

## **WEST MIDLANDS LEADERS BOARD**

22 June 2010  
2.00 pm – 4.00 pm

**Rooms 1 and 2, Regional Partnership Centre,  
Albert House, Quay Place, Edward Street, Birmingham**

### **Agenda**

1. Welcome and apologies
2. Appointment of the Chairman and 3 Vice Chairmen
3. Draft notes of the meeting held on 13 April 2010 and matters arising (*attached*)
4. Future Shape of the West Midlands Leaders Board
  - (a) Options Paper (*attached*)
  - (b) Staff Consultation Responses (*attached*)
5. Chief Executive's Report (*attached*)
6. Any Other Business
7. Annual Schedule of meetings: all 2.00 pm–4.00 pm:
  - 28 September 2010
  - 23 November 2010
  - 18 January 2011
  - 15 March 2011
  - 14 June 2011

**Lunch will be available from 12.15pm**

**West Midlands Leaders Board****Notes of the West Midlands Leaders Board Meeting  
Held on 13 April 2010****1. Welcome and apologies**

The Chairman welcomed Leaders and alternates to the meeting, thanked members for their attendance and noted the apologies, which are recorded in Appendix One.

**2. Draft notes of the meeting held on 19 January 2010 and matters arising**

The notes were **agreed** as a true record of the meeting. There were no matters arising.

**3. Report back from:****(a) Joint Strategy and Investment Board (JS&IB) (Cllr Roger Phillips)**

Copies of the recently published JS&IB Statement of Intent had been sent to all Leaders. It was emphasised that the sub-regional arrangements for Leaders Board representation on the JS&IB are a useful mechanism that would also enable sub regional partnerships to deliver in their own geographical areas. These are not hard and fast demarcations.

The JS&IB had also considered the letter sent by the Strategic Health Authority (SHA) to West Midlands' Chairs and Chief Executives outlining the changes to the NHS Operating Model in the West Midlands. Although the new arrangements for Sub-Regional Clusters closely match the new WMLB sub-regions there had been a distinct lack of consultation with any partners regarding the changes. It was **agreed** that WMLB would send a strongly worded letter to the SHA protesting that local government had not been consulted and to secure local government engagement in the new arrangements to ensure that they facilitate appropriate joint planning and funding of social care and public health.

**(b) Regional Economic Council (Cllr Philip Atkins)**

Cllr Atkins provided feedback from the Regional Economic Council meeting on 30 March 2010 and the information which was shared regarding implementation of the Ian R Smith report on 'Relocation: Transforming Where and How Government Works'. It was **agreed**:

- This would provide an opportunity for the region as part of its economic reconstruction
- To support the approach agreed at JS&IB for Trudi Elliott (GOWM), Mick Laverty (AWM) and Martin Reeves (Coventry City Council) to work together to develop a mechanism to secure a coordinated regional proposal to Government.

**4. The Challenges of Adult Social Care and the Opportunities for Collaboration and Efficiency**

Linda Sanders, Director of Adult, Community and Housing Services at Dudley MBC outlined the ten key challenges for adult social care and efficiency and collaboration and posed some important questions for Leaders to ask within their local authorities. During discussion it was agreed that that it was pointless protecting the NHS if social care was not resourced and it was essential to remove silos from the NHS. Linda also outlined the work that is being jointly led by the Joint Improvement Partnership and Improvement and Efficiency West Midlands on the Adult Social Care agenda.

The presentation can be found on the WMLB website at <http://www.wmleadersboard.gov.uk/meetingpapers>

## 5. High Speed Rail

It was emphasised that opportunities connected with High Speed Rail were significant for the Region; accordingly, collective support was needed for this. During discussion the following points were made:

- It was unclear which authorities were the 16 that had been consulted by the DfT
- Concerns were expressed regarding the amount of blight which would be caused by HSR compared to the benefits for the wider region, although clear benefits could be envisaged for Birmingham and Solihull
- This would provide an opportunity to get rail networks in place on the strength of high speed investment
- Support must be carefully worded as it was expected that the region would be asked to pay for a substantial part of the scheme eg the stations
- Maximum economic benefits would be needed along with minimum environmental impact and recognition of local issues and protests
- Proper compensation would be essential
- Connectivity was an important issue
- This is not just a transport issue as Birmingham would become a commuter destination for London; wider assessment was therefore needed.

It was **agreed**

- To support the proposals and to give a single regional response while indicating that such support is not unconditional and that significant issues need to be addressed particularly around connectivity to the new route and the way in which existing infrastructure can be developed
- A clear statement which sets out the additional economic benefits for the region is required
- To provide a single response to the DfT consultation on the Exceptional Hardship Scheme and, in order to do this and ensure the opportunity for proper consultation with the widest range of authorities, for WMLB to ascertain whether there is any leeway in the response deadline date of 20 May 2010. If not, Leaders were assured that they would receive sight of the response drafted by the JSiB Transport Executive Group before it is submitted
- An update report to be brought back to the 15 June WMLB meeting.

## 6. Developing the Regional Strategy

Rose Poulter gave a short presentation setting out why the strategy is needed, its focus, challenges, governance and proposed timeline for development and emphasising the Leaders Board key role in taking it forward. It was **agreed**:

- To support the proposed focus and approach including the establishment of a Regional Strategy Project Board
- That each sub-region identifies a senior Member and senior officer to represent the sub-region on the Regional Strategy Project Board. It is vital that those nominated by sub regions to join the Board ensure that they fully represent their sub region's points of view
- To support the delegation of power to the six WMLB members on the Regional Strategy Project Board – key decisions would be referenced back to WMLB first for views before going to JSiB or the Project Board
- Activities and actions to be undertaken in the interim period until the strategy is published in 2013 must be clearly communicated in order to ensure that the region continues its economic recovery.

Further details on the Project Board nomination process will follow post elections.

7. **'Light Touch' Review of Business Support in the West Midlands**

Members were given details of AWM's 'Light Touch' review and **agreed**:

- That a response be developed;
- That the Chair and Vice chairs sign this off on behalf of WMLB and
- To consider the outcome of the review when available.

It was noted that WMLB had advised AWM that an in depth review would have been more helpful to the West Midlands at this time.

8. **Total Capital**

Members were provided with a briefing note on some of the activities in the region. They **agreed** to support the concept of Total Place and Total Capital, and the need for local government to take the lead on this agenda. A more detailed paper will be brought back to a future meeting.

9. **The Role of the WMLB as a Statutory Consultee in Planning**

Members **agreed** the new approach to conformity that would be more streamlined and less burdensome for local authorities and the WMLB secretariat. It was **agreed**:

- To note the changes brought about by the 2009 Local Democracy Act in respect of the statutory consultee role conferred to the WMLB and the implications for this role in the context of a reduction to available resource
- To authorise delegated approval to the Chief Executive to draw up and agree new working procedures in conjunction with the existing conformity advisors in the Strategic Authorities
- To authorise the delegation of decision making on behalf of the WMLB in this role to the Chief Executive, in accordance with the new working procedures as agreed.

10. **Chief Executive's Report**

Members' attention was brought to a number of matters requiring approval, endorsement or noting. It was **agreed**:

- To approve the terms of reference for the Members Panel
- To endorse the decisions taken by the Chairman in relation to member representation. Leaders were reminded that representatives were sought for a number of regional bodies and were asked to share this information with their elected members as soon as possible. Nominations must be received by 21 May
- To approve the development of a Leaders board position in respect of the Barnett Formula
- To note the work being led by Birmingham Science City to engage with a wide range of West Midlands partners and consider opportunities for wider local government involvement
- To note that Ministerial approval had been given for the Leaders Board scheme and funding
- To note the outcome of the recent Roundtable meeting between the Local Government Association and representatives from the Leaders Boards including the recently agreed changes to the LGA's constitutional arrangements that will provide for a larger LGA Executive Group, including voting member representatives from the regional bodies.

Members' attention was drawn to the confidential addendum to the report and were asked to note its content.

11. **Report of the WMLB Finance and Audit Committee**

Members endorsed all matters which the Finance and Audit Committee had referred to WMLB for endorsement and **agreed**:

- To approve the draft scheme of delegation
- To approve the final draft budget 2010-2011.

12. **Any Other Business**

A report from the Transport Group meeting on 29 March was tabled.

**13. Dates of next meetings, all 2.00 pm-4.00 pm:**

- 15 June 2010 - AGM (note: this replaces the previously scheduled 13 July meeting)
- September date TBC (note: this has now been confirmed for 28 September)
- 23 November 2010
- 18 January 2011
- 15 March 2011
- 14 June 2011

**Appendix 1**

**Attendees**

<b>Name</b>	<b>Authority</b>
Cllr Philip Atkins	Staffordshire CC
Cllr Gwilym Butler	Shropshire CC
Cllr Eric Carter	Telford and Wrekin Council
Cllr Michael Doody	Warwick District Council
Cllr Brian Edwards	South Staffordshire DC
Cllr Alan Farnell	Warwickshire CC
Cllr Arthur Forrester	Staffordshire Moorlands DC
Cllr Richard Grosvenor	East Staffordshire BC
Cllr Adrian Hardman	Worcestershire CC
Cllr Roger Hollingworth	Bromsgrove DC
Cllr Craig Humphrey	Rugby BC
Cllr Ross Irving	Stoke on Trent City Council
Cllr Roger Knight	Worcester City Council
Cllr Paul Middlebrough	Wychavon DC
Cllr Ken Meeson	Solihull MBC
Cllr Roger Phillips	Herefordshire Council
Cllr David S Smith	Lichfield DC
Cllr Simon Tagg	Newcastle under Lyme BC
Cllr Ken Taylor	Coventry CC

**Apologies Tendered**

Cllr Keith Barrow	Shropshire Council
Cllr Mike Bird	Walsall MBC
Cllr Andrew Eade	Telford and Wrekin Council
Cllr Carole Gandy	Redditch BC
Cllr Simon Geraghty	Worcester City Council
Cllr Philip Grove	Malvern Hills DC
Cllr Colin Hayfield	North Warwickshire BC
Cllr Mike Heenan	Stafford BC
Cllr Dr George Lord	Worcestershire CC
Cllr Anne Millward	Dudley MBC
Cllr Neville Patten	Wolverhampton MBC
Cllr Sybil Ralphs	Staffordshire Moorlands DC
Cllr Les Topham	Stratford upon Avon DC
Cllr Mike Whitby	Birmingham City Council

**Officers in attendance**

Mark Barrow (Newcastle), Kate Doogan (WMLB), Olwen Dutton (WMLB), John Polychronakis (Dudley MBC), Rose Poulter (WMLB), Paul Sheehan (Walsall MBC), Simon Warren (Wolverhampton CC), Louise Chilton (WMLB)

WMLB AGM 22<sup>nd</sup> June 2010

**FUTURE OF WEST MIDLANDS LEADERS BOARD**

**CONFIDENTIAL Report of the Chief Executive's Taskforce**

**Purpose of Report**

1. The purpose of this report is to enable Leaders to consider the implications of the changes to the regional landscape and the cessation of CLG funding to Leaders Boards including:-
  - a) the potential implications upon local government's leadership role working collaboratively across the West Midlands, and;
  - b) the organisational options with regard to the existing WMLB Secretariat and the financial and other liabilities arising there from.

**Recommendation**

2. That members consider the paper, and:-
  - A) *decide if they wish to have a continuing regional body;*
  - B) *if so, whether they wish to take option B or option C forward;*
  - C) *delegate the decision-making around the implementation of that preferred option to a group consisting of Council Leader representation from each of the six sub regions, chaired by the Chairman of the WMLB*
  - D) *decide whether they wish to take forward the Statement of Intent as the basis for an initial submission into government about the future of regional activity from councils across the West Midlands ; and*
  - E) *in order to mitigate costs agree to give favourable consideration with regard to alternative employment opportunities to WMLB employees who are facing redundancy*

**Future Options**

3. At a strategic level, **3 main options** exist;

**Option A - Full Dissolution and cessation of all Regional Activity**

Wind up and dissolution of WMLB in its entirety. This option would result in no region wide co-ordinating resource and ending of any regional employers' service. This would require a cessation plan, timetable and detailed costs to ensure distribution of remaining liabilities amongst the 33 Local Authorities, including novation of responsibility for active projects to local authorities to enable continuation to funding end dates.

### **Option B – Small Core Secretariat**

A smaller WMLB Secretariat based at the Regional Partnership Centre (RPC), or other premises if the lease can be wholly or part sub-let, but either way with a significant reduction in accommodation costs. Funding streams would be local authority subscriptions, supported by income generated from commercial services / activity. Local authorities will need to prioritise the use of resources between policy; representation and employers/other services and consider how the improvement and efficiency agenda can be supported beyond the end of funding for the current Regional Improvement and Efficiency partnership (RIEP).

### **Option C – Disaggregation of any Retained Functions**

Retain selected and agreed WMLB functions or services, but relinquish the premises and relocate these within local authorities as considered appropriate. This would require the same prioritisation exercise as in Option B, together with a transition plan and timetable to ensure clarity on meeting future costs, distribution of remaining liabilities amongst the 33 Local Authorities and the transfer of responsibility for 'active' projects to local authorities to enable continuation to funding end dates

## **Introduction**

4. In July 2009, the WMLGA changed its name and constitution to form the WMLB. The impetus for this came from the requirements of the Local Democracy, Economic Development and Construction Act 2009, which required each region to establish a Leaders Board. This Act remains in place until formally repealed.
5. At the same time, there was also a strong desire amongst the local government community in the West Midlands to move to a single regional organisation focused around Council Leaders and their ability to make strategic decisions, rather than the former WMLGA; which was politically representative of local government across the region. This culminated in the Statement of Intent (**Appendix A**) signed by all council leaders at the start of 2010.
6. The WMLB has continued to fulfil the role of the regional employers' organisation, manage a range of functions on behalf of the sector, and act as a representative body for local government. However from a political leadership perspective, focus has been upon working with Advantage West Midlands (AWM) around the economic and infrastructure issues at the heart of proposals for a Strategy for the West Midlands; strongly felt to be necessary to provide the right strategic framework, whatever the future legislative requirements and the work of the Joint Strategy & Investment Board (JSIB).
7. The above areas of work mirror the major funding streams. Although the WMLB provides oversight of a myriad of project based external funding streams, there are two main sources of income. The first is Local Authority Subscriptions, paid by all 33 councils, which vary according to population and authority type (all District Councils pay the same); the second is through CLG grant.
8. Since the Coalition Government took over in May, they have announced that Regional Strategies are to be scrapped. Accordingly, Leaders Boards have been notified that the current year grant funding from CLG (for WMLB £1.9m) will not be paid in full. This has serious consequences for the future of the WMLB, as without this funding and activity the current operation is, of course, unsustainable.

## Issues for Decision

9. There are two key issues for members to consider at this meeting:- The first is the question of the future design of the West Midlands regional landscape and the role that local government should play in shaping it. This involves not only WMLB but also AWM and other activity that currently takes place at the West Midlands level. The second is what councils wish to do about the current WMLB; whilst the second decision has immediacy forced upon it by the suddenness with which core CLG funding is to be withdrawn, it cannot be separated out from the first issue, which is something that would have to be faced in any event.

## The landscape of the West Midlands

10. The major risk should the WMLB become immobilised or disappear and not be replaced by any region wide grouping, is the creation of a regional leadership vacuum bereft of local government. This is potentially very serious at a time of significantly changing regional infrastructure. Councils in the West Midlands were ahead of the game when the JSIB was established, and the strategic leadership this provided (evidenced by a far more effective and delivery focused RFA and the identification of the Impact Investment Locations), put the West Midlands in a strong position in the eyes of Whitehall.
11. The hiatus around the future of the WMLB and the lack of certainty about a collective view in the West Midlands, amply articulated by press articles recently, has undoubtedly set us back very considerably.
12. If councils are to collaborate, lobby and lead effectively, they must have a mechanism for doing so. If they do not, it is likely that AWM, Homes and Communities Agency (HCA) and such like (which are government agencies in the first place and have their accountabilities up to Whitehall/Westminster), will seek to take that leadership role no matter how slimmed down. It would subsequently prove difficult for local government to reposition itself if it has voluntarily relinquished any leadership role at a critical time.
13. The Government has now made it clear that all RDA's will be abolished in their current form following Royal Assent to the proposed public bodies abolition bill. Although some regions, including the West Midlands may retain an economic development body if this is what councils and business think is appropriate and so lobby for. Funding for such a regional body is likely to be very much lower than present budgets in any event, but the noises coming out of Whitehall seem to indicate that if there is no regional body there is unlikely to be any regional funding. The region will also lose the opportunity to have a way into BIS in order to influence their activities and priorities. Given the recognition from the Prime Minister and other senior ministers of the need to rebalance the economy, the region needs an effective voice for the West Midlands, which can speak with the democratic legitimacy and accountability only councils bring.
14. Meetings are currently being held across the country between BIS/CLG and groups of councils and business representatives to hear their thoughts on the new government agenda for RDAs and Local Enterprise Partnerships (LEPs); and to feed their views in on how they see this working based on the experiences and information they have gained from their partners.

15. The Secretary of State for BIS, Vince Cable has been clear that he believes that the retention of reformed RDA type bodies in the northern regions and the West Midlands is critical for economic growth. In addition, the business community has given its support to a continued regional body. This is good news for the West Midlands, as it will help to secure a flow of money into the Region that would not otherwise be available. There are similar issues in respect of the HCA, which has a larger budget as things currently stand, focused on providing housing and regeneration across the West Midlands. It is critical to the development of the economy in the West Midlands that as much funding as possible from government is retained to be spent effectively here and continue the work that has been led by JSIB.
16. Other regions have already written to CLG and BIS on a collective cross sector basis giving a clear view about their proposals for the future. Attached at **Appendix B** are copies of letters from the Association of North East Councils and our counterparts in the North West. The uncertainty amongst councils here has yet prevented local government and its business partners in the West Midlands from making a similar approach.
17. In these circumstances, unless local government acts with a unified voice on a West Midlands-wide basis there will be great difficulty in making Government Agencies accountable to the communities and businesses, and in maximising support for and investment into the West Midlands from a rapidly shrinking pot.
18. Local government must anticipate what could be a “top-down command and control set-up” from BIS, who are likely to be the only department providing significant funding in the short term for the identified regional priorities. A co-ordinated and effective single local government voice will provide direction to AWM (and any replacement body) and other public agencies to be best equipped to deliver on agreed priorities set collectively and informed by local need, opportunities and circumstances. During the previous 12 months, such leadership and collaboration is evidenced through work between the WMLB with Government Agencies to focus their resources into the Impact Investment Locations to deliver local priorities agreed with councils.

### **A Wider Collaborative Role**

19. In addition to taking a leadership role within and for the West Midlands, there are significant benefits to local authorities of working together at the regional level as well as sub regionally. Further to the anticipated demise of regional strategies, the idea that has been in the process of development since the start of the year is shaped around a significantly streamlined regional body, with sub regions working as the prime delivery vehicles. This far more bottom up approach would deliver to the government agenda around localism and minimising costs, whilst providing the greatest influence for the region, through a responsive and proactive approach.
20. Informal discussions to date held with a number of Leaders and Chief Executives suggest that the objectives and commitments set out in the January 2010 Statement of Intent should remain the focus of West Midlands-wide local government activity to:
  - Improve the economic position of the West Midlands so that business can grow and prosper

- Show local government's leadership role and ability to work collectively
- Improve the image and reputation of the West Midlands
- Maximise the effectiveness of local government

### **The future of the WMLB**

21. Since the Government's intentions about funding became clear, the WMLB has acted quickly in order to:
- protect the position of the local government family in so far as costs and liabilities are concerned arising from immediate cessation of CLG grant;
  - protect the best interests of local government and the West Midlands going forward; and
  - observe legal and contractual obligations to staff.
22. To achieve the above:
- all staff whose salary are funded wholly or majority through either subscriptions or CLG grant have been put on notice of consultation of redundancy; this took full effect from Monday 7<sup>th</sup> June;
  - representations have been made at both political and officer level to Government about the need for further CLG grant beyond what has currently been indicated;
  - we have spoken with the Landlord about the premises lease and whilst they appreciate our position they will expect full payment of all rent, service charge, insurance and rates to the end of the term together with a claim for dilapidations;
  - the Chief Executives Task Force have convened urgent meetings to prepare this options report

### **Financial Liabilities**

23. The most recent discussions with CLG indicate that the Treasury has agreed to release up to a further three months funding per Leaders Board (2<sup>nd</sup> quarter funding), dependent upon the evidenced necessity of this to manage transitional arrangements. Many Leaders Boards, including the West Midlands, are in a position where the cost of ceasing CLG funded activity is greater than the amount due from a further three months funding. Our Q2 per budget is £475K, yet it is estimated that £670K is required to cover operational costs to the end of July and related severance payments.
24. Civil servants have indicated that they will raise these issues with Ministers once they have the financial information they have requested. In order to protect local authorities it is also essential that political and officer representations should be made. The current structure and the associated costs were clearly incurred because of former government decisions and formulated to respond to the then legislation, being agreed with (and funded by) Government at every stage.
25. Therefore, a priority action is to make the case to CLG to secure both Quarter 2 funding and that required to meet all costs arising from cessation of grant. Regions are lobbying government both individually and collectively in an attempt to get them to meet the full costs of 'wind down' of CLG activity.

26. The financial and other liabilities to be met by Councils will vary depending on the chosen option; either to 'wind up', down size or disaggregate. The WMLB constitution allows for its dissolution if approved by 3/4 of the votes (86 of 115) capable of being cast by those in membership. The resulting liabilities would be distributed amongst local authorities by their percentage of member subscription to the total subscription amount (**Appendix C**).
27. The Draft Accounts for 2009-10 and discussions with our auditors have provided the following figures as indicators of cost (based on the position with the most recent available audited figures). There are also ongoing operational costs that current year funding is meeting, and which will also have to be taken into account .

**Option A - Full closure**

28. If a decision was to be taken to 'wind up' the WMLB as soon as possible, making all staff redundant with effect from 31<sup>st</sup> July 2010 with pay in lieu of notice and releasing pensions to those staff over 55 (as required in redundancy situations), the financial liabilities are estimated as follows. (Note: actual termination dates, which may be require to affect an orderly 'wind up', could increase the final figures.)

Premises and equipment	£1.4m
Staffing costs and severance payments	£1.5m
Closure of Brussels Office	<u>£0.6m</u>
	£3.5m

So that the costs of redundancy can be mitigated as much as possible it is recommended that member councils agree to give favourable consideration for suitable vacancies to members of staff from the WMLB who would otherwise be made redundant.

29. The premises costs reflect the lease and running costs for the Regional Partnership Centre. These are approximately £400,000 per annum (gross of any recharge to tenants and partners). The lease does not expire until the end of 2013 and initial discussions with the landlord indicate that we are unlikely to reduce this cost, as it is not in their interest to do so, and they are unwilling to offer a discount for full early settlement as they have already lost a number of tenants from site.
30. So far as the Brussels office is concerned, the above costs reflect full liabilities. There is a partnership agreement with AWM to share such costs, but there is currently also uncertainty about their ability to meet this commitment. Discussions are taking place with AWM (and through them with BIS) to determine what funding AWM will be able to provide as we have yet to receive confirmation that AWM can pay their subscription to WMiE for 2010/11 services.
31. WMLB is also accountable for a number of externally funded projects, for which grant claw back may apply if they do not complete as contracted or there is funding non-compliance. WMLB also has service level agreements with partners in the UK (as do the Brussels office) that may present a further liability on dissolution, but for which we are not able to provide a value at this time.

32. Finally, based on the 2009-10 audited accounts, there is also a pension liability to the West Midlands Pension Fund at an actuarial valuation of £8.5m, which will require consideration and a mechanism to share this liability amongst members across Pensions funds as determined appropriate.

### **Assets and Reserves**

33. WMLB reserves at 31<sup>st</sup> March 2010 are approximately £1m; this should be supplemented by CLG grant of £0.5m for the forthcoming three months
34. **If Option A was chosen there is a gap of around £2m, to be shared across local authorities and having met this cost, there would be no local government organisation to facilitate local government collaboration or provide support services.**

### **Externally Funded Projects**

35. These liability figures do not include staff engaged on other externally funded projects where the costs are met from grant/partner funds; with staff either seconded from a local authority or employed on a short fixed term contract.
36. Neither do they include RIEP staff, the largest element outside those funded by CLG grant and subscriptions. The future of RIEP funding is at the time of writing unknown but was presently time limited to this financial year, with the whole question of spend on improvement and efficiency across Whitehall open to question about its future. In any event, when the RIEP moved to the WMLB, officers put a contract in place with Worcestershire CC to ensure that the RIEP funding held by WCC includes an amount sufficient to meet the redundancy and other termination costs relating to RIEP Staff at the end of the project.

### **Current Secretariat**

37. Due to the complex nature of the WMLB/RPC funding streams and the integration of support services to maximise efficiency, the staffing structure is equally complicated. In order to provide an overview of the current Secretariat as a whole, a summary of the current position is set out below.
38. In simple terms, the staffing numbers are as follows;

#### **Core Funded (CLG grant / LA Subscriptions) (FTE)**

Policy Directorate	17.0
Chief Executives Unit	7.8
Employer Services	9.6
Corporate Services	11.8
<b>Total</b>	<b>46.2 posts</b>

#### **Project Funded**

Living Well (Big Lottery funded – ends December 2010)	2.6
Strategic Migration Partnership (funded by UK Borders Agency)	3.5
Regional Improvement and Efficiency Partnership (IEWM)	23.0

Brussels Office of West Midlands European Service (WMIÉ)	6.0
EU Connects (ERDF funded; match from WMLB and AWM)	6.5
Open Project (EU Funded)	1.0
ESF (funded from ESF via SFA)	2.5
Forestry and Rural (Partner funded)	1.0
<b>Total</b>	<b>46.1 posts</b>

The projects end at different times and with different arrangements for cessation and of the 46.1 project posts listed, only 39.1 are on WMLB payroll as others are secondees, agency staff etc.

39. In addition, there are also partners of WMLB, e.g. Age UK, Business Voice WM and Play England who operate from the RPC under a service level agreement. This arrangement has helped forge stronger partner links and their contribution to overhead costs has been key to managing the premises liabilities. The WMLB commitment to these partner organisations is in terms of a 3 months notice period. .

### **Understanding and Meeting Liabilities**

40. It is essential there is clarity about the related cost, liabilities, and wider impact of each of the options and more specifically how they are funded and what this means to collective and individual local authorities. The exact figures cannot be determined until decisions about future organisational options are resolved.

### **WMLB Lease on Quay Place**

41. The lease is held by Sandwell MBC on behalf of all local authorities and runs until December 2013. The landlord has indicated that they expect all lease related costs to be met, even if we have to completely withdraw from premises or make a significant reduction in floor space to around 5,000 ft<sup>2</sup> (one half of the current office space on the third floor) with no meeting rooms being available. Whilst this would facilitate any small core WMLB operation, continuation with the externally funded projects currently in progress and potentially also retain some partners/tenants (and their contributions to cost – including RIEP subject to funding to September 2011) it is clear we will have to meet current level of premises cost. In the 2010-11 budget the SLA income from partners and RIEP for services at the RPC is £215,000 which is a significant contribution to premises and general overhead costs.
42. As the landlord is not willing to negotiate any reduction in costs this will need to be factored into any option. In surrender (of all or part premises) there will be reinstatement of premises costs. The potential for finding a sub-let at this time is probably unlikely, so the possibility of a member local authority being able to share or sub-let to the expiry of the lease at December 2013 should be explored as an alternative to help meet the significant premises costs. Also if a secretariat continues at the RPC partners/RIEP will still be key to managing the overall cost.

## **Brussels Office European Services**

43. There is significant doubt over the continuation of AWM funding which represents the majority investment into the running costs of the Brussels office. The latest information from AWM is that they will in any event not be able to make the payment for their commitment this year until after the budget announcement on 22 June, and there is some doubt whether BIS will allow them to make this years payment at all.
44. Whilst there is, what we would consider a legally binding agreement in place between WMLB and AWM that requires liabilities to be shared 50:50, we have to accept that there is a significant risk to WMLB as the employer of the staff and as a managing partner underwriting the lease (held by Birmingham City Council for WMLB). This places local authorities at risk to such an extent that we recommend that the managing partners (WMLB and AWM) must take joint action to use any available current year funding to meet related liabilities to wind up existing operations (and thus protect local authorities from further exposure).
45. There is a perceived value to European working and it has a significance within the context of the Statement of Intent. In order to give members the choice of a potentially more affordable option which would retain a presence in Brussels, we are exploring with other regions if there is any interest in having a 'regions' (multi partner) office in Brussels. If so, all participating regions would share the cost, but even so, this would need to be a new arrangement following cessation of the current arrangements. In order to minimise the WMLB liability in respect of the Brussels office it is necessary (with AWM) to take some early decisions.

## **Longer Term Pension Liabilities**

46. If a smaller 'core' regional secretariat is to be retained, there is a risk of a significant impact upon the level of employer contribution required by the Pension Fund. The current tri-annual review could see this rise from the present level of 15.8% up to a significant %age that drives up operational costs or indeed prompts a different course of action from WM Pension Fund which may include a call upon local authorities to take on board the liability within their existing schemes.
47. The detailed determination of the outcome of the actuarial review cannot be finalised until any new organisation structure is determined and populated. The risk of this resulting in an unsustainable rate, with subsequent impact on overall budget, may also be a factor which drives local authorities to consider, in the shorter term, the need to disaggregate any retained functions, ceasing WMLB as an employer and transferring staff into host local authorities as necessary. The Pension Fund has been asked to give further advice on both these issues and the dissolution option.

## **Option B - A Significantly Smaller Secretariat**

48. If this option were chosen, it would be necessary to identify and prioritise the functions and services to be retained, which would add value and retain the important collaborative approach referred to earlier within this report. If members wish to take the option of a continuing organisation, it is suggested that the starting point should be that costs must be contained within the £1.15m per annum subscription base due from 2011/12, together with the surplus from commercial activity in local government services. With this option, it will also be helpful to consider the legal (and VAT) status of the organisation, so as to maximise funding available. Work on this had already commenced prior to the election but has been on hold since. This option is of course, predicated on member councils maintaining their subscriptions at current levels.
49. The focus of regional local government bodies tends to be across three key areas:-
- Policy and intelligence Co-ordination and Dissemination
  - Representation on behalf of the sector at regional, national and european level,
  - Employer and other member services.

When the WMLGA was changed into the WMLB there was a clear desire for the regional body to provide a mechanism ensuring strong political leadership. This led to the focus on the JSIB and the then belief, that in order to make the change from the WMLGA operating through an Executive with portfolios and other methods of engagement should be dispensed with. It is undoubtedly true that there was a need to change, but whilst this has been in the course of development, it has meant that only a very small number of Leaders have been actively involved with the work of the WMLB. Equally there is no doubt that the wider membership has become somewhat disengaged from regional activity.

50. In reaching conclusions about the way forward, members may find it useful to look at what is happening in other parts of the country. Regions such as the North East, with the Association of North East Councils (ANEC) and Yorkshire and Humber, with Local Government Yorkshire and Humber (LYGH) took a different approach from the West Midlands, with councils there supporting the retention of their regional organisations and through them established Leaders Boards to take on the 2009 Act functions. In these areas, Councils saw their sub regional vehicles, generally better developed than most of the West Midlands, as being mutually supportive within a regional approach, and so embraced and encouraged regional and sub regional working, seeing a clear value to both. Equally, in London the 33 boroughs collaborate very strongly through their local government body, London Councils.
51. In this way, these areas have been able to combine ensuring a lead role for local government across the work with the RDA around economic growth and infrastructure; with the wider representative role for local government across policy work through improvement and efficiency; and the employers organisation role. The collective approach these regions have kept has meant that they are arguably now in a stronger position to move forwards.

52. The WMLB Business Plan to deliver on the Statement of Intent was to address this lack of engagement and move the whole organisation to a much sounder footing, widening out the approach from the JSIB into sub regions and developing effective strategic and delivery frameworks. Work on this has now stopped until the future of the organisation has become more certain.
53. If however, local government wishes to keep any form of regional organisation, it is recommended that the Statement of Intent is the starting point for the organisation's future activity. Securing and further developing Local Government's leadership role on region-wide issues, and how the sector interacts cohesively with other partners, agencies and national government, is crucial to the delivery of the objectives and commitments within the Statement of Intent.

### **Role of a continuing organisation**

54. If leaders decide that they wish to continue with a regional organisation, it is proposed that a successful and effective collective organisation would co-ordinate and develop the West Midlands local government family priorities and powerful voice to underpin the Statement of Intent, by for example:
- working with the private sector and public sector agencies to agree West Midlands-wide strategic priorities for investment and economic growth;
  - ensure Government Agencies are meeting agreed priorities and investment targets – especially, AWM, HCA, Highways Agency, Environment Agency, Skills Funding Agency and Young Peoples Learning Agency etc;
  - influencing Government – debating big issues, funding matters and tactics in response to Government policy and spending e.g. approach to funding social care and funding new infrastructure; securing the public and private investment required to deliver economic and housing growth, plus reduction in carbon emissions, waste management;
  - help secure private and public investment for the West Midlands including EU funding;
  - be accountable to the 33 local authorities it represents and encourage the sub regional structures required to deliver services more effectively;
  - maintain the longstanding role of regional employers organisation, providing and encouraging the already very healthy take up of services which enhance the effectiveness of local authorities;
  - provide a focal point for future collaboration and maximising funding in order to support the improvement and efficiency agenda crucial in the future climate;
  - develop strategic alliances with other regions and with universities;
  - provide a communications hub for local authorities, sub regions and members in the West Midlands;
  - provide a hub for safe discussion and meetings for Leaders, Chief Executives and others in the West Midlands;
  - secure a strong co-ordinated presence and voice into the LGA from West Midlands local authorities, to take forward agreed priorities.
55. Whilst the importance of a regional voice and the broader policy role cut across all activities; some areas deserve particular consideration.

## Employer Services

56. Firstly, it would be possible to “hive off” the role of the regional employers’ service and a focal point for collaborative activity in relation to improvement and efficiency. Some regions choose to have a completely separate Employers Organisation. However, for operational effectiveness, many include this within the wider body. The possibility is there for maintaining a small core team providing valued co-ordination, services and independent support to Chief Executives, Senior Managers and the wider HR community and acting as the interface to the national employers. At present, the service is very widely used by virtually all councils in the region, for purposes ranging from HR queries, to assistance with Chief Executive recruitment and appraisal; undertaking investigations etc and member development.
57. There is a possibility of developing a stronger ‘commercial’ offer from the local government services. The WMLB already obtains income, which generates a surplus from work done with organisations outside local government, for example with police authorities, and the service could increase this through bespoke consultancy support from within the local government family and outside.
58. It would also ensure that the legacy of substantial investment of CLG funds in a range of organisational efficiency and development products and services is secured for the benefit of all authorities on a self-sustaining basis. Following the expiry of the existing RIEP funding stream, and as necessary, such a grouping could also act as a focal point for wider improvement and efficiency support to sub regional groupings and individual Councils, maximising external funding sources and support.

## Policy

59. There is significant concern amongst local government and developers about the uncertainty caused by the pending abolition of the Regional Strategy (RSS and RES). In order to minimise this uncertainty and to reduce the problems arising from the changes, there is a strong case for at least a supporting framework at strategic level. JS&IB and local authorities have had tentative discussions about the need for such a framework. At this point in time, consideration has been given to the preparation of a concise non-statutory guidance document or action plan for the West Midlands. This would replace the Regional Strategy and involve a less formalised and less detailed document as well as speedier processes, and be led by local government.
60. Such a document would need to take a holistic, multi disciplinary approach which embraces all key strategic policy fields, including economic development, housing, transport, environment, skills, health etc and be developed ‘bottom up’ by local authorities. The document would be clearly focused on issues that these need to be addressed collectively, particularly cross boundary issues. Whilst being clearly led by local government, the development of the action plan and its implementation would need to include other agencies that are involved in policy and delivery. This will help to ensure a coordinated approach across the Region in respect of policy and, crucially, delivery activities such as investment in economic development, major transport projects and wider infrastructure.

## European activity

61. Thirdly, there are significant considerations around the hosting of externally funded projects providing support to local government and partners. Much of this is concerned with European activity. The EU works on regions, and so if there is not a region wide body which can communicate with, influence and receive funds from Europe, the West Midlands is substantially at risk of disadvantage.
62. There are large financial considerations. ERDF programme brings £400m into the region at present, the ESF Programme a further £283m. In times of reducing funds, this money will become even more important, as will be the ability to spend it on the priorities for the West Midlands. A regional local government body will enable councils to both maximize the amount and effectiveness of funding the region gets from Europe; and direct the funding to where it is most needed.
63. The administering body for ERDF is AWM, which also provides a proportion of the necessary match. ESF comes through DWP and the SFA. There has been dissatisfaction expressed recently to government at the restricted way in which this funding is applied. Again, a regional organisation can make much more powerful representational over the future course of EU funding and the policy which funding follows than individual authorities are able to do.
64. The ESF Programme is worth £283m to the West Midlands; approximately £220m of this is managed and delivered through a partnership arrangement between the regional local authorities and the Skills Funding Agency. Regional coordination ensures that the ESF is targeted at areas of need and disadvantaged groups across the West Midlands as identified by local authorities.

## Externally Funded Projects

65. Finally, a regional organisation provides much added value to priority work areas by providing host facilities for related externally funded projects at no additional cost to the organisation. Without this facility these projects would be unlikely to exist
66. Projects such as the coordination of European Social Fund, Living Well and the OPEN project clearly link to local authorities' responsibilities around worklessness and other policy areas and relate directly to the Statement of Intent. The value of these externally funded projects cannot be underestimated.
67. The Living Well West Midlands portfolio is worth £6.8m for the region and has a key priority of challenging the health inequalities gap. In particular, it has created new roles for volunteers, charities, local authorities and the NHS. Through the commitments of the WMLB around improving the economic position and showing a local government leadership role in forging new and innovative solutions, the Living Well portfolio works in a number of ways to address these commitments. Sitting within the WMLB allows partnership working with local government and local community organisations, also providing community based projects help with mainstreaming and sustainability. The Living Well Portfolio encompasses over 30 community-based projects run across the 14 upper tier Local Authority areas, which are required by the BIG Lottery Fund to be managed regionally through WMLB.

## Other Regional Activity

68. Should members decide on Option B, a smaller secretariat, it is recommended that in the course of developing the option it is worth considering the question of other regional activity such as that around the Regional Observatory and RegenWM; and whether in the interests of efficiency and effective working, any of this could be combined with ongoing functions.

## Costing Option B

69. Should members wish to choose this option they should be aware that it is difficult to correctly cost Option B until there is clarity about the priorities Members wish to take forward in a smaller operation; this will affect the staffing structure which is the most significant cost alongside that of the premises. If Option B is chosen, draft operating costs will be developed and put before members at a very early stage, with the starting point being the current level of local authority subscription rates.
70. Given the attitude of the landlord, as described elsewhere in this report, the costs of the premises will remain at around £400,000 for the rest of the lease; unless other tenants can be found either for the a premises as a whole or if the number of partners based at the WMLB can be significantly increased. Plans should be drawn up in advance of the end of the lease, for accommodation that is significantly cheaper.
71. A summary of Option B (smaller secretariat) appears at **Appendix D**.

## Conclusion re Option B

72. The cessation of the WMLB does not diminish the necessity for much of the work that the WMLB has carried out to continue. If there is not a regional organisation, the same work will need to continue but in different, less coordinated ways.
73. If members wish to take Option B, they should confirm the following, so that the new organisation can be developed and designed with confidence;
- They will back and fund a regional organisation to represent and speak for councils across the West Midlands;
  - The priorities set out in the Statement of Intent remain those which members wish to pursue;
  - This will include the functions contained within the employers organisation;
  - They wish to have some provision for European services
74. **To minimise cost to local authorities in as far as possible speed is of the essence. If it is determined to retain a small core organisation, it is recommended that decisions about the way in which this is put into effect be delegated to those members who currently represent the WMLB on the JSIB, with the Chairman of the WMLB chairing the implementation group.**

## Option C - Disaggregation and Dispersal

75. If members wish to pursue option C, it implies that they wish to retain selected continuing functions to deliver collectively, whilst ceasing to have the single organisation. If so, it is necessary to decide which functions they wish to continue and the size of the budget they wish to allocate to such activity. Accordingly, a plan can then be drawn up to develop these options further, with the same member oversight applicable as recommended in (74).
76. Members are reminded that the attitude of the landlord means that there will be no cost savings from premises until the end of 2013 if this option is taken. For both options B and C, there are also considerations about time scale. Members could instruct immediate downsizing in respect of discontinued activity and ask for something to be in place by the end of the financial year, for example, which achieves their stated objectives with the appropriate management and organisational structures in place within the fundamentally smaller cost envelope in the absence of CLG grant.

## Redundancy Consultation

77. A timeline of activity has begun as follows, but it is essential to secure a clear and agreed position on strategic direction from Leaders, in order to drive forward the decision making process and enable timely implementation of outcomes.
78. Because of the complexity of the current organisation, every staff member funded via CLG grant or subscriptions is affected. The timeline for the cessation of CLG funded activities / organisation, incorporating statutory consultation requirements is set out as follows;
- **Formal 30 day consultation** (under TULRA) with regard to potential redundancies **commenced on 26<sup>th</sup> May** (this needed to be meaningful and required details of proposals to be provided so did not take effect until 7<sup>th</sup> June)
  - **Employees to be notified of 'broad options'** to be placed before Leaders Board on 22<sup>nd</sup> June; this process was set out at a Staff Meeting on **7<sup>th</sup> June**
  - Staff informed at staff meeting 7<sup>th</sup> June that any requests for Voluntary redundancies will be considered
  - **Formal decision on options** and guidance as to size, shape and focus of any successor organisation / functions to be determined by **WMLB on 22<sup>nd</sup> June**
  - **(If and as required)** more detailed draft organisation structure to be prepared for **28<sup>th</sup> June** and made available for **further consultation to staff**, as appropriate (dependent upon decisions of WMLB over retained functions)
  - All Staff (as relevant) issued with **notice of termination on 8<sup>th</sup> July** (30 days after staff meeting when first material consultation provided)
  - Any new organisational structure populated by the end of July or as soon as possible thereafter
  - **Redundancy dismissals to begin to take effect from 5<sup>th</sup> August**, with payments in lieu of notice to be made as appropriate dependent upon organisational needs

## **Responses to Formal Redundancy Consultation**

79. In accordance with obligations under employment law, all staff funded by grant and subscription have been consulted on potential redundancies, and an HR1 notification has been sent to the Secretary of State.
80. A separate document 'Responses to Staff Consultation' is issued to accompany this report, which contains the responses about the future of the WMLB received from staff within the very short timescale provided to date. In order that views of staff can be considered most effectively, the employees concerned have come together in relevant functional groups in order to make collective representations. Members are urged to read and consider the contents of the responses, and in view of these submissions, the main body of this report is able to concentrate on the strategic options facing members with the detail of future possible activity and the consequences of decisions facing members being covered in more detail within the consultation responses provided by staff.

**Paul Sheehan**  
**Chairman, Chief Executive Task Force,**  
On behalf of the Chief Executive Task Force

# Future of West Midlands Leaders Board

## Appendices

- Appendix A West Midlands Leaders Board Statement of Intent
- Appendix B Correspondence from North East Councils and 4NW
- Appendix C Distribution of financial and other liabilities
- Appendix D Possible role of a continuing organisation

# Leading the West Midlands Recovery

# West

# Statement of Intent

# Working

# Economy

# Leading

# Government

# Recovery

# economic

# People

# councils

Communities  
Local Midlands

develop  
transport  
sector  
government's  
value  
leadership  
ensure  
Economic  
resources  
explore  
Machines  
prosper  
along  
position

government  
decision  
represent  
future  
effective  
investment  
represent  
elected  
action

regional  
sub-regional  
efficient  
European  
solutions

challenges  
necessarily  
joint  
people  
partners  
already  
improve  
services  
new  
influence  
account  
ambitious  
performance  
focused  
problems  
WALLB

together  
maximise  
commitments  
Create  
urban  
funding  
priorities  
authority  
businesses

recovery  
recovery  
recovery

partnerships  
deliver  
economy  
national

opportunities  
innovation  
recession  
organisations

along  
position  
prosper  
along  
position

## A Statement by the West Midlands Leaders Board

We are the collective voice of local government in the West Midlands, working together to represent and promote the interests of the communities we serve. The councils we represent stretch from the Peak District to the Cotswolds and from the Welsh border to the M1 motorway, and are all facing the same deep-seated economic problems laid bare by the current recession.

The public purse which supports councils and the West Midlands Leaders Board is being tightly squeezed and we have to manage the situation within stringent financial limits. Through the West Midlands Leaders Board we will act together to tackle these problems and set the West Midlands on the road to recovery. This collective approach will enable us to meet any future challenges.

### How can we do this?

By working with partners and agreeing our priorities for action, we can make a real impact. We are already putting words into action with our agreed Regional Funding Advice to Government, funding which helps us provide housing, transport and economic development. By agreeing spending priorities we can maximise impact, create jobs and get local economies moving again. By making difficult decisions which defer some local priorities, we can free up resources for schemes with a bigger impact and a more certain delivery.

### Why should we take a lead?

We should take a lead because we and our councils have been elected to represent every single household in the West Midlands. We know that people, communities and businesses are really suffering and they expect us to act now to provide the necessary leadership. We are responding to

their concerns, but we need the full co-operation of the wealth creators in the private sector and of the big regional agencies of Government whose financial muscle must be brought to bear. We give a clear message that we want decisions that affect the West Midlands to be made in the West Midlands and not centralised through Whitehall.

We have already prepared the ground. We have anticipated new legal powers coming into effect from April 2010 to set up a Joint Strategy and Investment Board. Through this and our own arrangements, we will develop the level of close and continuous co-operation and delivery that is essential to develop the West Midlands' economy once more into the economic powerhouse of the national economy and assist each authority in dealing most effectively at a local level.

### So, these are our commitments to the people and businesses of the West Midlands:

1. To improve the economic position of the West Midlands so that business can grow and prosper again.
2. To show local government's leadership role in forging solutions to our problems and holding partners to account for delivering those solutions.
3. To improve the image and reputation of the West Midlands and lobby Government with one voice so that we secure the resources we need.
4. To maximise the effectiveness of local government and speak with authority on the challenges facing us.

Each of these commitments has a number of priority actions.

# 1 Improve the Economic Position of the West Midlands so that Business can Grow and Prosper

The West Midlands' economic performance has fallen behind other parts of England and our long-term structural weaknesses leave us more vulnerable to economic downturns than other parts of the UK. To address this we will:

- **Help new and existing businesses to prosper and grow** by taking a stronger lead on economic matters and forming strong coalitions to facilitate a better environment in which they will create jobs. Our clear priorities are to encourage innovation through advanced technologies and by taking advantage of new industries; especially those which maximise existing pools of skills and will develop our industries into the future, such as developments in the automotive industry and in medical technologies.
- **Work with government to ensure the maximum amount of investment comes into the West Midlands** and is spent in the most effective way.
- **Improve transport and connectivity** by maximising the geographic advantages of the West Midlands, tackling congestion particularly in our urban areas to improve urban mobility and with better transport links across the whole of the West Midlands.
- **Reduce the high numbers of people with no or low-level qualifications** by raising the aspirations and skills of individuals, increasing the demand for higher level skills from business and keeping more graduates from our world class universities here after they qualify.

- **Improve and increase our supply of homes where people need them** by taking a proactive and coordinated approach to planning, providing a framework to co-ordinate this work and ensuring that the necessary infrastructure to support effective housing growth can be paid for and is delivered at the right time.
- **Ensure that decision-making occurs at the right geographic level** by drawing on expertise and resources at the local, sub-regional, West Midlands and national level.

# 2 Show Local Government's Leadership Role and Ability to Work Collectively

To improve the performance of the West Midlands, strong and effective leadership is essential. As the elected representatives and leaders of our councils, we will create a clear and accountable leadership body and work to earn the respect of our partners. To achieve this we will:

- **Create collective decision making that adds value; is effective and responsive** to changing circumstance and creates a coalition of the necessary partners.
- **Be ambitious and take tough decisions** where they are right in the long term.
- **Add value at a West Midlands wide level** by helping local authorities, their Local Strategic Partnerships and sub-regional partnerships to deliver.
- **Work with our partners to ensure ambitious, focused targets and an agreed approach.**



### 3 Improve the Image and Reputation of the West Midlands

We are proud of the West Midlands but its reputation and profile has to be improved. We must be able to demonstrate all that is positive about the West Midlands so that public and private decision makers are in no doubt about our ambition and determination. To do this we will:

- **Build a track record** of timely, cost efficient and high impact delivery, focused on our commitments.
- **Identify and promote clear and unambiguous messages about the West Midlands** so that we speak with a single voice.
- **Facilitate trust and cooperation between key individuals and organisations** so that we can operate effectively as a coalition.
- **Establish and participate in appropriate partnerships and networks** at the European, national, sub-national and local level in order to share best practice and exert influence.

### 4 Maximise the Effectiveness of Local Government

We are committed to continual improvement within our own sector and recognise the key role councils play in effecting change locally and collectively across the West Midlands. To do this we will:

- **Create a clear two-way connection between decision making at the local, sub-regional and the wider West Midlands level.**
- **Improve service delivery** by building on local government's position as the most efficient area of the public sector and supporting individual local authorities to explore opportunities to deliver improved services through innovation and by reducing administration and other related costs.
- **Become recognised as a champion of shared services and cross-authority working** by providing a 'safe space' for councils to share experiences and explore opportunities.
- **Maximise our influence** by working with other organisations to avoid duplication and overlap.

## What sort of practical action are we taking?

Continued collaboration under the leadership of West Midlands Leaders Board will be crucial to local government's ability to respond positively to the recession and protect services to our communities.

**Here are some examples of what has already been achieved by working together:**

### Transport

- The modernisation of Birmingham New Street station, the rail gateway to the West Midlands. This is only possible with the commitment of all partners and the bringing together of many of our funding streams.
- Lobbying for High Speed Rail to ensure the West Midlands' input influences future Government decisions.
- Increasing investment to the West Midlands through European trans-national funds.

### Skills

- Joint ventures with the education sector to improve the skills of our workforce: for example, Stoke on Trent's university quarter and the new university campus and joint library in Worcester City Centre, which is now under construction.
- Establishing a 14-19 Planning Group to among other things, ensure that local authority sub-regional commissioning plans are coherent and take into account the broader economic and skills needs with a view to endorsing them ahead of submission to Young People's Learning Agency for funding.
- Developing our existing ESF partnership approach and ensuring we utilise this funding most effectively.

### Homes

- Progressing towards our joint target this year of building over 3,800 homes for rent or shared equity where they are needed in our towns and rural areas.
- Providing advice and recommendations to Government for 2010-11 local authority funding for private sector renewal.

### Economic Development

- Maintaining a five year reservoir of land for business development.
- Assisting local authorities in their new statutory duty to produce Local Economic Assessments (LEAs).

### Renewable Energy

- Ensuring work with local authorities helps the delivery of projects towards the 2020 renewables target.
- Shifting to reduction, reuse and recycling of waste, recovery of energy from waste and meeting targets for landfill reduction and biodegradable diversion of wastes.

### Improvement and Efficiency

- Significant and sustained improvement in performance over the last three years and increased collaborative working to deliver more efficient and effective services, currently predicting a total of £175m gross cashable savings over a 5 year period alongside non-cashable savings of £5m.

## How will we measure progress?

We will develop a straight forward annual report that sets out the progress that we are making to deliver these commitments across the West Midlands. As the Leaders of the 33 councils, our influence must stretch to the national and international scale, but not lose touch with our grass roots communities. So we will

draw on the knowledge of our member authorities to record and account for progress and provide us with direct feedback on what they think.

This is our statement of intent and our commitments to you. We ask you to hold us to account for them.

The West Midlands Leaders Board brings together the leaders of all 33 local authorities in the West Midlands:



Cllr Mike Whitby: Birmingham City Council - Cllr Roger Hollingworth: Bromsgrove DC - Cllr Neil Stanley: Cannock Chase DC - Cllr Ken Taylor: Coventry City Council - Cllr Anne Millward: Dudley MBC - Cllr Richard Grosvenor: East Staffordshire BC - Cllr Roger Phillips: Herefordshire - Cllr David S Smith: Lichfield DC - Cllr Philip Grove: Malvern Hills DC - Cllr Simon Tagg: Newcastle under Lyme BC - Cllr Colin Hayfield: North Warwickshire BC - Cllr Peter Gilbert: Nuneaton and Bedworth BC - Cllr Carole Gandy: Redditch BC - Cllr Craig Humphrey: Rugby BC - Cllr Darren Cooper: Sandwell MBC - Cllr Keith Barrow: Shropshire - Cllr Ken Meeson: Solihull MBC - Cllr Brian Edwards: South Staffordshire DC - Cllr Michael Heenan: Stafford BC - Cllr Philip Atkins: Staffordshire CC - Cllr Sybil Ralphs: Staffordshire Moorlands DC - Cllr Ross Irving: Stoke on Trent - Cllr Leslie Topham: Stratford on Avon DC - Cllr Daniel Cook: Tamworth BC - Cllr Andrew Eade: Telford and Wrekin - Cllr Mike Bird: Walsall MBC - Cllr Michael Doody: Warwick DC - Cllr Alan Farnell: Warwickshire CC - Cllr Neville Patten: Wolverhampton City Council - Cllr Simon Geraghty: Worcester City - Cllr Dr George Lord: Worcestershire CC - Cllr Paul Middlebrough: Wychavon DC - Cllr John-Paul Campion: Wyre Forest DC

**West Midlands Leaders Board**

The Regional Partnership Centre, Albert House, 92-93 Edward Street, Birmingham, B1 2RA  
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## Appendix B



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Chief Executive: Melanie Laws



NECC Head Office, Aykley Heads Business Centre,  
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Tel: 0191 3016462  
Website: [www.nbf.co.uk](http://www.nbf.co.uk)  
Chairman: John Cuthbert

17 May 2010

Rt Hon Eric Pickles MP  
Secretary of State for Communities and Local Government  
Department for Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU

Dear Secretary of State

We are writing to offer our congratulations on your appointment as Secretary of State for Communities and Local Government. The Association of North East Councils, the cross party representative body of local authorities, and the Northern Business Forum, the body which brings together the representative organisations of business, have formed a strong collaboration with a view to ensuring that this area of the country contributes to the economic prosperity of the UK as a whole.

We are acutely aware of the economic challenges that exist and are keen to play our full part in turning those challenges into opportunities, and in contributing to the fiscal health of the country.

Knowing how critical these issues are for the national interest, we wrote to each of the main political parties in November 2009 to raise awareness that business organisations and local authorities were considering how to ensure the vital issue of economic development could be taken forward most effectively and efficiently in ways that will serve us beyond the next public sector spending round. We also highlighted that we anticipated having a shared, robust, credible and agreed position ready for any incoming Government, and we are keen to move at pace.

The new Government has made it clear that to tackle the economic challenges effectively, sustainable economic growth needs to be stimulated and fostered in every corner of the country. In the North East, we are committed to playing a pivotal role in helping meet those challenges and believe the strong and robust collaboration between the public and the private sectors, and our vision and ambition for the area enables and equips us uniquely to adopt an approach that can really deliver for UK plc, that can serve us well into the recovery and beyond, is cost effective and will deliver more for less.

With this as a key driver, our shared proposal is for one focused and strategic economic body which focuses on:

- promotion of productivity, enterprise and business growth through developing innovation and exploiting research and development capabilities;
- the development of sectors that are strategic to the UK and are clustered in our area such as low carbon vehicles, offshore wind, chemicals and process industries and a range of other new industries;
- creating opportunities for new and, anchoring in, existing foreign direct investment;
- programme management of the European Regional Development Funds;
- the development of new approaches to financing and supporting business growth and the development of the private sector; and
- providing an input into a strategic perspective on other key related areas such as transport and energy investment, for example.

Underpinning our thinking is that the body will take a strategic commissioning approach so that it is capable of being fleet of foot, streamlined and cost effective – contributing, complementing and responding to the challenges faced. Our approach recognises that some activities are best undertaken at sub-regional and/or local levels, as well as enabling delivery of a strong economic offer to the UK as a whole.

We believe it is crucial that the economic ambition for the area should be owned by business and local government, working with others, and that leadership of the local authorities, working together, will be important in securing strong democratic accountability.

In summary, therefore, this proposal from the North East's local authorities and business community identifies a way forward that:

- is developed locally to deliver local and national needs;
- recognises the unique economic and local government composition of our area;
- secures strong leadership and collaborative working between business and the public sector;
- should embrace clear democratic accountability through to local government working together;
- ensures delivery of functions where they can be most effective; and
- delivers cost savings for the public purse.

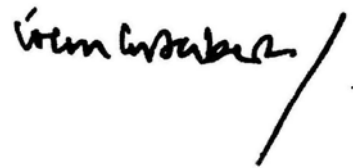
It takes account of the opportunities presented by the green economy, new industries and existing industrial sectors that demand a coherent approach in our area to ensure that they deliver maximum prosperity for the UK.

Above all it capitalises upon the collaboration between the public and private sectors that have for many years acknowledged the coherence and identity of this area of the country and the shared industrial heritage which forms the backdrop to many of the economic challenges faced.

There is unanimous support for this proposition geographically, politically and by sector.

We have some clear ideas which we very much look forward to discussing with you with the aim of securing a strong and sustainable economic future. Keeping up the momentum we have built, we are ready to take things forward quickly. We have written similarly to the Secretary of State for Business, Innovation and Skills and to the Minister of State for Decentralisation.

With best wishes



Councillor Paul Watson  
Chair, Association of North East Councils  
on behalf of

John Cuthbert  
Chair, Northern Business Forum  
on behalf of

Darlington Borough Council  
Durham County Council  
Gateshead Council  
Hartlepool Borough Council  
Middlesbrough Council  
Newcastle City Council  
North Tyneside Council  
Northumberland County Council  
Redcar & Cleveland Borough Council  
South Tyneside Council  
Stockton on Tees Borough Council  
Sunderland City Council

BT  
CBI  
EEF  
Federation of Small Businesses  
North East Chamber of Commerce  
North East Process Industry Cluster  
Northumbrian Water  
Service Network  
Women into the Network

cc: North East Members of Parliament  
Lord Michael Bates

Councillor Sir Richard Leese, Chair; Phil Robinson, Chief Executive;  
Tel: 01942 737905; Email: michelle.stoddart@4nw.org.uk

copy to Alan Clark  
Tom R. ...

Pickles

John D. ...

226 For info

SJ

2/6/10

Our Ref : PR/MS/Cor2009/

8 June 2010

Rt. Hon Eric Pickles MP  
Secretary of State for Communities and Local Government  
Communities and Local Government  
Eland House,  
Bressenden Place,  
London.  
SW1E 5DU

Dear Mr. Pickles

**FUTURE ECONOMIC DEVELOPMENT ARRANGEMENTS IN NORTH WEST ENGLAND**

On behalf of North West local authorities and the private and voluntary sectors, we are writing to support the BIS Secretary of State's recently stated position that "there are some parts of the country...the North West...where there is a serious problem of private sector growth .... we want these agencies [Regional Development Agencies] to continue with their work". We understand that the Prime Minister also supported this principle on his recent visit to Leeds.

We accept that reducing the budget deficit and simultaneously securing the recovery are the key priorities for the new coalition Government. This will require growth in the private sector and a reduction in the welfare budget by more people working. In turn this will require a revival of the enterprise culture, private sector job creation and a rebalancing of the economy by developing a stronger manufacturing base. The North West is essential to this deficit reduction agenda both as the UK's largest manufacturer and with high levels of people currently not in employment.

We believe local authorities - working with business and third sector representatives -have a crucial role in helping you deliver this agenda through action at various levels. In fact we have been collaborating successfully with the Northwest Development Agency over recent years to:

- Deliver frontline support to business efficiently while tailored to local circumstances
- Leverage large scale private sector investment on the back of public sector investment
- Enable the region to survive economic shocks such as flooding and the recession
- Show strong economic leadership and foresight
- Provide strategic thinking and ruthlessly prioritise investment, for example via RFA
- Make the region work together as a whole, driving mutually re-inforcing growth

... Cont'd

The North West is a functionally integrated economy whose competitiveness has been improving since 1997. It has a set of inter-related growth industries and competitive advantages that support innovation and exports, with its businesses, people and places greater than the sum of the parts. It is large enough to maximise economic opportunity and critical mass – for example delivering on Daresbury's development as a world renowned centre of science and innovation - while being small enough to respond to economic needs tailored to local circumstances – no better example of which would be the support to West Cumbria immediately after the floods in November 2009.

The NWDA operates at a level which makes it efficient and effective, integrating activity, achieving economies of scale and scope and maximising value to the public purse. Indeed the North West is the scale and geography at which many businesses, and the economy, work already, and the NWDA has a track record of significant increases in programme outputs and reduction of administrative costs for programmes.

We would therefore contend that retention of an economic development body at the level of the North West to cover certain functions is essential to driving private sector growth, creating jobs, supporting the manufacturing industry, building export opportunities, generating a tax return for government and tackling the deficit.

We recognise the need to transform NWDA and we understand that you have recently received a proposal which is based on the local authorities and businesses in the North West coming together, recognising the need to, and efficiency of, tackling certain economic development issues at the level of the North West.

That proposition is for an economic body across the North West which, working alongside businesses organisations, our local authority leaders' organisation and the third sector, will:

- Drive private sector growth, productivity and job creation
- Support the manufacturing sector and digital/creative industries
- Create the conditions for private sector investment, and prosperous places and communities
- Develop enterprising businesses, people and places
- Manage European investment into the North West
- Manage key business support, finance and property investment
- Deliver quickly and efficiently interventions that Government has committed to
- Tailor investment to local needs via joint investment planning with local authorities to maximise the impact from any public money invested in an area
- Be accountable to local authorities and businesses, but responsive to both local and national drivers
- Provide a strategic input into key infrastructure investments such as transport and utilities
- Be able to take tough, prioritised decisions on behalf of Government and the Northwest, based on excellent impartial, technical economic intelligence and in line with the local authority consensus
- Be efficient, offer value for money and deliver a "tax take" to HM Treasury from its investments, rather than offering simple grants
- Offer a smooth transition from the existing NWDA both for Government and the North West

We are fully supportive of this proposition and look forward to working with you over the coming months to develop it further, so that we continue strong private sector led growth in the North West and maintain the momentum that we have already established. At the same time we recognise that local authorities and business must own the economic ambitions for their areas and believe we can work with a transformed NWDA to ensure power is shifted towards individuals, communities and places.

Yours sincerely

Councillor Sir Richard Leese  
Chair  
*On behalf of North West Local Authorities*

Mike Damms  
*North West Chambers of Commerce*

Geoffrey Piper  
*North West Business Leadership Team*

Richard Caulfield  
*Voluntary Sector North West*

c.c. Greg Clarke MP, Minister for Decentralisation, CLG  
Liz Meek, GONW  
Steven Broomhead, NWDA

Our Ref : PR/MS/Cor2009/

8 June 2010

Rt Hon Vincent Cable MP  
Secretary of State for Business, Innovation and Skills  
Department for Business, Innovation and Skills  
1 Victoria Street,  
London.  
SW1H 0ET

Dear Mr. Cable,

**FUTURE ECONOMIC DEVELOPMENT ARRANGEMENTS IN NORTH WEST ENGLAND**

On behalf of North West local authorities and the private and voluntary sectors, we are writing to support your recently stated position that "there are some parts of the country...the North West...where there is a serious problem of private sector growth ... we want these agencies [Regional Development Agencies] to continue with their work". We understand that the Prime Minister also supported this principle on his recent visit to Leeds.

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*North West Business Leadership Team*

Richard Caulfield  
*Voluntary Sector North West*

c.c Liz Meek, GONW  
Steven Broomhead, NWDA

## Appendix C

### Liabilities %age for LAs in membership of WMLB

<b>AUTHORITY</b>	<b>% of total levies</b>
Shropshire Unitary	4.26%
Staffordshire CC	7.42%
Warwickshire CC	4.79%
Worcestershire CC	5.52%
Birmingham City	16.13%
City of Coventry	5.70%
Dudley MBC	5.72%
Sandwell MBC	5.66%
Solihull MBC	4.15%
Walsall MBC	5.58%
Wolverhampton MBC	4.89%
Bromsgrove DC	1.04%
Cannock Chase DC	1.04%
East Staffordshire BC	1.04%
Lichfield DC	1.04%
Malvern Hills DC	1.04%
Newcastle-under-Lyme	1.04%
North Warwickshire BC	1.04%
Nuneaton & Bedworth	1.04%
Redditch BC	1.04%
Rugby BC	1.04%
Sth.Staffordshire DC	1.04%
Stafford BC	1.04%
Staffordshire Moorlands	1.04%
Stratford-on-Avon	1.04%
Tamworth BC	1.04%
Warwick DC	1.04%
Worcester City	1.04%
Wychavon DC	1.04%
Wyre Forest DC	1.04%
Herefordshire Unitary	3.40%
Stoke on Trent Unitary	4.27%
Telford & Wrekin Unitary	2.72%
Sub Totals	100.00%

## Appendix D

### **Leadership, Prioritisation and Democratic Accountability**

Enable the Leaders Board to provide effective leadership, prioritisation and democratic accountability of the West Midlands agenda – the Statement of Intent and the second Statement of Intent in Summer 2010.

- Ensure Government Agencies are meeting agreed priorities and investment targets – especially, AWM, HCA, Highways Agency, Environment Agency, Skills Funding Agency and Young Peoples Learning Agency etc
- Respond To Government – debating big issues, funding matters and tactics in response to Government policy and spending eg approach to funding social care and funding new infrastructure.
- Attracting and maximising the value of private investment and public funds including EU funds
- Sub Regions – Facilitate, develop and strengthen new sub regional arrangements. Support LEA development and resource to draw down funding from Government and Agencies.
- Facilitate debate on the type of economic development activities required in the West Midlands (a refocused AWM or alternative body(s)) and how local authority Leaders best exercise their Leadership role

### **A United Voice**

Co-ordination and development of the West Midlands local government family priorities and voice to underpin the above.

- Safe Discussion - Provide a hub for safe discussion and meetings for local govt. Leaders, CXs and others in the West Midlands. Eg remove unhelpful and harmful competitive bidding for scarce resource.
- Infrastructure – prioritising and securing the public and private investment required to deliver economic and housing growth, plus reduction in carbon emissions, waste management.
- Communications - Provide communications hub for local authorities and sub regions in the West Midlands.
- LGA – Secure a strong co-ordinated presence and voice into the LGA from WMs local authorities, to take forward agreed priorities..

### **Local Government Services**

Fulfilling the core role as the regional employers service and providing a focal point for collaborative activity in relation to improvement and efficiency

- Maintaining a small core team providing valued co-ordination, services and independent support to Chief Executives, Senior Managers and the wider HR community and acting as the interface to the national employers.
- Developing a stronger ‘commercial’ offer, generating increased income through bespoke consultancy support from within the local government family and ensuring

that the legacy of substantial investment of CLG funds in a range of organisational efficiency and development products and services are secured for the benefit of all authorities on a self sustaining basis.

- Ensuring that following the expiry of existing RIEP funding stream, Local Authorities across the West Midlands are able to retain a focal point for wider improvement and efficiency support to sub regional groupings and individual Councils, maximising external funding sources and support.
- Hosting of externally funded projects providing support to local government and partners eg EU Connects

**Consequences of total removal of West Midlands wide collaborative activity:-**

Removal of a body to facilitate and co-ordinate activity on behalf of all 33 local authorities will have a negative impact in respect to the following:-

- Leadership - An immediate danger of creating a regional leadership vacuum bereft of local government. It is likely that AWM, HCA etc with their accountabilities up to Whitehall/Westminster and no matter how slimmed down, will seek to take that leadership role. It could subsequently prove difficult for local government to reposition itself.
- Decision Making - No obvious body to make difficult decisions eg housing numbers and distribution
- Priorities – set by Government or its agencies without local government influence.
- Local Enterprise Partnerships - Ad hoc approach to Local Enterprise Partnerships which will be the subject of Government consultation in June. Local authorities will want to explore the pros and cons of setting these up in a safe space. Similarly the case for Elected Mayors in the 12 largest cities will be investigated.
- Competition - between authorities and sub regions for inward investment, infrastructure development etc. No consistent view from local government to Government. Quickest/loudest wins.
- No/Slow Growth - No co-ordination between local authorities potentially causing economic and social stasis
- Loss of Resource – EU funds are distributed on a regional basis. A local government body must ensure funding is used to meet local government priorities.
- Expertise - to facilitate decision making and priority setting by and for the West Midlands authorities.
- Cross Party - No opportunity for political parties to share views and reach consensus for the good of the West Midlands
- Expertise – potential loss of a body of expertise at the regional level
- Organisational Inefficiencies - increased organisational inefficiencies arising from an absence of effective collaboration across 33 local authorities on areas of common interest and priority (both as employers and in relation to wider improvement and efficiency programmes)

**Agenda Item No. 04(b)**

**West Midlands Leaders Board**

**22 June 2010**

**Responses to Staff Consultation**

- 1. Response from Regional Employer Services**
- 2. Response re Strategic Coordination Role**
- 3. Response re West Midlands European Service**

**West Midlands Leaders Board**

**22 June 2010**

**Chief Executive's Report**

**1. Purpose of Report**

1.1 To bring to the attention of the Leaders Board a number of matters requiring approval, endorsement or noting.

**2. Recommendations**

2.1 Leaders are requested to:

- a) Confirm the sub regional lead and alternate representatives for the Joint Strategy and Investment Board as relevant members are identified.
- b) Endorse the appointments to outside bodies made by the Member Panel.
- c) Note that the Financial Statements for WMLB as at 31st March 2010 will be presented to the next meeting of the Leaders Board for approval and that the appointment of auditors for 2010-11 will also be delayed to the next meeting.

**3. Joint Strategy and Investment Board Sub Regional Nominations**

3.1 Leaders will recall that at your meeting in January you agreed that sub regions be used for the purposes of nominating WMLB representatives and their alternates to the Joint Strategy and Investment Board. The sub regional arrangements are as follow:

- Birmingham
- Coventry, Warwickshire and Solihull
- Black Country (comprising Dudley, Sandwell, Walsall and Wolverhampton)
- Worcestershire
- Shropshire, Herefordshire and Telford & Wrekin
- Staffordshire and Stoke.

3.2 The sub regions are in the process of identifying lead and alternate representatives and Leaders are asked to fully confirm these as the WMLB representatives to the JS&IB as the relevant members are identified.

**4. Member Representation**

4.1 Leaders will recall that Olwen Dutton wrote to Leaders and group leaders, in March and again in May, outlining a number of opportunities for WMLB representatives on regional bodies. The closing date for receipt of self nominations and notes of endorsement was Monday 7 June.

4.2 The following opportunities were advertised:

- West Midlands Regional Enterprise Board – 1 elected member required.
- West Midlands Investment Advisory Panel – 1 elected member required.
- West Midlands Strategic Migration Partnership – 1 elected member from a unitary or shire authority to Chair the group.
- West Midlands Regional Rural Affairs Forum – 1 elected member required.
- LGA Inland Flood Risk Management Group – 2 elected members required.

4.3 The WMLB Member Panel met on 11 June 2010 to consider the self nominations and notes of endorsement and the following appointments were made:

Regional Enterprise Board	Cllr Peter Fowler (Warwickshire)
Investment Advisory Panel	Cllr Adrian Hardman (Worcestershire)
Regional Rural Affairs Forum	Lead - Cllr Mark Winnington (Staffordshire) Alternate – Cllr JB Williams (Herefordshire)
LGA Inland Flood Risk Management Group	Cllr Philip Grove (Malvern Hills) Cllr Anna Mackison (Wychavon)

4.4 No self nominations were put forward for the WM Strategic Migration Partnership and therefore the Member Panel gave consideration to seeking a suitable Chair for the group. A suggestion was made and this is being followed up. A verbal update will be provided at the Leaders Board meeting.

4.5 Leaders are requested to endorse the appointments made by the Member Panel.

## 5. 2009-10 Financial Statements

5.1 Leaders are asked to note that the audited accounts for the previous year are usually presented for approval at the AGM. However, in drafting the financial statements it is normally on the basis of a going concern and therefore whilst the 2009-10 audit has been completed and accounts drafted, they cannot be finalised until there is clarity about the future of the organisation. In light of these unusual circumstances, the Financial Statements for WMLB as at 31st March 2010 will be presented to the next meeting of the Leaders Board for approval. The appointment of auditors for 2010-11 will also be delayed to the next meeting.

### **Olwen Dutton**

Chief Executive

Tel. 0121 678 1031

E-mail: [o.dutton@wmleadersboard.gov.uk](mailto:o.dutton@wmleadersboard.gov.uk)