential that Regional Partners continue to work together to ensure a smooth implementation of the SNR for the benefit of the West Midlands. As part of this it is important that the necessary transfers of responsibility and development of organizations are undertaken in ways to ensure that the extensive expertise contained in and around the region continues to be used to the best effect. New arrangements will require many of the same skill sets as are currently held within various partnership arrangement, although it is recognised that these skills and capabilities will need to be structured differently, utilizing track record of joint working and applying a successful partnership approach.
9. AWM have provided within their report (attached as Appendix 1) a road map which gives a provisional timetable around how the region will need to implement the Sub-National Review; detailing workstreams and a broad outline timetable. This can at this stage only be a provisional timetable as much more guidance from Government is expected both through consultation and in more detail over the next few months. There also needs to be much more discussion within the region about the principles that AWM have set out around the development of the regional strategy, scrutiny arrangements and the delegation. The Assembly, WMLGA and Local Government will be in consultation with AWM over the transitional period to finalise these details.
10. Despite the need for much more work on these matters, it is important that the region demonstrates that it is working together to meet the challenges of the Sub-National Review and is taking a proactive and constructive approach to this. It is accepted that the details will need more discussion before they can be agreed but none the less it is felt that the workstreams identified and the outline timescales proposed are broadly in accordance with earlier discussions to consider if there is a sufficient agreement to be able to announce at the launch of the RES and RSS on the 10th December 2007 how the Assembly and AWM intend to be working on this.

11. On this basis the Board is recommended to discuss the content within the AWM report and inform AWM of their views to form the basis of an agreed announcement about transitional arrangements for the 10th December.

12. Scrutiny is one of the key functions and the Government lays great importance upon going forward in the development of effective scrutiny and accountability arrangements. As previously reported this will be a combination of both Local Scrutiny within the region led by Local Government, and Parliamentary Scrutiny through a select committee model, the details of which are not yet known. It will be important that the two parts are able to function effectively together and representations about this have been made to CLG. Parliament has recently consulted upon the question of the Parliamentary Scrutiny arrangements and attached as Appendix 2 is the response which went in from this region, signed off by the Chairman of the Assembly. So far as local scrutiny is concerned, the Assembly, led through the Strategic Review Group is developing proposals to feed into this process and attached as Appendix 3 is the first report to feed into the transition process. As members will recall it was intended to hold a discussion about future Scrutiny Arrangements at the Assembly meeting of the 24th October, but time in the end did not allow for this. An event has been set up for the 17th December to be held at the Birmingham Chamber of Commerce where some of those involved in Regional Scrutiny from Local Government, Business and other Stakeholders will be discussing ideas for the further development of Scrutiny.

Olwen Dutton
Chief Executive

**SUB NATIONAL REVIEW
PROPOSED APPROACH TO IMPLEMENTATION IN THE WEST MIDLANDS**

Executive summary

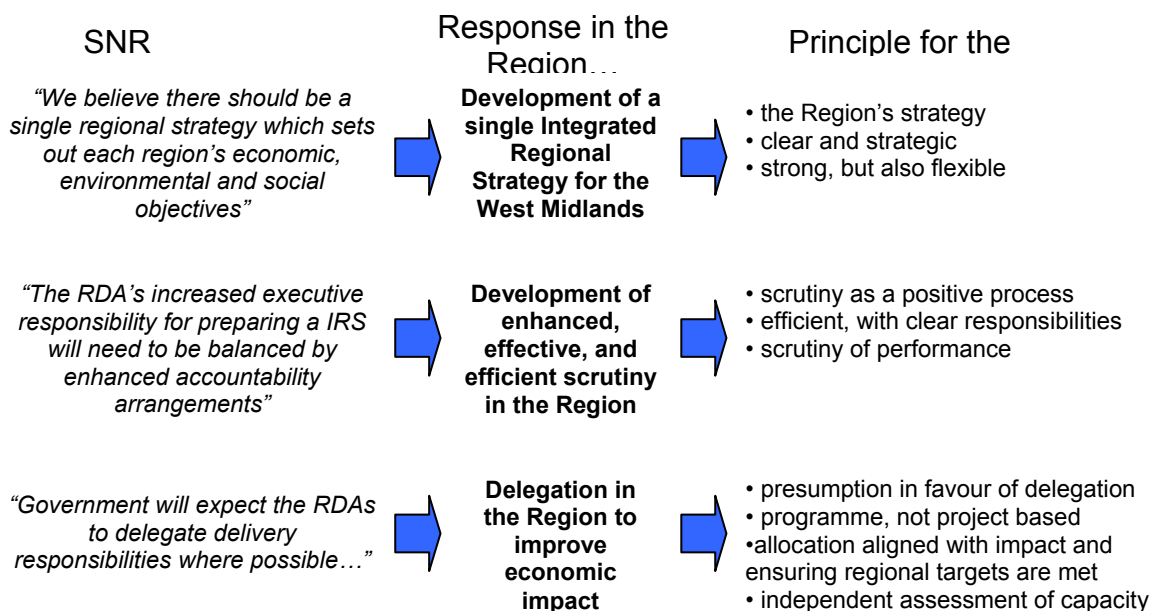
The regional partners of Advantage West Midlands, the West Midlands Regional Assembly, West Midlands Local Government Association and local government have agreed a roadmap for transition within the Region. The roadmap identifies the key issues which need to be dealt with in order to produce the successful implementation of the SNR in the West Midlands; how partners propose to deal with these; the proposed timeline for doing so, and the underlying principles with which it will be done.

Key principles of SNR...

The fundamental principles of SNR are:

- Managing policy at the right levels
- Ensuring clarity of roles
- Enabling places to reach their potential

These principles will act as the foundation stones for the implementation of SNR within the West Midlands. However, SNR will need implementing in a West Midlands specific way - therefore, the regional partners have come together to consider the practicalities of implementation in the Region. The response to SNR, and key principles to be applied in the West Midlands, are detailed in the roadmap, and outlined below.



Timetable and working together...

Following the launch of the roadmap, the regional partners will continue to work together to ensure a smooth implementation of SNR for the benefit of the West Midlands. Development of the IRS evidence base will begin in 2008, with delegation beginning in spring 2009, and scrutiny changes to be phased in as other changes occur. SNR will obviously result in some transfer of responsibility and this will be undertaken in ways that ensure that the considerable expertise, contained in various locations within the region, is retained and continues to be used.

1. Purpose

- 1.1 This paper highlights the key work streams that need to be taken forward in the region in order to implement the conclusions of the SNR.
- 1.2 It sets out principles and approaches and a suggested timescale for implementation.

2. Introduction

- 2.1 The review of sub-national economic development and regeneration (SNR), released by Government in July of this year, represents a considerable opportunity to deliver greater prosperity within the West Midlands. Building on the principles - of managing policy at the right level, ensuring a clarity of roles, and enabling places to reach their potential - the SNR will allow the region and all partners within the region, to work together in a collective way. This will ensure that all our people, businesses, and places continue to prosper, and that the region is well placed to face the increasingly complex challenges of the future.
- 2.2 The SNR, together with the Governance of Britain's Green Paper, signal a clear desire for stronger regional institutions and greater connectivity between Parliament and English regions. Regional institutions are being strengthened and streamlined to deliver regional economic policy. Local Authorities and Parliament will scrutinise their activities, providing democratic accountability of RDAs, and other regional and local agencies. Regional Ministers will provide a sense of strategic direction for their region, facilitating leadership and delivery, and providing a key link between Government and the regions. They will be held accountable to parliament for the work of Government in the regions.
- 2.3 SNR is therefore an opportunity to which the region as a whole must respond. It is not about any one body or any one set of policy or delivery implications – but instead about making sure that the region as a whole is able to deliver the step-change required to increase economic growth, tackle our regeneration needs, and do so in a sustainable way. All partners – the third sector, private business, local authorities, regional bodies such as Advantage West Midlands and the Government Office, and Government - must work together to achieve the ambitious targets with which we will all be tasked to meet.
- 2.4 SNR is also about change; but not change simply for its own sake. It is about taking what we already have, and what we already do well, and adding value to that by doing things better. The region already has an enviable track record of joint working and applying a partnership approach. Through developing the WMRSS for example, the Regional Assembly has built a comprehensive network of capability and engagement, working with local authorities, the Government Office and Advantage West Midlands, and the benefits of such should not be lost. Going forward, the new institutional mix within the region will still require many of the same skill-sets, partnership arrangements, and capabilities as before – it is how these are structured, not the need for working together and working well, that will change.

- 2.5 SNR is not a finalised ‘off-the-shelf’ product for regional and sub-regional reform. We are now entering a phase of considerable discussion and consultation on how SNR will be implemented and taken forward - both within the region, and between the region and Government. The opportunity to make SNR work for the benefit of the region is therefore in our hands. This road-map sits at the starting point of that consultation – it presents the region’s first view on how SNR can be implemented for the benefit of the West Midlands, and is designed to help formulate the collective approach to how we all, with the region’s best interests in mind, can work together to achieve our collective ambition. It builds on the success of the joint paper taken through the Regional Assembly and Advantage West Midlands’ Boards in September and aims to respond to Liam Byrne’s challenge to set a clear direction by December.
- 2.6 We will use this road map in order to shape and influence the national principles and framework which will be established, whilst ensuring more detailed implementation is relevant to the circumstances and conditions of the West Midlands. Whilst grasping the opportunity to shape the way forward we need to recognise that the subject areas are broad and the interests and views are varied. Implementation of other imperatives, such as CSR could create tensions against some of these principles. We will therefore need to be flexible in order to respond effectively, particularly if national guidance becomes more prescriptive than we would wish.

3. (Single) Integrated Regional Strategy

“We believe there should be a single regional strategy which sets out each region’s economic, environmental and social objectives.”¹

- 3.1 The West Midlands region welcomes the opportunity to develop a strong regional strategy that will better coordinate activity within the West Midlands for the benefit of the region as a whole.
- 3.2 The region considers that the following principles should be applied to the development, and function, of the IRS:
- National guidance aims to set out the broad principles only. The region then has the freedom to develop a strategy that can deliver regional growth in the context of SNR.
 - The IRS needs to be a clear, strategic document focussed on achieving the regional objectives set for the West Midlands in an environmentally and socially sustainable way.
 - It should therefore be a sustainable economic growth led strategy that seeks to utilise planning functions as a means to enabling sustainable economic development.

¹ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 3

- In becoming the Regional Planning Body, the Advantage West Midlands Board must retain its ability to recognise the economic development opportunities available to the region.
- The structure of the IRS must be strong enough to provide the region with a clear direction of travel to achieving regional objectives but flexible enough to allow the West Midlands to respond to changes in circumstances over time.

We propose the Regional Development Agencies should have the executive responsibility for preparing this strategy, working closely with local authorities and other partners including business and the voluntary sector”²

“...local authorities in the regions will be responsible for agreeing the regional strategy with the RDAs”³

3.3 The SNR sets out in broad terms the processes associated with the IRS. Following these through to the West Midlands:

- Although executive responsibility will reside with Advantage West Midlands, the IRS will need to be agreed by the region – including local authorities through the ‘Forum of Leaders’, and a range of partners including the HE, business and voluntary sectors.
- Agreement will be of process as well as final form – partners within the region will be actively engaged in IRS development.
- The IRS must be evidence based and specific to the region; development of priorities must be responsive to the opportunities and challenges faced by the West Midlands. This emphasises the need for an enhanced role for the Regional Observatory as a consistent and independent host and developer of key data sets.
- The process of both development and agreement must be clear and transparent – involving partners in a positive way and recognising our collective role in achieving shared objectives.
- The WMRA currently hosts a number of partnerships supporting the development of the WMRSS and other Regional Strategies. The intention will be to review with Partners the constitution and membership and methods of working for the partnerships dealing with Planning, Transport and Housing. Advantage West Midlands will support and service these Partnerships giving advice to the Board of Advantage West Midlands as it takes on the status of the Regional Planning Body. The region will need to review the shape, purpose, future and hosting of other Assembly partnership structures in due course.

² HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 3.

³ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 95, para 6.100.

- The IRS will not be a means in itself; the collation of evidence and monitoring of performance will be continuous to enable the region to act in a responsive way to the changing world as and when new needs and opportunities arise.

3.4 With regard the timetable for developing the IRS:

- The development and review timescales of the West Midlands Regional Economic Strategy, and the West Midlands Regional Spatial strategy will not constrain the development of the IRS and must not result in a duplication of process.
- It is envisaged that an IRS should be in place by 2010 – the region will work together to ensure alignment of existing strategy before this time and will seek to bring forward the final development of an IRS to as soon as is feasible.
- One of the early priorities will be to scope and define the evidence base for the IRS. The work going forward under phase 3 of the RSS partial revision will be an early contribution to that process.
- Local Government will come together to shape and influence the development of the IRS (timetable to be determined). Detailed discussions are underway through the WMLGA to establish the 'Forum of Leaders' to take this forward.

4. Scrutiny

“The RDAs’ increased executive responsibility for preparing a single regional strategy will need to be balanced by enhanced accountability arrangements, both to local and central government, within each region.”⁴

“... Local authorities will also be responsible for effective scrutiny of RDA performance...”⁵

- 4.1 The West Midlands recognises the positive role scrutiny has in ensuring that those responsible for delivering regional objectives are doing so in the most appropriate way. The region welcomes both scrutiny by Parliament, and greater scrutiny of those operating at the regional scale by all partners within the region.
- 4.2 The region considers that the following principles should be applied to scrutiny within the West Midlands:
- Scrutiny will be seen as a positive process – a means of both ensuring enhanced accountability at the regional scale, but of also learning to do things better.

⁴ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 3.

⁵ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 95, para 6.100.

- Scrutiny of regional working will take a number of forms both to Parliament and to partners within the region. To avoid duplication, scrutiny should be an efficient process, with clear responsibilities for who is scrutinising what and how.
- Scrutiny must be based on a division of responsibility; those individuals involved in agreeing the IRS should not be in a position to scrutinise its content.
- Scrutiny should therefore be of performance in meeting regional objectives and of the processes and decision making applied to meeting those objectives.

“Government will work with local authorities and other partners to develop arrangements for regional scrutiny and strategy development....possibly involving a regional forum of leaders.”⁶

“The Government will therefore work with Parliament to agree the best way of enhancing the Parliamentary scrutiny of regional institutions and regional economic policy”⁷

4.3 With regard the processes and timescale associated with developing new scrutiny arrangements for the region:

- Those undertaking scrutiny within the region should do so on behalf of those represented on the regional Forum of Leaders as well as interested parties (such as business and higher education) that have a critical role to play in the meeting the region’s objectives.
- The various potential and differing roles for various partners are complex and needs careful and further deliberation. The issue around Parliamentary Scrutiny will shape these fundamentally and are as yet unknown. In order to help that process we have set out a matrix of these various roles in order to help debate. This is attached at Annex 1.

5. Delegation

...the Government will expect the RDAs to delegate delivery responsibilities where possible.... This should be possible in particular for sub-regions which represent functional economic areas and which have the capacity to manage large projects⁸

5.1 The West Midlands region recognises that there can be considerable benefits from the allocation of responsibility in-line with the economic impact that can be achieved at different spatial scales. The region therefore welcomes the opportunity for the delegation of responsibility to the logical scales at which

⁶ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 95, para 6.103

⁷ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 96, para 6.107.

⁸ HM Treasury, BERR, CLG (2007) ‘Review of sub-national economic development and regeneration’ pp 88, para 6.71.

economic development opportunities and needs are being faced. Delegation will be based on an agreed commissioning framework of programmes based on delivering outcomes which feed back to achieving the regional goal of sustainable economic growth, evidenced through a GVA growth target.

5.2. Advantage West Midlands will set out clearly activity that will be delegated and to explain that which will not. Broadly, activity will sit in three categories. The first is that which needs to continue to be delivered by Advantage West Midlands directly on a regional basis. The second category is activity that can and should be delegated to local authorities. The third category is which that can be delegated but delivered by different organisations either regionally or more locally. Particular restrictions through certain funding regimes, notably European Funds, will need to be worked through. Responsibility and accountability for the achievement of the overall regional targets of spend, outputs and outcomes will still sit with Advantage West Midlands and arrangements will need to recognise this.

5.3 The region considers that the following principles should be applied to the delegation of responsibilities within the West Midlands:

- A presumption in favour of delegation unless circumstances do not permit or make sense.
- Delegation should occur on a programme, and not project, basis and at the most appropriate spatial scale for the delivery of interventions.
- To achieve impact at the most effective scale, delegation of responsibilities will need aligning with the strategic determination of priorities at the spatial scales at which economic development issues occur. This is very often at a scale above the individual local authority level and mechanisms should be in place to ensure strategic prioritisation at the higher scale.
- We want an objective assessment of capacity and capability of the development and delivery of economic development activity to be carried forward in the region. The process should be jointly owned by all partners, including Advantage West Midlands and the conclusions of those assessments, including, where appropriate, how to build and improve local capacity, should be followed through by all.
- In some cases, activity will be most appropriately delivered at the regional scale even when there may be local need for a greater intensity of intervention (e.g. innovation and business support). In such cases, sub-regional programmes may be developed, but delivery should be through the appropriate regional mechanisms and so avoiding duplication and ensuring a maintenance of efficiency.
- One important example is business support simplification, which is geared at ensuring businesses access high quality advice in as straight forward way as possible. Potential extra support agreed as appropriate at local level will need to be delivered through regional operations.

5.4 With regard to the processes and timescales of delegation:

- Delegation should be done on a commissioning basis reflecting the evidenced need for intervention against adjustment of the priorities of the WMES. It will therefore be appropriate for delegation to occur to those local authorities implementing a duty for economic development in which an evidenced assessment of economic challenges is undertaken.
- Delegation of contractual responsibilities from Advantage West Midlands is likely to be the fourteen upper tier Unitary, Country, or Metropolitan Authorities within the region, on behalf of the needs of their constituent areas, based on the LAA process.
- Advantage West Midlands has identified 'place-making' as an opportunity for initial delegation arrangements to be developed. Advantage West Midlands will actively seek to work with partners in identifying the physical land assets available both to the Agency, and to the partner body, and the appropriate vehicle for bringing projects forward.
- Delegation of wider activity will require the development of appropriate programmes incorporating existing project activity, in consultation between Advantage West Midlands and the local authorities to which responsibilities will be delegated. Advantage West Midlands will actively engage with partners in developing such programmes of activity.
- Advantage West Midlands and partners will need to negotiate and agree delegated arrangements around the programme plans. Taking account of the development of guidance and to allow proper and thorough discussion and negotiation to take place, the aspiration is to implement new delegation arrangements from 1 April 2009.

6. Transition

- 6.1 SNR will result in a transfer of responsibilities between partners within the region. However, the responsibilities themselves in many cases will remain and therefore, there will be a need to retain the considerable expertise and experience in place within the region to deliver on those duties. Therefore, where appropriate, there will necessarily be a need for a transfer of both resource and individuals, to enable the continued discharge of the responsibilities required.
- 6.2 Detailed discussions have taken place to develop a set of governance arrangements to steer the implementation of the SNR. These are summarised in the letter plus attachments from Trudi Elliott, Regional Director of GOWM at Annex 2.
- 6.3 A dedicated Transition Team will be created by Advantage West Midlands to take forward work in the region. A schematic showing this is attached at Annex 3.
- 6.4 A suggested timetable reflecting the issues above are set out at Annex 4.

Advantage West Midlands
November 2007

Annex 1 – Responsibility Matrix

The table below presents a preliminary consideration of the existing, and potential future, roles and responsibilities of bodies within the region and having impact on the region.

Table 1 – Responsibilities matrix

	Regional Strategy	Scrutiny	Delegation	Other
Upper tier Local Authorities (LAs)	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>
	Members of the Local Government Association (LGA)	Active agent in the production of RSS through RA role and therefore not involved in RSS scrutiny	Local Authorities are currently engaged at a project level on initiatives impacting in their local area – programme level delegation does not currently occur	Role in negotiations of Regional Funding Allocations via presence on the RA
	Members of the Regional Assembly (RA) and acting as 'strategic advisors' in RSS production as well as providers of evidence to RSS production	No direct scrutiny role of the RES although role exists via the RA to scrutinise aspects of RDA activity		Members sit on a range of regional level Partnerships administered via the RA
	Regional Planning Body role fulfilled by Regional Planning Partnership with representation from both upper tier and lower tier LAs			
	Represented on Regional Reference Group for RES development	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>
	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>	Local Authorities to scrutinise RDA performance via representation on 'Forum of Leaders' representing the upper tier authorities (representation may be from a lower tier authority leader)	It is envisaged that delegation will be made to upper-tier local authorities where capacity can be demonstrated – determination of programme content will require input from partners including lower tier LAs in enabling delivery of LAA / MAA requirements	
	Extension of well-being role to cover the area of economic development via a statutory duty – continued need to collect evidence			
Agreement of IRS with the RDA				
Lower tier Local Authorities (LAs)	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>	<i>Current role and responsibilities</i>
	Members of the Local Government Association (LGA)	Active agent in the production of RSS through RA role and therefore not involved in RSS scrutiny	Local Authorities are currently engaged at a project level on initiatives impacting in their local area – programme level delegation does	Role in negotiations of Regional Funding Allocations via presence on the RA
	Members of the Regional Assembly (RA) and providers of evidence to	No direct scrutiny role of the RES		Members sit on a range of regional

	Regional Strategy	Scrutiny	Delegation	Other
	<p>RSS production</p> <p>Regional Planning Body role fulfilled by Regional Planning Partnership with representation from both upper tier and lower tier LAs</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>Via responsibility for local well-being, upper tier and lower tier authorities are to work together in development of economic evidence base linked to the upper tier economic development duty</p>	<p>although role exists via the RA to scrutinise aspects of RDA activity</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>Local Authorities to scrutinise RDA performance via representation on 'Forum of Leaders' representing the upper tier authorities (representation may be from a lower tier authority leader)</p>	<p>not currently occur</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>It is envisaged that delegation will be made to upper-tier local authorities where capacity can be demonstrated – determination of programme content will require input from partners including lower tier LAs in enabling delivery of LAA / MAA requirements</p>	<p>level Partnerships administered via the RA</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p>
Regional Assembly	<p><i>Current role and responsibilities</i></p> <p>Formally produces the RSS</p> <p>Forms a basis for the Regional Planning Partnership who act as Regional Planning Body</p> <p>Is supported by a range of Regional Level Partnership bodies to support RSS production and ensure joint working within the region</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>Responsibilities for RSS production replaced by responsibility of RDA for RSS production – however, requirements for transition and maintenance of capability within the region</p>	<p><i>Current role and responsibilities</i></p> <p>Scrutinises some areas of RDA activity</p> <p>Consultee in development of RES</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>Scrutiny role within the region to be transferred to individual LAs</p>	<p><i>Current role and responsibilities</i></p> <p>No existing role</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p> <p>No role</p>	<p><i>Current role and responsibilities</i></p> <p>Role in negotiations of Regional Funding Allocations</p> <p><i>Under new sub-national Governance arrangements (preliminary interpretation)</i></p>
RDA (and RDA Board)	<p><i>Current role and responsibilities</i></p> <p>Development of RES with sign-off by</p>	<p><i>Current role and responsibilities</i></p> <p>RDA performance measured by</p>	<p><i>Current role and responsibilities</i></p> <p>Advantage West Midlands has worked</p>	<p><i>Current role and responsibilities</i></p> <p>Tasking Output Framework applied to</p>

	Regional Strategy	Scrutiny	Delegation	Other
	RDA Board Provides evidence to and acts as important consultee in RSS development	Government (BERR with lead responsibility) RA monitors and scrutinises some aspects of RDA activity	in partnership with other bodies in the region in developing projects but has not operated formal delegation arrangements	ensure delivery of outputs Role in negotiations of Regional Funding Allocations <i>Under new sub-national Governance arrangements (preliminary interpretation)</i>
	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> RDA becomes the Regional Planning Body with associated responsibilities including development and sign-off of IRS including it's spatial elements	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> RDA to agree IRS with Forum of Leaders and engage region in IRS development processes RDA to be scrutinised within the region by LAs and to be subject to potential Parliamentary scrutiny	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> RDA to formally delegate at a programme level RDA Board will be required to agree to the process by which delegation will occur	Replacement of output focussed framework with outcome focussed performance framework focussed on economic growth Role in negotiations of future Regional Funding Allocations
Government Office	<i>Current role and responsibilities</i> Consultee with regard RES development and co-ordinates Government inputs to RES development Has statutory planning responsibilities on behalf of Government to ensure planning matters are aligned with planning policies	<i>Current role and responsibilities</i> Previously reported on RDA activity Acts as a regional partner with the RDA	<i>Current role and responsibilities</i> No current role	<i>Current role and responsibilities</i> Role in negotiations of Regional Funding Allocations
	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Division of planning responsibilities is yet to be fully established. However, post issue by Government, GO is likely to continue role of ensuring planning policy alignment	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Will remain a key regional partner May potentially act as an intermediary supporting Parliamentary scrutiny in the region	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Likely role in linking delegation with the meeting of MAA and LAA responsibilities	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Role in negotiations of future Regional Funding Allocations
Government Departments	<i>Current role and responsibilities</i> CLG issue RSS as statutory planning	<i>Current role and responsibilities</i> BERR measure performance of RDAs	<i>Current role and responsibilities</i> No current role	<i>Current role and responsibilities</i> Allocate considerable resources to individual regions without formal

	Regional Strategy	Scrutiny	Delegation	Other
	document Individual Government Departments are consulted on RSS development BERR issue statutory guidance to RDAs on development process of RESs BERR endorse RESs	via Tasking Output Framework		requirements to align such with regional determined priorities
	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Guidance is to be issued on delegation arrangements	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Potential mechanisms to be put in place to ensure consideration is given to regionally determined priorities when allocating resources
	Departments are to 'complement and contribute to' prioritisations within the IRS CLG will continue to sign-off spatial aspects of the IRS and issue as statutory plan BERR to sign off IRS in conjunction with CLG	BERR to retain responsibility for monitoring of RDA performance in achieving regional growth target		
Regional Minister	<i>Current role and responsibilities</i> No existing role – new Ministerial position <i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Will act as a regional voice – will have a strong interest in IRS development and content	<i>Current role and responsibilities</i> No existing role – new Ministerial position <i>Under new sub-national Governance arrangements (preliminary interpretation)</i> No direct scrutiny role but will have a strong interest in scrutiny arrangements and RDA performance	<i>Current role and responsibilities</i> No existing role – new Ministerial position <i>Under new sub-national Governance arrangements (preliminary interpretation)</i> No formal role	<i>Current role and responsibilities</i> No existing role – new Ministerial position <i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Operate as a voice promoting the region and within Government Will be required to respond to Parliamentary questions Discuss regional issues with other Ministers

	Regional Strategy	Scrutiny	Delegation	Other
Parliament	<i>Current role and responsibilities</i> No existing role	<i>Current role and responsibilities</i> No existing role	<i>Current role and responsibilities</i> No existing role	<i>Current role and responsibilities</i> No existing role
	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Accountability arrangements for regional bodies to be consulted upon	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> Accountability arrangements for regional bodies to be consulted upon – it is likely that RDAs will be required to give evidence to whatever Parliamentary model for scrutiny is determined Able to pose questions to Regional Minister on regional issues – potentially, those linked to the RDA	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i> No direct role	<i>Under new sub-national Governance arrangements (preliminary interpretation)</i>

SUB-NATIONAL REVIEW IN THE WEST MIDLANDS – LEADERSHIP OF THE TRANSITION

Issue

How the region organises itself to work together to deliver elements of the Sub-national Review (SNR).

Recommendation

1. That you agree the following proposals (subject to the approval of your board)
2. That you seek the endorsement of your board to these proposals.

Proposals

SNR places a number of new obligations on our region for which there is no appropriate current vehicle with which to lead and co-ordinate delivery. The region needs to put mechanics in place fairly quickly or stand the possibility that progress will be slow because of lack of a forum to reach agreement on sensible/practical propositions.

The intention behind the following proposals is to provide a forum to ensure sound communication flows and build a common understanding of goals and objectives. The proposals are not designed to formulate new decision taking bodies.

A proposed leadership model is attached at Annex A.

The Key group in this proposal is the Strategic Leadership Group (SLG). It is proposed that the group is chaired by one of GOWM's non-executive Directors. GOWM is Government in the region with the remit to ensure the SNR is delivered smoothly by the region. It reports to Departments on progress regularly but is relatively unaffected by the proposed changes and, as such, it is ideally placed to chair (and offer secretariat) to the group. Composition of the group is proposed as Chair of AWM, one other AWM Board Member, Chair of West Midlands Regional Assembly, plus a representative Member lead from Metropolitan Districts (1), the Shire Counties (1), Unitary authorities (1), and Districts (1). It is also proposed that a senior business representative and a senior representative from other stakeholders (e.g. health) are included in the group to ensure it is not perceived as a 'closed shop' only interested in local and central government.

The purpose (Terms of Reference) of the SLG would be as follows:

- (1) To steer implementation of Sub-National Review in the West Midlands.

- (2) To discuss and agree principles to inform and guide the process.
- (3) To oversee the SNR implementation plan (route map) and monitor its progress.
- (4) To take soundings from and report back to constituent organisations.
- (5) To contribute to national consultations and identify issues of national significance.
- (6) To raise the level of understanding of the changes within the region.
- (7) To report on progress to the Regional Minister.

Depending on the views of the SLG these themes might be set up as work streams potentially involving further organisations not represented on the SLG.

It is suggested that the SLG determines the time table, regularity and locations of meetings, however, at this stage it is thought that the group would wish to meet about once every 8 weeks (after 2 initial meetings scheduled quite close together). GOWM would be happy to host these meetings.

The Transitional Executive Group (TEG) will support the SLG in its work in the region. Broadly its composition would be an 'executive' mirroring of SLG, with GOWM's Regional Director in the Chair and other members comprising the Chief Executive of AWM, the Chief Executive and Hon Secretary of the WMRA/WMLGA, and 4 Local Authority Chief Executives. Other lead executives from key regional organisations, central to the delivery of the SNR, may be co-opted as necessary.

The roles of the TEG would be as follows:

- (1) To advise and inform the Strategic Leadership Group and the Regional Minister.
- (2) To jointly deliver an agreed SNR implementation plan for the West Midlands.
- (3) To report on progress to our constituent organisations, Whitehall departments and our Regional Minister.

In addition, the TEG will have the important role of keeping other stakeholders fully informed of proposals and listening to their views. It is proposed that a transition team should support the TEG (though this might be a virtual rather than a co-located team).

Some partners have already indicated that they would like to see GOWM act as Secretariat for both groups. GOWM would be prepared to take on such responsibilities.

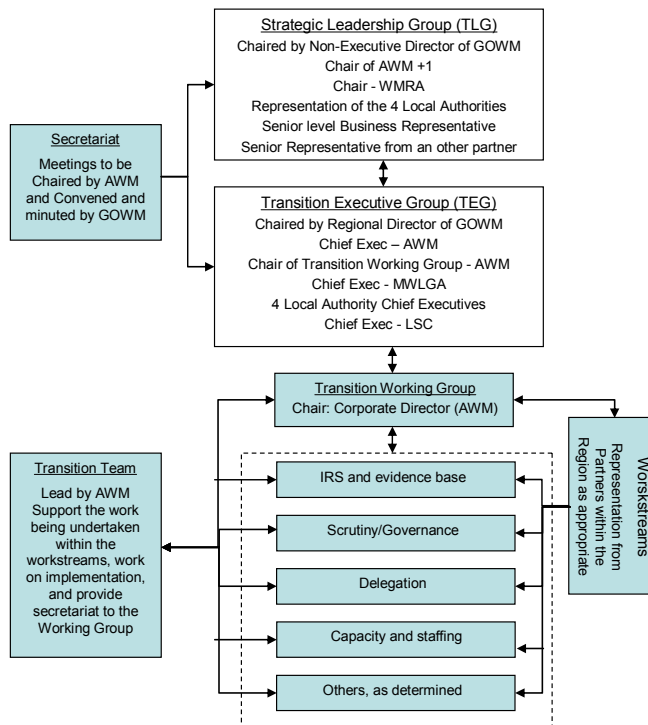
The Transition Team should be led by AWM, but officers from a broad range of organisations should be engaged in its work to help build a community of change from a variety of backgrounds.

The Regional Minister will have an important contribution to make, although at this stage he has no decision taking role. GOWM believes that SLG and the Regional Minister will want to maintain a close dialogue as the regions plans are worked up. The role of Regional Ministers includes advising the Secretaries of State for BERR/CLG on the approval of regional Strategies, representing regional interests to Ministers in the formulation of policy, and facilitating a joined up approach both in the region and Whitehall. While GOWM and Departments will continue to brief the Regional Minister direct, it is thought important for the Regional Minister to have a regular form of communication with the Region's Leadership group.

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Annex A

SNR Implementation Governance Arrangements



Annex 4 – Timetable

Establishing a preliminary timetable is important in initially guiding how the region will be aiming to implement SNR. However, guidance from Government on a number of issues is expected (delegation, IRS etc.) and hence, this is a provisional timetable subject to change as more and more information is required.

Table 2 – Timetable for implementing SNR

	Dec-07	Jan- Mar 2008	April- June 2008	July- Sept 2008	Oct- Dec 2008	Jan- Mar 2009	April- June 2009	July- Sept 2009	Oct- Dec 2009	2010	
IRS											
Government Consultation on IRS scope	█										
Consultation within Region and evidence development		█									
Launch IRS										█	
Scrutiny											
Developing scrutiny arrangements	█										
Establishment of a new scrutiny framework		█									
Application of new scrutiny arrangements						█					
Delegation											
Establishment of delegation framework	█										
Review of capacity and developing capacity		█									
Cases to be made for delegation				█							
Implement delegation							█				
Transition arrangements											
Launch road-map	█										
Development of transition plan	█										
Enabling of transition within the Region		█									

**Governance of Britain Enquiries
- Regional Accountability**



Introduction

As you will be aware Regional Assemblies currently have a statutory role in scrutinising Regional Development Agencies. In the West Midlands the Assembly also examines how regional partners work together to address issues of importance to the region. We welcome the opportunity to contribute to the debate about the form of parliamentary accountability and believe that regional partners could play a significant role in assisting MPs to assess the effectiveness of Government and its agencies at the regional level.

The comments below are based on five years experience of scrutinising regional bodies and have been developed following discussions with Assembly Members from all sectors.

We have identified three underlying principals for the development of parliamentary arrangements.

- Form follows function - this is an opportunity to create a new parliamentary model that has been designed specifically for the purpose of enhancing regional accountability.
- Clarity of roles and responsibilities - both of the parliamentary model created and linkages with the already complex accountability arrangements of many regional bodies.
- Complementary – arrangements should not replace or duplicate scrutiny arrangements at regional, sub regional or local level but make use of the different powers in Westminster for looking at the actions of central government in delivering policy within the regions

What Models of Accountability Might Work

Democratic Accountability – Structures should be part of the House of Commons rather than part of any revision of roles, responsibilities and membership of House of Lords

Format - We would urge the establishment of one committee for each region. This will ensure workloads are manageable and reflect the differing needs of the regions. Regular meeting of the Chairs of the Regional Committees will provide a mechanism to confer with and challenge Government in respect of common issues/barriers.

Membership

- All regional MP's should be offered the opportunity to join their regional committee. Each Committee should consist of all regional MP's. National political balance should be reflected by the allocation of Committee Chairs.
- Flexible quorate arrangements will address concerns regarding MP's existing commitments thus allowing individuals to attend for specific sessions/ areas of interest.
- Members of the Government should not be full voting members but be encouraged to attend in order to benefit from discussions.
- Committees should also include a minority of members drawn from structures within the region including acknowledged local and regional leaders. These should not be drawn exclusively from local government but include representatives from business and other stakeholders including social and environmental partners
- Consideration should be given to a flexible approach with the identification of a broad framework within which different models can be developed for individual regions. These could be developed following discussions chaired by the Regional Minister

Location – Committees should meet at varying locations within the region as often as in Westminster. Regional meetings would allow the collection of evidence and those in Westminster to hear from Government and deal with process issues.

Co-ordination – clear links are needed with Departmental Select Committees in order to prevent duplication. Although it is essential for each Regional Committee to be able to control its workload, mechanisms are required to enable sharing of good practice so all committees are performing to the same standard.

The Role of the House in Regional Accountability

Suggested Aims

- To scrutinise the effectiveness of government and its agencies in delivering joined-up results at the regional level.
- Improve the synergy between different government departments responsible for different aspects of policies and funding within the region.
- To enable both MP's and regional partners to raise particular issues.
- To raise awareness of regional concerns with government and the media.
- To monitor progress made in implementing recommendations and their outcomes

Responsibilities

- We believe strongly that Regional Committees should have similar powers to those of Select Committees, particularly to set their own agendas (while considering issues of duplication), require attendance from Ministers and regional agencies, produce reports and receive responses from Government or regional agencies as appropriate.
- Committees should hold regional question times within the region with Chairs/Chief Executives of key regional organisations.
- Both quantitative and qualitative evidence needs to be considered in order to assess progress within the region
- Although Regional Development Agencies play a key role, Committees should also hold to account a wider range of non-departmental public bodies and other institutions active within regions. Regional Development Agencies do not operate in isolation and are not the highest spending body within a region.

Co-operation

- Committees should be informed by and inform accountability arrangements within the region both now and post 2010. Consideration should be given to holding joint hearings with regional structures.
- Every effort should be made by all involved to prevent contradictory recommendations being made by accountability structures at the national, regional and local level.
- While it is appropriate for Committees to question Regional Ministers, hearings should also inform the Ministers' actions. It is suggested that the Regional Minister becomes an ex-officio Committee Member who could still be questioned at certain sessions for example at regional question time.
- Regional Committees should inform appropriate Departmental Select Committees of relevant regional issues or concerns.
- Committees will also need to consider the locality scrutiny of statutory bodies and agencies through the duty to co-operate as detailed in the Local Government and Public Involvement in Health Act.

What Resources would be Needed?

Officer Support

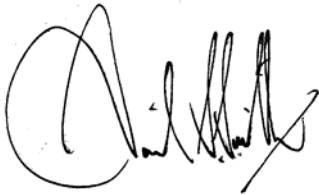
- One of the lessons from both regional scrutiny and local authority overview and scrutiny is that dedicated officer support is crucial to making accountability work.
- Support staff are needed who have an understanding of how the region operates. This could be achieved by use of a regional specialist advisor as opposed to subject specialist.

- Parliamentary clerks at Westminster will need dedicated resources within the region to provide policy and administrative support. These could be directly employed as part of the Government Offices or be provided by a regional body on contract basis e.g. Regional Local Government Associations.

Budgetary Support

- There needs to be a sufficient revenue budget to cover meeting accommodation within the region. Currently Select Committees meeting away from Westminster have venues offered free of charge. It would be inappropriate to expect this on a regular basis.
- Committees will need a base within the region to act as a point of contact with regional organisations and interested parties, including the media. This is linked to the provision of dedicated officer support and would also provide a location for a regional reference library.
- A research budget is also required. This could be used to commission appropriate research or to enable access to existing research resources including Regional Observatories.

I hope that the above comments will be useful and would welcome the opportunity to discuss these further. For clarification or further information please contact Dagmar Waller, Regional Scrutiny Manager on 0121 678 1054 or via d.waller@wmra.gov.uk



Cllr David S Smith
Chairman
West Midlands Regional Assembly

**A proposal for the Development of
Future Regional Scrutiny Arrangements**

1. Background

- 1.1 The Review of Sub-national Economic Development and Regeneration identifies the need for clearer and stronger accountability of Regional Development Agencies (RDA's) both to local and central government. It proposes giving local authorities the lead over greater responsibility for scrutinising the economic development delivery functions of RDAs and for effective scrutiny of RDA performance based upon reformed performance arrangements.
- 1.2 The SNR suggests enhanced parliamentary scrutiny of regional institutions (suggesting beyond the RDA) and regional economic policy. The Modernisation Select Committee are undertaking an inquiry into this (from the Governance of Britain Green paper) which is expected to report in early 2008. The scope of parliamentary scrutiny is as yet unknown and the Committee is currently inviting submissions on:
- what models of accountability might work;
 - what the role of the House should be in regional accountability; and
 - what resources would be needed to make regional accountability work in the House of Commons.
- 1.3 The SNR gives key principles to be recognition of the need for greater information and communication about regional working as well as the need for more democratic scrutiny of activities of regional agencies. Parliamentary scrutiny arrangements would be expected to take evidence from the regions, hold public hearings in the regions and receive formal responses from both the government and regions to any reports which are published. However, it has been made clear that are matters for parliament rather than for government and so the eventual proposals will come from there.
- 1.4 Government is currently suggesting that arrangements are developed within each region so far as local scrutiny is concerned which the region believes will best meets its specific needs and circumstances rather than imposing a "one size fits all" approach.

1.5 With local government also taking on what is intended to be a strengthened role around the development and agreement of the IRS, local arrangements will have to be robust in being clear about maintaining the importance of the role of local government in policy leadership and delivery terms and understanding the impact this has on outcomes for the RDA which local government has the lead in scrutinising.

2. **Issues for Consideration**

2.1 A good starting point for the development of future scrutiny arrangements are the four principles of public scrutiny as identified by the Centre for Public Scrutiny.

2.2 Provides a “critical friend” challenge

- What should be the principal aims of the new arrangements and what outcomes are expected?
- How can robust processes draw on both qualitative and quantitative evidence and appropriate expertise?
- How should scrutiny be carried out to meet aims and outcomes?

2.3 Enables the voice and concerns of the public

- What should be the focus of regional scrutiny- just the single integrated strategy or wider issues?
- Who should regional scrutiny focus on – just Advantage West Midlands or other organisations within the region?
- How can specific issues be fed into new arrangements – what links are required to the new powers of strategic local authorities to scrutinise partner delivery of LAA targets?

2.4 Is carried out by “independent governors” who lead and own the scrutiny process

- What governance structures are required and should these be part of wider regional local authority structures?
- Who should be involved – just local authorities or other partners?

- How can objectivity be achieved – minimise any suggestion of a conflict of interest with local authority involvement in developing/delivery of the single integrated strategy?

2.5 Drives improvement in public services

- Should arrangements be forward looking to influence policy or focus on past performance?
- Are any statutory powers required to compel attendance or response to any recommendations?
- How can the process engage with and influence government departments and other accountability arrangements including any parliamentary arrangements?

3 **Development of a West Midlands Approach**

- 3.1 The regional assembly currently has the statutory responsibility for carrying out scrutiny of the RDA, Scrutiny has taken place over a variety of topics around RDA performance and with panels drawn from local government, business and other stakeholders. Scrutiny reports have tended to receive a fair amount of publicity in the regional media, most notably in the Birmingham Post, and the outcomes of the scrutiny process, which has been extended sometimes to a wider strategic review; has had an effect over the way in which activities are carried out.
- 3.2 Work is already going on through the Assembly, in which local government members are heavily involved, to work up proposals for scrutiny arrangements post SNR.
- 3.3 There are a variety of structures and processes that could be established to support new regional accountability arrangements in the West Midlands. It is crucial to ensure that the approach developed will deliver the expected aims and outcomes; which also need to be worked out. Some local authority members have been heavily involved in scrutiny and are interested in helping to develop new arrangements
- 3.4 The development of these arrangements will require considerable time and effort from those currently involved in regional scrutiny and more widely. They will have to meet the requirements of the region and satisfy the expectation of national government. It is equally important that they form a coherent whole when viewed with other

scrutiny arrangements notably with proposed parliamentary scrutiny, existing RDA accountability and performance review arrangements and the role of local authorities in scrutinising partner activity in relation to the delivery of LAA targets.

3.5 The following outlines the steps by which new arrangements could be developed together with broad timescales.

- Gathering initial views to inform the issues outlined in section 2 - by end December 2007
- Completion of a wide ranging discussion paper detailing possible approaches, structures and methodologies-by end January 2008
- Development of accountability and performance arrangements including issues of viability, funding and resourcing- by spring/summer 2008
- Implementation of new arrangements -late 2008/spring 2009
- Development and agreement of a regional scrutiny protocol that addresses strategic approaches and more detailed procedural matters - December 2008

3.6 It is recommended that the Assembly group continues its work to the above timetable and reports in to the leaders group in the New Year