



## **WEST MIDLANDS LEADERS BOARD**

**28 October 2009**

**Innovation Centre, Longbridge Technology Park, Birmingham, B31 2TS**

### **Agenda for Business Meeting, 11.00am – 11.30am**

1. Apologies and Declarations of Interest
2. Draft notes of the meeting held on 13 July 2009 (*attached*) and matters arising (*attached*)
3. Chief Executive's Report (*attached*)
4. Response to the Consultation on 'Policy Statement on Regional Strategies and guidance on the establishment of Leaders' Boards' (*attached*)
5. The Shadow JS&IB and the Skills and Education for Employment Panel (*attached x 3*)
6. Dates of future meetings:
  - 19 January 2010
  - 13 April 2010
  - 13 July 2010

**Notes of the West Midlands Leaders Board Meeting  
Held on Monday 13 July 2009**

**1. Welcome and apologies**

The Chairman welcomed Leaders to the meeting and noted the apologies which are recorded in Appendix One. The Chairman emphasised that the work of the West Midlands Leaders Board (WMLB) is important not only because of the Government's agenda but also because of increasing pressures on local government and on local government finances.

**2. Draft notes of the meeting held on 15 April and matters arising.**

The notes were agreed and it was noted that the Government's response to the Regional Funding Advice (RFA) is expected shortly.

**3. Constitution and Membership**

Colin Williams introduced the item and an additional paper had been circulated at the meeting to update Leaders on the outcomes of the WMLGA AGM. Following a brief discussion during which it was agreed that a typo on page 7 of the constitution would be amended, the Board:

- **Adopted** the proposed constitution;
- **Agreed** the nominations to the Regional Assembly and the Strategy Advisory Panel and that the membership of the Regional Assembly Board, the Regional Housing Executive and the Regional Planning and Environment Executive is rolled forward; and
- **Endorsed** the Member appointments tabled at the meeting and the decision of the Chairman not to fill certain vacancies; and
- **Agreed** to receive a report at the October meeting on Member appointments.

**4. Chairman and Vice Chairmen**

Cllr Roger Phillips announced that he was stepping down as Chairman of WMLB; he thanked colleagues and officers for the support he had received over the preceding year. Cllr Phillips advised Leaders that the responsibility for maintaining the reputation of local government now lies with the WMLB.

Cllr Ken Taylor was then proposed, seconded and endorsed as the new Chairman of the WMLB.

Cllr Ken Taylor thanked Cllr Phillips for his hard work and Leaders for his appointment.

Cllr Roger Phillips and Cllr Mike Whitby were proposed and seconded and endorsed as the Vice Chairmen.

It was **agreed** that consideration would be given to a request that a third Vice Chairman be appointed from the shire districts.

## 5. Supporting Governance Structures for WMLB

Richard Carr gave a presentation which outlined the detail of the report. The Board considered the report and **agreed** to the development of a three year plan based on a 10% reduction in subscriptions, year on year.

## 6. Transport

The Board received a report and presentations and discussed the following items:

- Regional Transport Action Plan  
The Board **endorsed** the work being undertaken to develop a robust monitoring process and the development of an annual progress report and revised action plan for publication in December 2009.
- RFA Transport Management Programme  
The approach, which monitors progress on schemes rather than expenditure alone, was **supported**.
- Delivering a Sustainable Transport Programme  
The report was **noted**.
- Governance  
It was commented that the Region's reputation on deliverability is not good and that is why it is the key focus of future activity. Regional partners have met with Government officials and have raised the issue of speeding up the Department of Transport's approvals process. It is anticipated that the new governance arrangements will be in place by the autumn.

The governance and officer support arrangements were **agreed** as a basis for continued discussion with AWM and partners via the shadow Joint Strategy and Investment Board (JS&IB) and officers were **authorised** to continue to develop the proposals.

- High Speed 2 (HS2)  
It was anticipated that the high speed railway line (trains travelling in excess of 150mph) would be built through Warwickshire. All authorities were urged to consider the benefits that could be brought by this and how capacity could be released on other lines and existing pressure reduced. It was noted that it was intended that this line could link to Eurostar. It was felt that HS2 should be supported but a strong business case should be developed.
- Birmingham International Airport.

Leaders received a presentation which outlined the case for the extension of the runway at BIA. Leaders were supportive of the extension of the runway but commented that transport connections must be improved to maximise the benefits and economic impact of the Airport

## **7. Prospective Ministry of Justice Relocation to Birmingham**

Cllr Mike Whitby advised Leaders that the Ministry of Justice is understood to be evaluating the case for the creation of a regional hub for Departmental operations to be located outside London. The Regional Hub process provides for the phased relocation of business equivalent to some 2,500 posts from London by 2013 with the prospect of a further 3,500 posts in an extended programme to 2017. The Department has identified a property requirement to accommodate the initial programme to 2013 of some 20,000 sq metres (with transitional space required in the interim)

Birmingham was invited (along with Manchester, Bristol and Leeds) to make an initial 'expression of interest' submission to the Office of Government Commerce in March. Further to that, the City Council has initiated an extensive range of activity to secure the project for the region and City,, which has involved intelligence gathering and sharing with partners in public and private sector. This has included the Regional Minister and other MPs, Advantage West Midlands and GOWM, private sector 'ambassadors' in business, professional services and the academic world. The Council has also engaged Capita to frame and refine the continuing campaign. Regional support for the bid would be important.

## **8. Update on Progress of the Examination in Public**

Mark Middleton updated Leaders on the Examination in Public of Phase 2 of the Regional Spatial Strategy (RSS) Revision. Recently, there has been a challenge in the High Court of the East of England's RSS which resulted in parts being quashed as a result of the strategic environmental assessment covering housing numbers. There had been a subsequent challenge in the South East: these are being examined carefully.

There was some disappointment over the level of debate about employment land issues given the current economic climate. A successful outcome has been that the EiP demonstrated that the RSS is deliverable. The Panel's response to the Nathaniel Lichfield housing numbers was luke warm as it became apparent that they are not sustainable and they will not bring house prices down and therefore make them more affordable.

Mark gave special thanks for assistance from officers from authorities, in particular, Birmingham, Solihull, Worcestershire and Staffordshire for their hard work.

## **9. Any other business**

There were no additional items of business

## **10. Dates of next meetings**

28<sup>th</sup> October 2009, 19<sup>th</sup> January 2010, 13<sup>th</sup> April 2010, 13<sup>th</sup> July 2010

### Attendance

Cllr Roger Phillips, Herefordshire Council  
Cllr Ken Taylor, Coventry City Council  
Cllr Simon Tagg, Newcastle under Lyme Borough Council  
Cllr Neil Stanley, Cannock Chase District Council  
Cllr Neil Roberts, Lichfield District Council (Alternate)  
Cllr Chris Saint, Stratford District Council (Alternate)  
Cllr Sybil Ralphs, Staffordshire Moorlands District Council  
Cllr Neville Patten, Wolverhampton City Council  
Cllr Anne Millward, Dudley MBC  
Cllr John Champion – Wyre Forest District Council  
Cllr Paul Middlebrough, Wychavon District Council  
Cllr Judy Pearce, Wychavon District Council (Alternate – attended as observer)  
Cllr Craig Humphrey, Rugby Borough Council  
Cllr Dr George Lord, Worcestershire County Council  
Cllr Joseph Smith, Malvern Hills District Council  
Cllr Mike Heenan, Stafford Borough Council  
Cllr Alan Farnell, Warwickshire County Council  
Cllr Brian Edwards, South Staffordshire Council  
Cllr Mike Bird, Walsall  
Cllr Bill Thomas, Sandwell MBC  
Cllr Mike Braley, Redditch (Alternate)  
Cllr Roger Hollingworth, Bromsgrove DC  
Cllr Eric Carter, Telford and Wrekin Council (Alternate)  
Cllr Mike Whitby, Birmingham City Council  
Cllr Ken Meeson, Solihull MBC

### Apologies

Cllr Simon Geraghty, Worcester City Council  
Cllr Richard Grosvenor, East Staffordshire Borough Council  
Cllr Les Topham, Stratford on Avon District Council  
Cllr Carole Gandy, Redditch Borough Council  
Cllr Ross Irving, Stoke on Trent City Council  
Cllr David S Smith, Lichfield District Council  
Cllr Andrew Eade, Telford and Wrekin Council  
Cllr Philip Atkins, Staffordshire County Council  
Cllr Michael Doody, Warwick District Council  
Cllr Peter Gilbert, Nuneaton  
Cllr Carole Gandy, Redditch BC

### Officers in attendance

Simon Warren- Rugby BC, Paul Sheehan – Walsall, Ron Hilton – Staffordshire, Mark Barrow – Newcastle, Richard Carr – Wolverhampton, Colin Williams – WMLGA, Rose Poulter – SNR Transition, Mark Middleton – WMRA, Peter Davenport – Shires, Kate Doogan – WMLGA, Dagmar Waller – WMLGA, Joe Kelly – BIA, Dai Larnar - Staffordshire Moorlands, Paul Watson – SNRAG.

**West Midlands Leaders Board**

**28 October 2009**

**Matters Arising from the Meeting Held on 13 July 2009**

**1. Purpose**

- 1.1 To deal with matters arising from the meeting of West Midlands Leaders Board held on 13 July 2009 and the final meeting of the WMLGA.

**2. Recommendation**

- 2.1 Members are recommended to:

- Agree the proposed amendment to the Constitution.
- Ratify the new Vice Chair of the WMLB
- Ratify the alternate Members for the Member Panel.
- Ratify the proposed nomination process.
- Ratify the proposed membership of the JS&IB Transport Panel and the WMLB Transport Reference Group.
- Ratify the revised membership of the Improvement and Efficiency West Midlands Member Steering Group.

**3. Amendment to Constitution**

- 3.1 Following the decision at the last meeting to appoint an additional Vice Chair representing district councils, a minor amendment to the Constitution is required. It is recommended that the WMLB agrees the following wording change:

8. Elected Officers of the Board

(i) The Board shall elect a Chair and **three Deputy Chairs (including one representing district councils)** for a two year period, subject to annual review.

**4. Ratification of Member Representatives**

- 4.1 Members are asked to ratify the proposed District Council Vice Chair.

- 4.2 At the last meeting of the West Midlands Local Government Association it was proposed that alternate Members be appointed for the membership of the WMLB Member Panel. The proposed alternate Members are set out in Table One below. Members are asked to ratify the proposed alternate Members.

**Table One** – Proposed Alternate Members for the WMLB Member Panel

<b>Name</b>	<b>Nomination Type</b>	<b>Named Alternate</b>
Cllr Ken Taylor	WMLB (Chairman)	To be advised
Cllr Roger Phillips	WMLB (Vice Chairman)	To be advised
Cllr Mike Whitby	WMLB (Vice Chairman)	To be advised
Cllr Roger Hollingworth	WMLB (member)	To be advised
Cllr Philip Atkins	Conservative Party	Cllr Mark Winnington (Staffordshire) (C)
Cllr Albert Bore	Labour Party	Cllr Steve Eling (Sandwell) (L)
Cllr Paul Tilsley	Liberal Democrat Party	Cllr Ray Hassall (Birmingham) (LD)
Cllr J Beris Williams	Independent Party	Cllr Sebastian Bowen (Herefordshire) (I)

- 4.3 Members will recall the discussion regarding transport governance structures at the last meeting. Over recent months a new proposed process for nominating member representatives has been developed, this process is attached at Appendix One. The process was discussed and supported at the meeting of the Member Panel held on 30 September. The proposed process was trialled by seeking nominations for the local government membership of the JS&IB Transport Panel and the WMLB Transport Reference Group. Members are asked to ratify the proposed process, and the memberships of the Transport Panel and the Transport Reference Group set out in Tables Two and Three respectively.

**Table Two** – Local Government Membership of the JS&IB Transport Panel

<b>Member</b>	<b>Authority</b>
Cllr Angus Adams (C) Cabinet Member for Transport	Dudley
Cllr Ted Richards (C) Cabinet member for Transport & Highways	Solihull
Cllr Bob Badham (L) Cabinet Member for Regeneration & Transport	Sandwell
Cllr Timothy Huxtable (C) Regional transport link to Cabinet	Birmingham
Cllr Alan Cockburn (C) Cabinet Member for Environment & Transport	Warwickshire
Cllr Robert Marshall (C) Cabinet member for Regeneration & Infrastructure	Staffordshire
Cllr Derek Prodger (C) Cabinet Member for Transport	Worcestershire
Cllr Brian Wilcox (C) Cabinet Member Highways & Transportation	Herefordshire

**Table Three** – Membership of the WMLB Transport Reference Group

<b>Member</b>	<b>Authority</b>
Cllr Angus Adams (C) Cabinet Member for Transport	Dudley
Cllr Derek Prodger (C) Cabinet Member for Transport	Worcestershire
Cllr Mrs Paddy Bradley (C) Cabinet Member Regeneration & Enterprise	Wolverhampton
Cllr Ted Richards (C) Cabinet member for Transport & Highways	Solihull
Cllr Robert Marshall (C) Cabinet member for Regeneration & Infrastructure	Staffordshire
Cllr Alan Cockburn (C) Cabinet Member for Environment & Transport	Warwickshire
Cllr Tom Ansell (C) Portfolio Holder for Highways & Transport	Walsall
Cllr Gary Ridley (C) Cabinet Member for City Development	Coventry
Cllr Brian Wilcox (C) Cabinet Member Highways & Transportation	Herefordshire
Cllr Brian Ward (I) Cabinet Member for Physical Regeneration	Stoke
Cllr Timothy Huxtable (C) Regional transport link to Cabinet	Birmingham
Cllr Martin Taylor Smith (C) Portfolio Holder for Strategic Planning & Transport	Shropshire
Cllr Bob Badham (L) Cabinet Member for Regeneration & Transport	Sandwell
No nomination provided	Telford

- 4.4 Following the local government elections this year there were a number of changes to the membership of the Member Steering Group for Improvement and Efficiency West Midlands (IEWM). Members are asked to ratify the membership of the group as detailed in Table Four below.

**Table Four** – Membership of the IEWM Member Steering Group

Cllr Ken Meeson	Solihull	New Chair
Cllr Paul Middleborough	Wychavon	Ongoing member
Cllr Pauline Hinton	Sandwell	Ongoing member
Cllr Mark Winnington	Staffordshire	Replacing Cllr Phil Atkins
Cllr Roger Lawrence	Wolverhampton	
Cllr Darren Cooper or Cllr Sue Andersen	Sandwell	As joint Chairs of the Adult Social Care Leader member Group

- 4.5 In addition following the establishment of the Lead Children’s Services Members’ Network, which should be in place by the end of the year, the Lead Member of that Network will be invited to participate in the Steering Group.

**Olwen Dutton**  
Chief Executive  
[o.dutton@wmleadersboard.gov.uk](mailto:o.dutton@wmleadersboard.gov.uk)  
0121 678 1031

## Proposed Nomination Process

### Stage 1 – Purpose of Nomination

The group/body should only be nominated to if it is assessed as being directly related to WMLB core activities or as providing a valid contribution to cross cutting themes that underpin these. WMLB Chair/Vice Chairs will decide if a nomination is appropriate after taking advice. In order to assist this process, officers will prepare a standard proforma which assesses relevance, for each request for representation from the WMLB.

The WMLB Chair/Vice Chairs should agree the most appropriate level of membership. This could be a leader, cabinet member or any elected member. Officer attendance, at chief executive level, from the secretariat or from an existing local authority working group, may also be appropriate.

Consideration will also need to be given to the extent of officer support required by members. This will vary from member to member and with the role of the group in question. However if members are representing the WMLB they must be aware of any regional implications of issues under discussion. This could be provided by the WMLB Secretariat, existing officer groups or by individual local authorities.

### Stage 2 – Request for Nominations

A request for nominations together with the completed pro-forma will be circulated to relevant local authority leaders.

Where the nomination is on behalf of a local authority rather than the WMLB, for example to a WMLB Reference Group, this is a matter for the individual authority. Leaders will be asked to provide the required number of names using 'the best person for the job' principle. Supporting statements will not be required and no further action will be taken.

Where the nomination is on behalf of the WMLB, for example onto a JS&IB Panel, members will be asked to submit an expression of interest consisting of a short personal statement; a standard proforma will be circulated. This should be accompanied by a comment from either the Member's local authority leader or from the appropriate political group leader.

If an officer nomination is considered to be more appropriate then a different mechanism will apply following consultation with the Chief Executives Task Force.

### Stage 3 – Selection

All nominations on behalf of WMLB will be submitted to the Members Panel for discussion. WMLB Chair/Vice Chairs will then agree nominations to be endorsed by the Leaders Board.

The selected nominee(s) will be contacted to inform them of their selection and to confirm their willingness to take on this role. There should also be early discussions regarding how this role links to the WMLB, wider engagement with and reporting to the local government sector and officer support.

The WMLB Chair will inform all members who submitted expressions of interest, their leaders and the political group leaders of the nomination decision subject to Leaders Board endorsement prior to the next meeting of the Leaders Board.

**West Midlands Leaders Board**

**28 October 2009**

**Policy Statement on Regional Strategies  
Consultation Response on Behalf of the West Midlands Region**

**1. Purpose of Report**

- 1.1 To recommend a “high level” response to this consultation for endorsement on behalf of the region by the West Midlands Leaders’ Board, AWM Board and the shadow Joint Strategy and Investment Board.

**2. Recommendation**

- 2.1 That subject to additional comments as a result of discussions at the above meetings this response is agreed.

**3. Background**

- 3.1 This consultation was issued by Communities and Local Government in July 2009 together with suggested guidance for the establishment of Leaders’ Boards. It covers: the main principles; purpose and scope and processes to follow in the preparation and revision of the new regional strategies (in our case, the “Strategy for the West Midlands”) that will replace regional spatial and economic strategies from April 2010. The new arrangements are subject to the enactment of the Local Democracy, Economic Regeneration and Construction Bill which is expected to receive Royal Assent next month.
- 3.2 Unusually, the consultation has been issued in advance of enactment to give the maximum time for stakeholders to comment on the detail of the arrangements to allow a smooth transition to the new system from April next year. A detailed technical response is also being prepared to feed back directly in to the CLG civil servants.

**4. Basis of Attached Response**

- 4.1 The consultation is reasonably permissive and already incorporates much of the thinking from the West Midlands. It is therefore appropriate that the West Midlands welcomes and reconfirms its ambition to develop a fully integrated regional strategy

and implementation plan which encompasses both economic and spatial issues. It is also important to welcome the flexibility of the guidance but offer substantive views on how it could be improved by addressing key issues.

4.2 The following summarises the attached response:

- The establishment of the shadow JSIB confirms our willingness to work together and the new proposals will strengthen our joint working arrangements subject to continued Government funding support for our new statutory duties.
- We seek to make new arrangements to give advice to Local Planning Authorities to ensure their Local Development Frameworks align with regional strategy and can therefore be judged “sound” at Examination in Public.
- The guidance needs to set out a requirement for the regional policies and investment activities of other agencies to be consistent with the regional strategy.
- We welcome the new proposals for continuous engagement with the appointed Examination in Public Expert Panel and the proposal that the Panel will report to the region not direct to the Secretary of State.
- However, we also seek confirmation (already verbally given) that the costs of the new EiP arrangements will be borne centrally through the Planning Inspectorate.
- We seek the freedom to define our own sub-regions for delivery purposes and not have these imposed on us.
- We confirm that the existing RSS Phase 2 Revision process will be completed by the Minister.
- We confirm that the existing Phase 3 Revision policy development work can be carried forward into the new regional strategy.
- A clear statement of the mutual responsibility of regional and local planning bodies to inform and assist each other in the preparation of the regional strategy.
- We welcome the flexibility in the draft guidance on the preparation of Leaders’ Board schemes, subject to detailed comments on the three proposed scheme criteria.

## 5. Conclusion

5.1 This is an important consultation exercise. The guidance needs to be workable at technical level; but at the level of principle, we need the Government’s assurances on the above key points. We also need to confirm the flexibilities that are necessary to make the new regional arrangements work in the West Midlands’ own particular circumstances.

### **Mark Middleton**

Director of Policy - West Midlands Leaders Board

0121 678 1024

[m.middleton@wmra.gov.uk](mailto:m.middleton@wmra.gov.uk)

# **Draft Policy Statement on Regional Strategies and Guidance on the establishment of Leaders' Boards**

## **Consultation Response on behalf of the West Midlands Region**

### **Overview**

The shadow Joint Strategy and Investment Board (JS&IB) for the West Midlands welcomes the approach set out in the consultation document. The early creation of the JS&IB is a real demonstration of our willingness to operate the new arrangements for the benefit of the West Midlands as a whole. The Board brings together representatives of the West Midlands Leaders' Board (WMLB) and the Board of Advantage West Midlands (AWM) to provide a high level policy lead to partners and to steer our preparations for the new governance arrangements and incorporates a place for a business representative who can speak through region wide business organisation.

The WMLB gives each and every local authority a direct stake in the new "Strategy for the West Midlands" and Implementation Plan at the highest elected level. This will also increase the democratic accountability of the new arrangements.

We also welcome the opportunity to bring together spatial and economic planning and to have a single policy vehicle for tackling the West Midlands' serious and long established economic shortcomings. Delivery will be key to our economic recovery and we will move swiftly to merge our current separate RSS and RES implementation and monitoring arrangements.

This response highlights the most important issues of which we believe Government needs to take account in finalising guidance and in operating the new arrangements. We have also made comments on the three criteria for the establishment of Leaders' Boards in Appendix 3 of the consultation. We have used the structure of the "Introduction" section of your consultation to frame this response in respect of Regional Strategies.

We have been separately working with partners and your own officials to analyse the technical aspects of the guidance in more detail. Comments at this level will be made direct to your officials and via the responses of individual regional partners.

### **The importance of an integrated strategy at regional level**

The West Midlands will use the new arrangements to improve our "role in prioritising investment in enterprise, the environment, infrastructure, regeneration and communities between places, providing capacity and support and ensuring a consistent approach to policy delivery". Our current approach to Regional Funding Advice, which has been welcomed by Government, demonstrates our ability to do this. We will use the new proposals for strategic planning to strengthen further our work in this area.

Local government has traditionally worked together with partners across the West Midlands on a voluntary basis, even before it was required to do so with the establishment of the Regional Assemblies. Advantage West Midlands (AWM), too, has a strong history of partnership working. The establishment of the West Midlands Leaders Board now provides a

single, unified organisation to work in partnership with AWM to deliver more effective strategic planning. Therefore we strongly agree that “some policies, programmes and issues are best dealt with at regional level”.

We confirm our willingness to provide that authoritative advice to help local planning authorities to progress the plans for their area. The consultation rightly notes that, “local development documents must be in general conformity” with the new Regional Strategies. We know that Inspectors at Local Development Document public examinations will expect to see an authoritative confirmation of local/regional policy alignment. Without this they will not be able to conclude that local councils’ plans are “sound” and those plans will not then be able to proceed to adoption.

### **How will the new regional strategies be different?**

We strongly welcome the bringing together of regional spatial and economic strategies. This will indeed create “opportunities for more streamlined working arrangements allowing shorter time scales for revisions to regional strategies”. This will enable strategic economic planning to become fully part of the statutory development plan and to carry the due weight that its importance requires.

The Government’s intention to streamline strategic planning is welcomed. We want the “Strategy for the West Midlands” to provide an integrated, overarching strategic framework for sustainable economic growth and regeneration. There should be an expressed requirement in the policy statement that the programmes and investment activities of other agencies including Homes and Communities Agency, Highways Agency and the replacement agencies to the Learning & Skills Council will need to be consistent with the Regional Strategy. The RS will need to have sufficient ‘traction’ in order to achieve the ambition in the Bill to integrate policy making and align implementation across policy areas and between national, regional and local levels.

The guidance explains in more detail how the new “continuous engagement” approach to Examinations in Public (EiP) will work. We welcome the fact that the EiP Panel will engage with us from the start of the process and will report to us – rather than the Secretary of State – after the EiP has closed. This will enable us to resolve key issues early in the process and make firmer and faster policy recommendations to the Minister. Continuous engagement with EiPs will in future mean even greater financial commitments and we would welcome your confirmation that their increased costs will continue to be met in full from the central fund held by the Planning Inspectorate for this purpose.

The West Midlands needs the scope to frame policies that will tackle our priorities of strengthening the economy, delivering urban and rural renaissance; and expanding skills and employment, whilst taking account of climate change. Succinctness in policy expression will be achieved by separating policies from the detail of the non-statutory implementation plan. We therefore endorse the consultation’s approach in not wishing to prescribe a specific model for strategic planning. The policies themselves do however need to be expressed in sufficient detail to be specific to our circumstances.

The West Midlands is complex and our sub-regions differ according to policy area: for example, housing policy needs to be expressed through housing market areas while

employment policy has to have regard to journey to work areas and functional economic geographies. A particular concern is the ability to express our policies at the sub-regional level in the most appropriate way possible.

It will be important to relate strategic policy to the existing Local Strategic Partnerships and their citizen-generated local priorities in their Sustainable Community Strategies. In this way, we can achieve coherence between strategic and local priorities and harness the existing delivery arrangements being set up via their Local and Multi Area Agreements. For these reasons, we ask that the final guidance emphasises the importance of sub-regional policy expression and delivery, but does not seek to impose national criteria for sub regional definition. We wish to work with the grain of the existing sub-regional arrangements in which local councils and their partners are already fully engaged

### **Making the transition to the new arrangements and building capacity.**

We believe that a smooth transition to the new arrangements is vital if we are not to lose the existing momentum behind economic and physical regeneration. We will play our part in facilitating such a smooth transition. Indeed, the WMLB and AWM are currently working together to co-ordinate our financial and staff resources to make “more streamlined working arrangements” a reality. This is likely to result in the creation of a new “virtual” central secretariat between the two organisations, pulling in experts from other regional partners (such as the Environment Agency and the HCA) as required. This is however dependent on continued funding support from Government to enable us to discharge our statutory responsibilities.

The preparation, monitoring and implementation of the “Strategy for the West Midlands” will clearly depend on a wide range of organisations and partners. We will need their advice to develop sound policies that reflect sub-regional priorities. It is particularly important to ensure that the Regional Strategy is linked with sub regional/local strategies and statutory development plans. In this way strategy and delivery can be effectively linked together. This was previously achieved through the provision of the Planning & Compulsory Purchase Act 2004. Therefore we suggest the new guidance could usefully include the following provision:- “The Responsible Regional Authorities should seek the advice of the principal local authorities in its region in developing options. Principal Local Authorities should in providing this advice consider the functional links within and outside of the area concerned.” This would provide flexibility for the development of sub regional partnerships in ways that meet local needs rather than a single set of sub regions for all purposes.

There are particular issues in the West Midlands for the West Midlands regarding the transition from the existing arrangements. Specifically, we would ask for confirmation that:

- The RSS Phase 2 Revision proceeds to a final Ministerial decision under existing legislation, as provided for under Section 77(2) of the Act. This Revision is at an advanced stage and provides the best possible mechanism for securing an up to date planning policy framework; and,
- The policy content of the RSS Phase 3 Revision, which has been subject to extensive public consultation, can be carried forward into the development of the Strategy for the West Midlands.

## **Establishment of Leaders' Boards**

The draft guidance on the preparation of Leaders' Board schemes is generally welcomed. It gives the flexibility to participating authorities to agree their own working arrangements. It will be essential that this principle underlines Government's detailed consideration of submitted schemes. We would make the following comments on the three proposed scheme criteria.

Criterion 1 – “streamlined and manageable, able to make strategic long term decisions, and able to engage effectively with the region's RDA”.

- We agree, but suggest that “engage effectively” with RDAs is strengthened to “work jointly with”.
- The guidance should clarify that there is a requirement on both Leaders Boards and the RDAs to work together effectively.

Criterion 2 - “Representative of local government across the whole of the region – including representatives from key sub-regions, upper and lower tier authorities and the main political groupings”.

- We strongly believe that the Leaders Board must comprise of Leaders only. We suggest the following as alternative wording:- “Decisions taken by the Leaders Board must be expected to take full and due account of the views of minority parties, sub regions and different authority type”.

Criterion 3 – “Comprised of local authority leaders, who are members with sufficient authority to act on behalf of all local government in the region”.

- We agree, but cannot agree the following wording which sits under this criterion:- “need not necessarily be leaders of participating authorities’ meets this criterion” and therefore suggest it is deleted.

## **Summary**

The new system proposed in the consultation will enable the West Midlands to focus on a single plan for sustainable economic growth and regeneration. It will also give us greater control over the development of the “Strategy for the West Midlands” through its various stages. We welcome this and are already setting up the governance structures to bring together our collective resources and deliver more effective strategy more efficiently. This is what the close involvement of the West Midlands Leaders' Board and Advantage West Midlands will ensure on behalf of the local government, business communities and other stakeholders.

We ask Ministers to give us the flexibility to develop policies – and the leaders' board scheme - that are West Midlands specific and fit for our particular circumstances. With this degree of control, and with support from Government, we believe that we will be able to deliver the Government's priorities of an increased housing supply, a modernised economy and an effective response to the challenges of climate change.

**Councillor Roger Phillips**  
**Co-Chairman shadow Joint Strategy**  
**& Investment Board**  
**Leader – Herefordshire Council**

**Sir Roy McNulty CBE**  
**Co-Chairman shadow Joint Strategy**  
**& Investment Board**  
**Chairman – AWM Board**

**West Midlands Leaders Board**

**28 October 2009**

**The Shadow JS&IB and the  
Skills and Education for Employment Panel**

**1. Purpose**

- 1.1 To update the Leaders Board on the role of the shadow Joint Strategy and Investment Board (JS&IB) in skills and key opportunities to influence public sector skills investments over the next year. This report will also be discussed by the AWM Board on 27 October and the shadow Joint Strategy & Investment Board on 10 November. It forms part of the development of new regional arrangements.

**2. Recommendations**

- 2.1 The Board is asked to note and comment on the proposals in this report and specifically to support:-
- The proposal for a Skills and Education for Employment Panel as set out in paragraph 5.2 and an associated Regional Planning Group specifically to oversee the 16 – 19 commissioning role set out in paragraph 4.3.2.
  - The proposals to develop measures and targets together with an effective funding model as set out in paragraph 5.1.

**3. Overview**

- 3.1 Each year in excess of £4bn is spent on skills and education in the West Midlands and over the next few months there will be a window of opportunity to get some real traction over how approximately £1bn of this budget is invested over the next year. We need to agree urgently how best to tackle this challenge.
- 3.2 The demise of the Learning and Skills Council (LSC) and the new skills and education responsibilities of Local Authorities (LAs) and Advantage West Midlands (AWM) provide the shadow JS&IB with a major opportunity to start the journey towards achieving more traction over the skills budget. There is also an opportunity to influence the forthcoming National Skills Strategy and the associated national investment plan and targets – but timescales are very tight.

- 3.3 There is a real danger that unless Local Government and AWM with partners start to take action now investments in 2010/2011 will continue to be based primarily on historical trends and on qualification targets with insufficient attention given to the future skills needed for innovation and inward investment and increased productivity.
- 3.4 Initial proposals for prioritising skills investments for young people and adults in 2010/2011 are set out in paragraph 5.1 below.
- 3.5 To support the shadow JS&IB's role in developing the skills strategy, that will form part of the Strategy for the West Midlands, and the associated skills investment plan it is proposed that a "Skills and Education for Employment" Panel, based on the Regional Skills Partnership (RSP), should be established.
- 3.6 The chair and vice chair arrangements for the "skills and education for employment" panel need to be considered (see paragraph 3.2.4 below)

## **4. Background**

### **4.1 Skills Progress to Date and Current Skills Challenges**

- 4.1.1 The recent refresh of the West Midlands Skills Action Plan by members of the RSP recognised that over the last year the regional partners have made real progress in improving the regions performance in terms of the supply, demand and effective use of skills. However, most estimates suggest that the gap between out-put per head in the West Midlands compared with the UK average has grown and huge skills challenges remain.
- 4.1.2 Overall skill levels in the working age population remain lower than most other regions, with more people without any qualifications than anywhere else in the country, fewer working age people with Level 4 qualifications than anywhere in the country other than the North East Region and relatively fewer people with graduate level skills in the private sector, thus limiting the region's ability to improve productivity levels.
- 4.1.3 As well as raising overall qualification levels across the region, it is crucial that we also ensure that we invest in the right skills, encourage more employers and individuals to invest in skills and ensure a more productive use of skills across the region. More details are in the latest refresh of the Skills Action Plan.

### **4.2 Current Levels of Investment**

- 4.2.1 In the West Midlands there are significant direct and indirect investments in skills by employers, individual learners and the public sector.
- 4.2.2 Public sector investment on the supply of skills and education through LSC, the Higher Education Funding Council for England (HEFCE) and Local Authorities is over £4 billion per year.
- 4.2.3 Total public sector indirect investment in skills is far in excess of the levels of direct investment and is focused increasingly to help raise demand and ensure effective use of skills in the workplace as well as to improve the alignment of the £4 billion

supply side investment of LSC, HEFCE and Local Authorities with demand from employers and the wider regional economies.

### **4.3 Planned Changes in Responsibility for Skills**

- 4.3.1 As part of the Sub National Review the Government announced plans to abolish the Learning and Skills Council (LSC) and establish the Young Persons Learning Agency (YPLA), the Skills Funding Agency (SFA) and the associated National Apprenticeship Service (NAS). Work is well underway on this transition and the associated transfer of responsibility for commissioning training and education for 16 to 19 year olds from the LSC to the Local Authorities. Shadow arrangements will be in place by October.
- 4.3.2 Local Authorities and AWM are already working closely with the YPLA and Government Office to establish arrangements for commissioning education and training for 16/19 year olds. A shadow Regional Planning Group, co-chaired by senior officers from AWM and local government is about to be established.
- 4.3.3 In July Lord Mandelson, Secretary of State for Business Innovation and Skills (BIS), wrote to the Chair of SEEDA, the lead RDA on skills, with proposals to modify his plans for creating the SFA by making the RDAs the single body responsible for producing the regional skills strategies and being the champion and advocate for skills at regional level.

### **4.4 Future Opportunities and Challenges**

- 4.4.1 Skills issues were integrated within the last update of the West Midlands Economic Strategy but in future there will be considerably more scope to embed and integrate skills within the Strategy for the West Midlands.
- 4.4.2 The Local Authorities and AWM are in a unique position – they have an appreciation of the future skills of the economy and have an overview of the supply, demand and effective use of the full spectrum of skills needs of the regions – from schools, through colleges and universities to work based learning.
- 4.4.3 Over recent years there have been significant improvements in the levels of qualifications across the West Midlands. However this has not had sufficient direct impact on the prosperity of local communities or on business performance – many argue that there has been too much emphasis on achieving a qualification and insufficient action to ensure the qualifications match the needs of employers or the wider regional and local economies. We need to ensure business is engaged proactively in the new arrangements and able to shape the new skills agenda.
- 4.4.5 There is considerable scope to improve the effectiveness and rates of return of all public sector investment in skills – recent evaluations of RDA investments demonstrated significant return on investment for example, for every £1 invested AWM achieved across its entire investment portfolio an average return of around £7.45 (comparable rates of return are not available from LSC or HEFCE).
- 4.4.6 Improvements in effectiveness can be achieved through developing a skills system that is more responsive to the demand from employers and the regional and local economies (as illustrated in the recent Regional Funding Advice). These are based

on current needs and future needs of new industries and new jobs – not historical supply-side trends.

- 4.4.7 More effort is also needed to raise employer and individual investment in skills through innovation, enterprise and key infrastructure investments and to improve supply through targeted investments that address key market failures and ensure effective and productive use of skills in the workplace.
- 4.4.8 Linking investments in the supply of training with investments by local authorities and AWM in raising demand for skills and ensuring effective deployment of skills would clearly differentiate Local Authority and AWM investments from investments by LSC and HEFCE investments in the Further Education and Higher Education supply side and from investments in schools via the Local Authorities.
- 4.4.9 The integrated brokerage is also designed to ensure that investment in skills is presented to employers as a means of achieving business goals not just an end in themselves. The brokerage service also provides the opportunity to address the productive use of skills through improvements in leadership and management.

## **5. Observations**

### **5.1 Proposed Skills and Education Priorities for 2010/11**

5.1.1 There are 2 key drivers for change – the right measures and targets and an effective funding model. Priorities need to focus around agreed measures and successful outcomes for employers, individual learner and the wider economies at local, regional and national levels. Key opportunities over the next year might include:-

- introduce a balanced score card of measures of success including progression of individuals into work or onto higher value work as well as qualification levels;
- start a move towards focusing increasing levels of public sector investment on training investments that raise skills levels and deliver increased productivity – not just accredit existing skills;
- signal a move towards requiring all public sector funded training providers in the West Midlands to meet the Training Quality Standard within an agreed time period (at present approximately 20% meet the standard) and enhance the Standard and the scope of OFSTED to raise performance further.

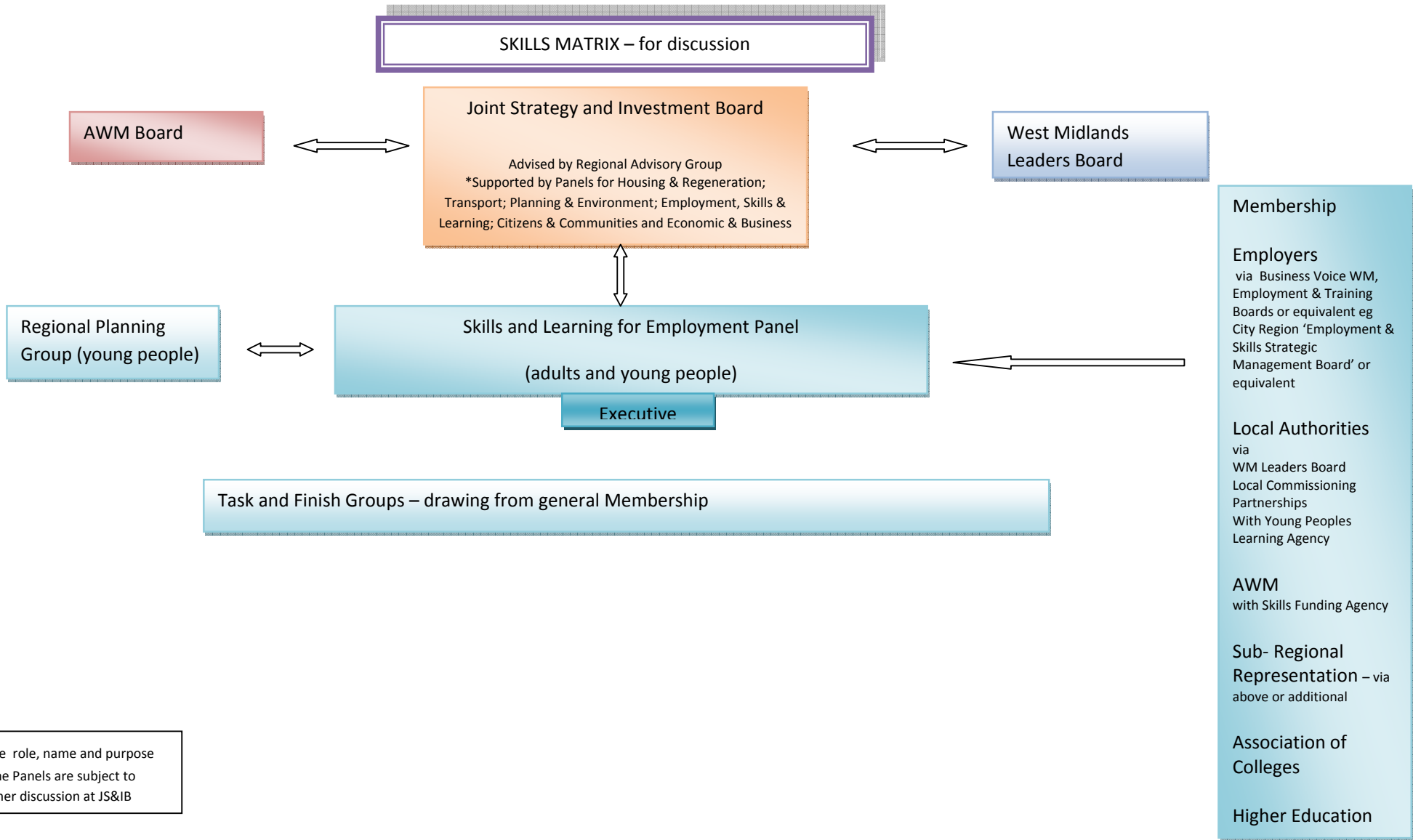
### **5.2 Structure**

5.2.1 A part of plans to establish a series of “expert/advisory panels to support the work of the shadow JS&IB, it is proposed that a “skills and education for employment panel” is established – based on the existing RSP and strengthened through additional membership of the Local Authorities. The “skills and education for employment” panel would be business led and operate as a key advisory body and “critical friend” to the shadow JS&IB.

- 5.2.2 AWM's Board has already agreed that "as part of new ways of working with Local Authorities at regional level, the RSP (originally set up by AWM) could become a key advisory Board for the shadow JS&IB, in addition to fulfilling its current role advising the AWM Board". The AWM Board agreed that this would ensure a strong business focus for skills and education investment in the region. It would require a repositioning of the RSP secretariat with AWM assuming lead responsibility (particularly relevant as the LSC ceases to exist) and strengthened local authority representation.
- 5.2.3 The proposed "skills and education for employment panel" would provide advice and act as a "critical friend" to the shadow JS&IB in helping to deliver the skills aspects of the current Economic Strategy and in the preparation and delivery of the skills elements of the Strategy for the West Midlands.. The scope of the panel would include the supply, demand and effective use of the full range of skills needed by the economy, including investments by Local Authorities, the SFA, HEFCE, European Social Funds and AWM. The attached diagram reflects emerging thinking. The Panel would also need to link to sub regional arrangements including the City region Multi Area Agreement. Key priorities over the next few months will include investment priorities in 2010/11 for the SFA and the Regional Planning Group that will oversee 16/19 provision.
- 5.2.4 To date the RSP has had an independent employer chair, strong employer membership and mechanisms for reaching out to test ideas with wider groups of employers. At present there is no deputy chair of the RSP.

Prepared by: Pat Jackson with contributions from Rose Poulter, Mark Rogers and Sherman Wong.

Contact Officer: **Sherman Wong**  
Head of Local Government Policy  
0121 245 0210  
[s.wong@wmleadersboard.gov.uk](mailto:s.wong@wmleadersboard.gov.uk)





[www.advantagewm.co.uk](http://www.advantagewm.co.uk)

Contact:- Rose Poulter  
Strategic Director SNR,  
[rosepoulter@advantagewm.co.uk](mailto:rosepoulter@advantagewm.co.uk)  
01213803689

16 October 2009

Rt. Hon. Lord Mandelson  
Ministerial Correspondence Unit  
Department for Business, Innovation & Skills  
1 Victoria Street  
London SW1H 0ET

Dear Lord Mandelson

We read with interest your recent letter to Jim Braithwaite of SEEDA, regarding the possible modification of existing plans for the creation of the Skills Funding Agency. Your intention to ensure that the demand side need for skills in the region is determined by the body with responsibility for economic development and to ensure that the regional skills strategy is integrated in the single regional strategy is one which we support.

You will undoubtedly be aware of the new arrangements set down by the Government in the Local Democracy, Economic Development and Construction Bill, which enable RDAs and local government, through the Leaders' Board, to work together to develop and deliver a comprehensive overarching regional strategy.

In the West Midlands we are actively grasping the opportunities, brought about by the Bill, to change the way that we work together. Our newly formed West Midlands Leaders Board (WMLB) consists of the Leaders of each of the 33 local authorities in the West Midlands. Leaders are committed to working together and with partners to improve the economic prospects of the West Midlands' localities and the Leaders Board's objectives are to:

- Secure a strong, coherent voice for local government and to promote the West Midlands in relation to regional, national and international issues.
- Provide a focus and mechanisms for regional collaboration in policy areas where joint working will promote economic, social and environmental prosperity and drive even more added value.
- Provide 'value added' services to support organisational development and improvement activities.

Continued ...

The mechanism by which the WMLB and Advantage West Midlands (AWM) are formally working together is called the Joint Strategy and Investment Board (JS&IB). A name which for us truly reflects our agreed approach to taking equal responsibility for developing and delivering the new Regional Strategy, which will include economic development. The JS&IB consists of six local authority Leaders and up to six members of the AWM Board, the group is co chaired by Cllr Roger Phillips, Leader of Herefordshire CC and Sir Roy McNulty, Chairman of AWM. In order to support the JS&IB AWM is examining it's existing advisory panels to ensure that they are aligned with the new structure and are geared up to providing expertise for the development of the new strategy.

We are pleased to be able to say that this cooperative approach is already working in the West Midlands and we have successfully developed and agreed our Regional Funding Allocations through this mechanism. We are also in the process of developing our joint governance arrangements for the new 16-19 commissioning responsibilities in conjunction with the forthcoming Young Peoples Learning Agency.

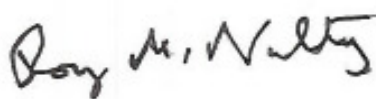
Given that you intend to set regional skills strategies within the new single strategy which as we have said will be jointly owned and delivered by the RDA and local government we ask you to recognise the important role which both partners will play in taking forward the adult skills agenda and to set the new skills responsibilities firmly in this context.

We hope that you are supportive of and can appreciate the benefits of such an approach. As you and your Department continue to develop the new arrangements we would be pleased to participate in any discussion or consultation.

Yours sincerely



Cllr Ken Taylor  
Chairman  
West Midlands Leaders  
Board



Sir Roy McNulty  
Chairman  
AWM  
Co-Chairman  
Joint Strategy and  
Investment Board



Cllr Roger Phillips  
Co- Chairman  
Joint Strategy & Investment  
Board



## **WEST MIDLANDS LEADERS BOARD**

**Innovation Centre, Longbridge Technology Park, Birmingham, B31 2TS**

**28 October 2009, 11.00am – 4.00pm**

### **Agenda**

- 11.00 Business Meeting (see separate agenda)
- 11.30 Councillor Ken Taylor – Purpose of the Day
- 11.40 Lee Shostak, Shared Intelligence
- 11.45 'Grasping the Nettle' - Paul Sheehan, Chief Executive Walsall MBC, Chair of Chief Executives Task Force
- 12.15 Discussion in Groups
- 1.00 Lunch
- 1.30 Feedback from Discussions – Lee Shostak
- 2.00 'Machinery of Government' – Olwen Dutton, Chief Executive West Midlands Leaders Board
- 2.30 Discussion in Groups
- 3.15 Feedback from Discussions – Lee Shostak
- 3.30 Next Steps – Olwen Dutton and Ken Taylor

## The Place We Are In

With the recession exacerbating some long-term structural problems, places and communities across the West Midlands are facing some of the most significant challenges ever.

Progress has been made, but it has been in tackling some of these problems in some places. We have to face the reality that across the West Midlands issues such as regeneration, deprivation, low skills, worklessness, ill-health inequalities and congestion have proved remarkably resistant to the existing methods of public sector intervention.

Not only that, on many indicators our performance relative to other parts of the country continues to deteriorate for our communities and businesses. Not only is there a real danger that internationally we will be overtaken by new competitors for investment by places such as Eastern European capital city regions like Budapest and Prague, by some measures we already have.

## The Obstacles

The challenges mean increasing demands on councils and their partners.

- Long standing underperformance of industry and commerce.
- Future public spending is likely to be severely restricted at a time of rising expectations and demands.
- Councils own finances have been severely damaged by the recession.
- Danger government will tighten control and management of public spending to demonstrate value for money to the public.
- Substantial sums of money are flowing into localities, but government controls mean it is hard to define real local priorities and harder to align or re-designate mainstream spending against them.

## The Risks

Councils have a unique responsibility to their communities to improve their economic, social and environmental well-being. Much can be done through direct services and community leadership. But councils cannot do it all in isolation from each other, the challenges are too big and the resources too limited. The risks of failing to collaborate when and where it matters are significant:

- Failure to identify and address key challenges risks condemning communities and businesses in the West Midlands to relative decline.
- Failure to work together risks losing leverage with national, European and international decision-makers - our poor image and fragmentation failing to attract additional private and public sector investment (eg through Regional Funding Advice and ERDF).
- Failure to provide leadership and broker agreement risks increasing cross-boundary disputes and unnecessary and damaging cross-boundary competition for example over housing, retail development and infrastructure – and encouraging speculative development.
- Failure to achieve sustainable economic growth risks increasing damage to our environment and exacerbating climate change.
- Failure to address continued selective urban-rural migration and rising unemployment risks social polarisation and social unrest.
- Failure to tackle climate change challenges, for example river and surface water flooding, on a cross-boundary basis could put lives at risk and undermine economic performance.

## The Opportunity

Now is the time to grasp the nettle, to stabilise and set the West Midlands on a path of long-term recovery and growth. The West Midlands has already agreed the core of its agenda through the Spatial and Economic Strategies. Essentially, this boils down to a number of linked objectives around:

- **Urban and Rural Renaissance** – developing our major urban areas so they can increasingly meet their own needs, reducing the unsustainable movement of people, jobs and investment into surrounding areas; addressing the major challenges affecting our rural areas.
- **Diversifying and modernising the West Midlands Economy** – ensuring that opportunities for growth are linking to meeting needs and reducing social exclusion.
- **Transport** – providing people with access to jobs and services and businesses with access to employees and markets – facilitating more sustainable locations for housing and commercial development.
- **Skills** – simultaneously driving up the demand for skills from employers and stimulating the greater appetite for acquiring new skills from people.
- **Stimulating Enterprising Behaviour** – encouraging businesses to become more enterprising, places to be more conducive to enterprising behaviour and developing an enterprise culture in people across the West Midlands.
- **Innovation** – supporting and encouraging innovation is essential if the West Midlands is to capitalise on new opportunities and develop our existing businesses and sectors.
- **Economic Inclusion** – worklessness has a major impact on the productivity of the West Midlands as well as bringing with it significant health and social impacts.
- **Climate Change** – cross cutting all the objectives is a need to minimise the impact of our activities on CO2 emissions and for the West Midlands to proactively adapt to climate change and take advantage of the economic opportunities it provides.

Within this, we need to accurately assess the nature of problems and focus down, mobilise commitment and target resources on what is essential to do now, in a year and in five years.

**To do this, councils need to realise their collaborative power and seize the opportunities that exist:**

- Leading the drive for economic recovery and long-term growth
- Facilitating and enabling local, cross-boundary and West Midlands-wide working through purposeful and targeted partnership working.
- Identifying and acquiring the skills needed to drive economic recovery.
- Influencing, cajoling and lobbying to mobilise the skills and commitment of others at all levels.
- Challenging and probing where partners diverge from their commitments.
- Presenting a coherent, credible and action oriented front to the business sector.
- Ensuring the drive to economic recovery takes place in the wider context of social and environmental improvement.

In bringing this together, the Leaders Board would set the agenda for the West Midlands for the coming years; an agenda that will need to balance the need for strategic direction with the urgent need to deliver a shared set of investment priorities; an agenda to first stabilise and then set the West Midlands on a path to prolonged growth and prosperity.

# Grasping the Nettle

**To succeed in the future we will have to work and think differently.**

There is a real opportunity for local government through the Leaders Board to provide leadership and take collective action with our partners. We need to work together on the big, common issues facing our localities; and facing councils as they try and tackle these issues - working together where it makes sense to and influencing national, European and international decision-makers when and where it matters.

The first stage is to understand the challenge, then what we can best do about it and then to work with partners to define a clearer set of focused priorities and delivery mechanisms that will make a real difference.

Regardless of national government changes the extent of the challenges, certainly over the short term, will be the same and their gravity means we will need to act quickly so that we can drive forward the actions and the new ways of working necessary to tackle them.

The new climate of increased financial restraint makes this all the more necessary, but it also makes it all the harder. It means picking the right challenges and fighting the right fights, using public money and resources wisely – understanding where councils have influence and what can be achieved. The issue of affordable and effective service delivery cannot be ignored; but for these purposes we are focusing on the economy.

To help Leaders this paper sets out the high-level challenges as context.

## Our Economy

The West Midlands economy relies heavily on manufacturing. The shortage of investment in research and development and innovation activity has had long-term implications for skills and wage levels and left the West Midlands particularly vulnerable to the recession.

While there are signs of recovery, some parts of the country will recover faster than others depending on their economic base, potentially deepening existing disadvantage.

### Productivity:

- Growth in GVA has been the slowest of the nine English regions falling from 5th to 7th between 1998-2007. **This decline has been long standing, with relative GDP declining against other regions since 1976.**
- Low investment in **Research & Development** – the West Midlands is ranked seventh of nine English regions and falling relative to the UK average.
- The West Midlands has the second lowest share of **managerial and professional jobs** in England and these are the jobs which generate most innovation and yield the greatest value for businesses.
- **Unlike all other regions, the proportion of people employed in the private sector fell between 1998 and 2005.**
- The proportion of people employed in **knowledge intensive sectors** has been increasing at a rate below the England average. Within that overall context, there have been decreases in the proportion employed in the private sector and a faster than England average decline in the proportion of people employed in **Hi-tech Manufacturing**.
- Our unique central location at the heart of **national road and rail networks** should provide many economic opportunities but in 2003 it was estimated **congestion** cost the West Midlands £2.2bn – some predictions suggest this will rise to £5bn by 2025.
- Motorway congestion has knock on impacts on local roads and long-distance and commuter trains vie for the same space. **Journey times** on key travel corridors in the conurbation are estimated to increase by 30% on average by 2017.

### Manufacturing:

- Accounts for 27% of West Midlands' Gross Value Added (GVA) – the biggest wealth generator in the West Midlands and 17% of the workforce (12% is the national average).
- Most manufacturing in the West Midlands is low and low to medium technology.
- Low capital investment and relatively low effectiveness at innovating by businesses have resulted in a lack of competitiveness, especially among SMEs, which account for over 98% of manufacturing businesses in the Region.

## Our People

Despite prolonged action, problems around skills, worklessness, low-income and health have proved remarkably resilient.

### Skills:

- Overall the level of skills for working age people remain lower than most other regions; more people with no qualifications than anywhere else, fewer with Level 4 qualifications except the North East and relatively fewer people with graduate level skills in the private sector.
- The employment rate in the West Midlands for people without qualifications is 47% compared to 73% for those with any qualification.
- In 2008 only 23% of the Region's private sector workers were qualified to NVQ4 or higher (representing just over 411,000 people) which is down from 24% in 2007 and compares with an England average of 28%.

### Work and worklessness:

- Even before the recession the West Midlands worklessness and employment rates were worse than the UK average.
- Unemployment rate is highest of any UK region (10.6% up from 6.2% a year earlier) and continuing to worsen in comparison with the UK average – this means 118,000 **more** people are unemployed than a year ago.
- Unemployment for 16-24 year olds has risen from 15 to 23% over the year to March 2009.
- The number of young people not in employment, education or training (NEET) in the West Midlands is the fourth highest of the English regions.

### Poverty, low-income and health:

- It is not unrelated that the West Midlands experiences the highest proportion of children living in low income households and is the only region in Great Britain where there has not been a fall in the proportion of people on low incomes over the last decade.
- This also means there are significant disparities in life expectancy depending where you live in the West Midlands. Alongside this, our infant mortality rates are the highest in England – putting us in a similar position to the former soviet bloc. Perhaps unsurprisingly, our levels of walking and physical activity are also very low.

## Our Environment

Clearly, there is a strong relationship between the economic, social and environmental dimensions to the challenges the West Midlands is facing. Increased temperatures are related to additional summer deaths and a revisiting of the 2007 summer floods in more populous places would have even greater impacts on economic recovery and personal hardship.

In renewing our places, the energy efficiency of the way places are developed and the way people move around will have major impacts on the environment – housing, for example accounts for a third of energy used in the West Midlands, passenger cars more generally make up for 58% of domestic transport's CO2 emissions.

## Our Places

The evolution and regeneration of our towns and cities continues to be a major objective. To implement the demands and aspirations for the West Midlands as expressed in RSS Phase 2 (excluding major transport infrastructure) would cost around £80bn of private and public money.

- RSS Panel Report suggests 398,000 new homes will be needed across the West Midlands between 2006-2026 – but these will need to match location, type and tenure to both local need and market demand.
- It is estimated that 12,300 affordable homes are needed a year between 2006 – 2026; 4,000 were built in 2007-08.
- Between 2002-2007 a net average of 11,000 people left our major urban areas for surrounding areas.
- There are concerns that some urban areas will be “hollowed out” with rural areas and market towns seeing increased demands on services and rising house prices.
- As a result of the recession, urban areas have seen high absolute increases in unemployment, while non-urban areas have seen high percentage increases.
- At the same time, white ethnic groups have seen the highest rises in unemployment, however, levels remain lower than BME groups.
- The combination of worklessness and disenfranchised white and BME groups could potentially deepen pockets of deprivation and increase social tensions.
- The informal advice from the police is that the West Midlands is a national hotspot for potential violent extremism

## The Perception

There is much to be done to change the way people think about the West Midlands:

- Neither north or south, the external perception of the West Midlands as a place to visit, settle or invest in can be poor, with perception often lagging behind the reality.
- Informally, Whitehall thinks we complain rather than do; a £100m transport under-spend in the West Midlands adding grist to their mill.
- The rhetoric of joined-up decision-making and prioritisation needs to be backed up by reality.
- A survey for Orange earlier this year found 81% of respondents wanted to leave the West Midlands - the highest proportion of any UK region.

## West Midlands Leaders Board (WMLB) Event 28<sup>th</sup> October

### The Machinery of Government

#### 1 Background

- 1.1 Councils individually have a responsibility for the economic and social well-being for their communities. Local government in the West Midlands could collectively exercise this economic responsibility across the West Midlands as the leader and shaper of place and community. A strong economy is critical to a successful place and so an effective council must have or develop the skills to facilitate the development of a thriving economy.
- 1.2 Over recent years, councils have been pushed into a more internal and service based focus. This has diluted their role as economic and community leaders able to facilitate wealth creation.
- 1.3 The current position of the West Midlands economy shows that divorcing councils from the wealth creation agenda has not worked and that there needs to be a stronger focus by councils collectively on this agenda.
- 1.4 Leaders of councils are well aware of the existing and future funding pressures for the public sector. Consequently, there is also a need for new thinking around service provision and collaboration where this can achieve more than working alone. Acting collectively must work for this too. The question for this session is how.

#### 2 There are a number of factors to consider

- 2.1 Some sections of the business community are sceptical about councils' ability to deliver on the economic agenda, for example to deliver on the skills agenda. Whether or not this is well founded, the fact that it exists has to be accepted and dealt with.
- 2.2 In any future scenarios the performance and accountability of the business community in using public money to create wealth will need to be considered. Nonetheless, business and local government must not come out of this as combatants, each seeking to defend their own position at the expense of the other; but as partners.
- 2.3 However, over the years diminishing responsibility for economic matters means that all but the largest councils have downsized their strategic economic development teams and lost the necessary skills and capacity. This is not to diminish what local authorities have achieved in regenerating their areas but to highlight the need to renew this capacity if West Midlands councils are collectively to lead the strategic economic development of the West Midlands.
- 2.4 There are some factors which lead to economic development which have a greater than local impact, for example major transport schemes; significant development schemes and the skills plan for the Region.
- 2.5 There are also some sub regions within the West Midlands, some more defined than others at present, with better defined sub regional economies which could be used to

help develop a regional approach from the bottom up.

- 2.6 The Birmingham, Coventry and Black Country City Region is potentially useful for some delivery across the conurbation but has struggled over more than three years to find an effective role.
- 2.7 Funding for strategic economic development comes into the Region at present through the Regional Development Agency to the amount of about £350m. It is not in the interests of the West Midlands to lose this funding. However, there is a feeling that the way in which this funding is spent is not sufficiently accountable to the Region with the RDA's focus set by Whitehall without any meaningful accountability to local government in the West Midlands.
- 2.8 Although relatively recent, the current Regional Economic Strategy (RES) was written at a time when our economy appeared to look very different from now. For much of the UK this may well have been the case with a substantial period of economic growth following the downturn in the 80s and 90s. However, in the West Midlands we now know that we were already in a period of long-term decline.
- 2.9 The measures which have been put in place have not effectively addressed this and our position both actual and relative to other regions is worsening, although it is, of course, not possible to know whether the economy would have been better or worse had different measures been applied.
- 2.10 Rather than throw the RES to one side completely and so force a hiatus whilst a completely new approach is devised, it may be better to examine the measures which have been signed up to and examine which of those are the key drivers of change, much as the concentration on the investment impact locations has already started to do through the RFA process. We can then focus our collective energy, investment and resources on those key actions.
- 2.11 We should be clear that to maximise this, and as an additional benefit minimise hefty transaction cost, the way we make decisions or the machinery of government, has got to enable this to happen in a sharper, more prioritised and cost effective way than it does at present.
- 2.12 The tendency of governments, of whatever shade, over past decades has been to centralise; regardless of what parties had previously said about localising power should they form the next government. The less clear the West Midlands is about how we can make things work better in the future the easier centralisation will be and the smaller the scope to decide things here for ourselves.
- 2.13 But doing this is not easy. To even think of taking this next step a key question has got to be answered.....

*Is there a real ambition from leaders of local government to drive change; to identify what is necessary for that and to drive it forward?*

*If things are to change for the better the accountability and delivery for key areas such as economic development, regeneration and skills has to be right.*

### 3 Key Issues

**3.1** Where does local government think the key issues around strategy delivery should lie and at what level would they be best tackled?

Some areas to consider are:

- Economic development;
- Housing supply;
- Transport;
- Environmental policies;
- Inward investment;
- Business support;
- Skills and employability;
- Regeneration;
- European and international policy.

**3.2** All of these can in theory be considered for development at a regional, sub regional and local level. Each can, again in theory, be delivered at all of these levels as well, but there will be different considerations.

**3.3** Some policy areas are best delivered regionally, European and International policy, for example, has massive potential in terms of funding opportunities but would be difficult and expensive to deliver effectively at a local level. Many are best developed regionally but, as we know, delivery is more effective at the local level. Equally, do we need and can we afford strategies at each level for each of these matters. Importantly, given the reducing amount of money there will be for regenerating our economy and growing wealth, how do we decide upon our investment priorities to maximise the benefit to our economy?

**3.4** Local government also has other key roles; around the provision of care for children and adults; environmental services; education etc. Whilst a sharper and more external focus on some of the economic based areas outlined above is essential, if the role of local authorities as economic drivers and shapers of community is to take place this will have to be balanced against these other roles. This is not an either/or; councils already cover a rounded approach in their LAAs for example, and the social inequality side of the economic issue is an important one.

**3.5** In developing an approach for the machinery necessary to drive the economic agenda care must be taken to show that in doing so councils are not abandoning their other roles, but utilising a genuinely collective and co-operative approach to issues which can best be solved at the regional level.

**3.6** There is also another consideration. The downsizing in public sector finances will have a huge effect on councils. In influencing the machinery of government, Leaders will no doubt also wish to look at how greater co-operation at different levels can help them to provide essential services at acceptable levels in significantly reduced, financial circumstances.

## 4 Other Considerations

4.1 The prospect of a change in government within eight months provides an opportunity for local government to lead the way in developing a credible answer or solution as to how the machinery which drives the West Midlands can be organised. As the democratically elected leaders the WMLB has the mandate to take this forward by developing the Manifesto for change to take to the other sectors, ie:

- RDA;
- Successor bodies to Learning and Skills Council;
- Universities and colleges;
- Health sector - especially the Strategic Health Authority;
- Third sector;
- Business.

4.2 **Can councils persuade these organisations that they have the credibility and are the right bodies to lead on this and be accountable in their turn to central government and the electorate for delivering on this?**

If not, what is the alternative?

4.3 To assist the debate Leaders are now asked to consider in groups a number of hypotheses which have been set out below. At this stage, none of these are singled out for particular recommendation. Leaders may, for example, wish to consider that they would like to see parts of more than one hypothesis taken forward. Some scenarios may well work better for different things, especially if the question of collaboration in service delivery across some areas is taken into account.

4.4 In any event, all are only starting points and will have to be developed and finessed, but the agreement as to the direction in which we wish to go is very important. Time is critical.

### 4.5 **Outline Hypothesis 1**

A modified RDA is funded by central government via WMLB to deliver against regional economic targets. These are set in the Region (with some reference to central government) and the Chief Executive of the RDA is directly accountable to the WMLB for delivery against these targets. In their turn, local government is accountable to central government for what has been delivered and how the money has been spent.

The targets are set through the Strategy for the West Midlands which will combine spatial economic and other issues. This will be developed on behalf of the WMLB and devised through both 'bottom up' input from the sub regions and also 'top down' regional activity/targets.

The RDA role will be focused on activities which are not suited to direct council delivery, such as the provision of support to businesses. In addition, there would be a sharper focus on the return from businesses who are receiving public money to deliver private wealth creation.

### 4.6 **Outline Hypothesis 2**

The status quo remains with very little change. AWM is in charge of its budget reporting to BIS/CLG. Alterations to AWM's budget are made without any or only

minimal consultation with local authorities. Equally, significant alterations in RDA and other responsibilities (eg Skills) are made by Ministers without much consultation. There is very little accountability to West Midlands' local authorities and whilst the West Midlands' Strategy is set by the JSIB the real power remains at the national level.

Targets are set nationally and little scrutiny with the West Midlands on RDA performance is possible or meaningful. Region strong in RDA terms; local authority working stronger through WMLB and JSIB, but central government role prevents its real effectiveness.

This hypothesis is only likely to be acceptable to a Conservative government if it is strongly endorsed by local government.

#### 4.7 **Outline Hypothesis 3**

Sub regional arrangements of local authorities, for example:

- Coventry, Warwickshire and Solihull;
- Birmingham;
- Black Country;
- Staffordshire and Stoke;
- Worcestershire, Shropshire, Telford and Herefordshire;

set housing/skills and economic targets; no Regional Strategy; no RDA, but all economic funding dealt with through sub regional arrangements, with staff, etc all divided up through sub regional arrangements. Sub regions would co-operate if they wished and on whatever areas they felt appropriate but without any overall region-wide framework.

In this scenario councils themselves would be both development and delivery bodies for their own strategy, devised to whatever level or detail they themselves considered desirable through the sub regional arrangements.

In this scenario other quangos such as Homes and Communities Agency/Skills Funding Agency which have existing arrangements with central government would be encouraged to participate in the approach across the sub regions, which may vary from sub region to sub region.

#### 4.8 **Outline Hypothesis 4**

There are two vehicles across the West Midlands; the City Region and the Shires. These set both the strategy across the two areas and act as delivery vehicles for economic matters, coming together as necessary to consider matters which affect both groupings; acting together when necessary but otherwise acting separately.

Two separate mechanisms are created to develop a strategy for each area, the spending, monitoring of performance and delivery and the RDA is also dealt with separately as each felt fit.

#### 4.9 **Outline Hypothesis 5**

Local Government works through the WMLB with AWM to develop the JSIB arrangements to set clear and focused targets and strategy to deliver much stronger

accountability for delivery to the WMLB. As part of this, sub regional arrangements are encouraged and strengthened both in terms of developing strategy, providing some economic delivery, hence the need for some co-ordination with AWM through JSIB, and also developing new ways of ensuring service provision by maximising efficiencies in commissioning and procurement.

## 5 Common Factors

- 5.1 In all hypotheses, universities are considered an integral part of delivery and are encouraged to work more closely to partner with businesses to maximise the wealth creation from innovation and to focus their programmes where possible on the identified regional priorities.
- 5.2 Whether sub regional or regional, any strategy also covers skills and an analysis of the skills needs; the sectors which are particularly targeted for growth and the demands it is anticipated they may have. Schools/colleges must work with their local businesses to encourage interest in key areas from students at an early stage and provide focused and flexible skills training which suits needs.
- 5.3 In order to help meet tighter public sector targets, all organisations which operate within the sub/region and are publicly funded to deliver, are set targets of individually and collectively reducing transaction costs and bureaucracy, again with accountability to the WMLB. Longer term timeframes are an element of this to reduce the cost of chasing short term funding schemes.
- 5.4 In their turn, councils have to work individually and collectively to raise their own ambitions and image, moving away from the 'Town Hall' approach to a sharper and more external enabler/community shaper focus. In a sense this could be seen as a development of 'Total Place' at the sub/regional level; again where it makes sense to do this.

## **Three months after its formal establishment – we take a look at the impact and achievements of the Leaders Board and how it is meeting its objectives to date.**

Local authorities working together have already had success influencing policy, sharpening delivery, ensuring greater accountability in decision-making and providing support for each other.

**Objective: To secure a strong, coherent regional voice for local government and to promote the West Midlands in relation to regional, national and international issues**

### **Setting the agenda:**

- Through its representation on the Joint Strategy & Investment Board (JSI&B), secured a strong voice for local government in major investment decisions affecting the West Midlands.
  - Our 6 representatives on JS&IB are Cllr Roger Phillips (Herefordshire) who is also joint Chair, Cllr Phillip Atkins (Staffordshire), Cllr Paul Middlesbrough (Wychavon DC), Cllr Neville Patten (Wolverhampton), Cllr Ken Taylor, (Coventry) and Cllr Mike Whitby (Birmingham).

### **Investment:**

- Played a key brokerage role in securing agreement for the Impact Investment Locations, as the key focus for the Regional Funding Allocations and is establishing a robust monitoring programme so that the West Midlands won't have to hand back unspent monies as it has in the past.
- Through West Midlands in Europe, EU Connects and collaborative European Social Fund work have helped secure significant European funding into the West Midlands.
- Through JS&IB, agreed a joint approach to developing the West Midlands Skills Strategy with AWM which will give councils collectively significant leverage over national skills funding.

### **Skills:**

- Providing a co-ordinated and coherent voice for local government in shaping the regional skills agenda, not least through local authority Chief Executive representation on the Regional Skills Partnership.

### **Recession:**

- Provided leader and chief executive level representation on high level regional and national groups dealing with the recession and the economy:
  - Regional Economic Council (chaired by Lord Mandelson, Cllr Ken Taylor is Leaders Board representative).
  - Regional Minister's Economic Task Force
  - (regional) Council of Economic Advisors
  - 'Top Eight' (Regional Minister and senior figures from key regional agencies).
- Given written and verbal evidence to two West Midlands Parliamentary Committees into the recession and shared councils' best practice in dealing with the recession through the Weathering the Storm publications.

### **Europe:**

- Through West Midlands in Europe gathered evidence on best practice in integrating regional strategy - a funding bid is now being prepared to collaborate and benchmark with key European regions on the development and delivery of the Strategy for the West Midlands.

### **Transport:**

- Developed closer and more effective working relationships with Department of Transport.

Objective: To provide a focus and mechanisms for regional collaboration in policy areas where regional working will promote economic, social and environmental prosperity and drive even more added value.

**Policy development:**

- Local authorities have continued to play a key role in the development of the Regional Spatial Strategy, through their work on the Phase Two revision, its Examination in Public and the Phase Three revision.

**16-19 learning provision:**

- With AWM, LSC and other partners, establishing a Regional Strategy Group to, among other things, ensure coherence between councils' sub-regional 16-19 commissioning plans and make linkages between learning provision and wider economic and skills needs.

**Economy:**

- Working to develop specific guidance for West Midlands councils to deliver their new Local Economic Assessment duty, including making sure they can have maximum collective influence on the future Strategy for the West Midlands.

**Transport:**

- Working closely with AWM to develop transport requirements post 2014 as part of the Delivering a Sustainable Transport System (DaSTS) programme. Including working with transport authorities and Department of Transport to identify four jointly funded studies on priority areas across the West Midlands.
- Developing relationships with scheme promoters to enable effective project management to the full approval for the development of New Street.

Objective: To provide 'value-added' services to support organisational development and improvement activities.

**Support for councils:**

- Provided over 300 days of consultancy and 30 regional targeted training programmes for our councils at heavily subsidised rates as well as 'core' HR advice and support to our local authorities.
- Co-ordinated the regional response to the 2008/9 pay settlement and represented the views of the Region at a national level;
- Maintained, supported and developed the West Midlands Regional Member Development Charter - supporting at least 3 Authorities to be successfully assessed against the Standard.

**Organisational development:**

- Further development of the relationship with the Improvement and Efficiency West Midlands, and continued governance to ensure that the CLG funding is spent in the best way for local authorities in the Region. For example:
  - IEWM's growing focus on support for improvement in adult and children's services, its work to help councils generate efficiency savings (IEWM's corporate Procurement Hub is generating over £1m per month in savings) and its continued focus on LAA partnership support including working with every LSP in the Region to provide delivery support.
  - Continued development of a range of regional development and efficiency based products - maximising the use of IEWM funding for the future benefit of the region (Regional Recruitment Portal, Regional Coaching Pool, High Quality Leadership Programmes, Apprenticeship Development etc.).

**Equalities and diversity:**

- Contributing to the European funded Open Project which brings together the West Midlands and three other European Regions to focus on the development of social inclusion policy.

**Europe:**

- Support, advice and contacts from West Midlands in Europe and EU Connects have brought significant EU funding success for local authorities.
  - Over 100 partners searches have been carried out for EU funded projects
  - €5.9m worth of successful bids for EU funding since January
- Our ground-breaking European Social Fund co-financing partnership with LSC has helped over 54,000 people (unemployed, economically inactive, NEETS, low skilled and those facing redundancy) receive training and improve their skills.

The influence/importance of the Leaders Board is already impacting on the way other organisations are working. Both the Business Sector and the Third Sector are undergoing a process of review and change to ensure that they are accountable and representative in order to get a seat at the table and engage effectively with local authorities.