



House of Commons
South West Regional
Committee

**Impact of the economic
downturn on the South
West and the
Government's response:
Government response to
the Committee's First
Report of Session 2008–09**

**First Special Report of Session
2008–09**

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The South West Regional Committee

The South West Regional Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

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Kerry McCarthy MP (*Labour, Bristol East*)
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First Special Report

On 3 August 2009 the South West Regional Committee published its First Report of Session 2008–09, *Impact of the economic downturn on the South West and the Government's response* (HC 392). On 15 October 2009 the Committee received a memorandum from the Government which contained a response to the Report. The memorandum is published as an appendix to this Report.

Government response: Appendix

Introduction

The South West Regional Select Committee published its first report of Session 2008–09, *Impact of the economic downturn on the South West and the Government's response*, on 3 August 2009. The Government welcomes the Report and thanks the Committee for its work.

The Government Office for the South West (GOSW) co-ordinated the Government's response to the Inquiry, which was submitted to the Committee in the form of a memorandum by the South West Regional Minister, Jim Knight MP.

The Government responds specifically to the conclusions and recommendations on page 33 of the Committee's First Report. The paragraph numbers and relevant text has been reproduced from the Committee's First Report and set in bold type above the Government's response.

Enterprise Finance Guarantee Fund

1. We welcome Government's Enterprise Finance Guarantee Fund but are concerned that the Fund appears to be not widely known among small businesses. If the Fund is designed to help small businesses then more must be done to inform them of its existence. We are also concerned about the low success rates of those that do apply for it. It is difficult to assess the success of the Fund until more firms apply and we recommend that the Regional Minister works with the SWRDA, Business Link and the banks in the region to increase take up of the scheme and to identify reasons why the success rate is so low. (Paragraph 25)

The Government welcomes the Committee's views on the Enterprise Finance Guarantee Scheme (EFGS). Uptake of the fund has increased in recent months. As of 9 September 2009 the EFGS in the South West had offered 585 new loans to customers, to a total value of £53.23m. We will be looking further to see how the Scheme can have a greater impact on viable small and medium-sized enterprises (SMEs), in the South West and other regions, to support them in accessing the finance they need.

The Government will continue to work with the banks in promoting the EFGS. We also expect SME demand for the Scheme to increase as SMEs become more confident about their economic prospects, and have viable business plans to help them prosper and grow.

At regional level, the South West Regional Development Agency (SWRDA) has reviewed EFGS with the major banks in the region. All of these banks have ensured that their frontline staff are aware of EFGS, and they feature EFG on their websites. Business Link also feature EFGS in their communications, and have brokered closer working between the banks and Business Link advisors to improve coordination of business support and advice.

Late payment

2. We welcome the Regional Minister's and South West Councils' efforts to ensure prompt payment. We note that throughout the public sector there is an intention to pay promptly and in some cases ahead of schedule. However, we are also aware of evidence that it is not necessarily happening throughout the region. We recommend that the new Regional Minister seeks to identify the reasons why payments are not being processed within 10 days; that he repeats the commitment that the public sector in the South West will pay within 10 days; and that he continues to press it to honour this commitment. (Paragraph 29)

The Regional Economic Task Group (RETG) is promoting the issue of prompt payment in the region as a priority. As the Committee notes, a number of public sector organisations are already paying their suppliers promptly. Good progress has been made by the NHS South West, and key public sector bodies such as GOSW and SW RDA are signed up to the Prompt Payment Code. Signing the Code provides a means for both public and private sector organisations to commit visibly to pay suppliers' invoices within the terms agreed at the outset of the contract (it should be noted that the 10-day payment commitment referred to by the Committee refers only to central Government Departments).

The Regional Minister, in collaboration with the South West Strategic Leaders' Board, wrote in September to all local authorities in the region urging them to sign up to the Code and to promote it through their supply chains. SWRDA is promoting the Code via its Business Link service, through a combination of marketing, leaflets and local events.

The RETG will continue to monitor progress on prompt payment in the region.

Trade credit insurance

3. We recommend that the Regional Minister and the Task Group to monitor the effectiveness of the Trade Credit Insurance top-up and the number of insolvencies closely and continue to make representations to central Government. (Paragraph 32)

The Government welcomes the Committee's views on the Trade Credit Insurance Scheme. We agree that this is an important mechanism for boosting business confidence. The scheme provides targeted, transitional support to firms whose cover has been reduced, thus allowing them time to talk to their banks and adjust their business models to respond to the current climate.

Many businesses have found ways to adjust to the lower availability of trade credit insurance; a positive impact is that many businesses have developed closer relationships with their buyers. The changes to the eligibility criteria announced earlier this year mean that more companies will be eligible for support. We will continue to keep the scheme under review and the RETG will also monitor progress.

Tax

4. The Committee notes the positive consensus about the work being done by Her Majesty's Revenue and Customs to help businesses manage their tax payments through the recession. However, we are concerned at the apparent discrepancy of service to customers who use the business payment support service and those who approach their local tax office. We recommend that the Government investigate as to why there appears to be this inconsistent service, and consider what lessons can be learned from the implementation of the business payment support service that might be usefully applied to other schemes. (Paragraph 34)

The Government welcomes the Committee's endorsement of the support provided by Her Majesty's Revenue and Customs (HMRC) to help businesses during the recession. There is no inconsistency in the treatment of those customers who apply direct to the Business Payment Support Service (BPSS) for Time to Pay (TTP) and the treatment of those that come directly through to local offices. Each TTP request is considered on its merits, with full consideration given to the customer's ability to repay the debt that is soon to be due or is overdue.

HMRC are using the lessons learnt from the BPSS to explore the possibility of facilitating monthly payment schemes for all debtors, and are working proactively with small businesses as part of a structured campaign.

5. We recognise that where there is an issue of pressing concern in the region that relates to national policy, it is important that the Regional Minister can raise matters in Whitehall on behalf of the region. We recommend that the Regional Minister considers how he can more clearly demonstrate that his influence, either alone or in coordination with the Regional Economic Council, has brought about changes for the benefit of the South West. (Paragraph 37)

The Regional Minister will continue to report back to the RETG and other regional partners on his correspondence and discussions with Ministerial colleagues regarding issues of concern to the region. He will also continue to report on his work as a member of the Regional Economic Council and the Council of Regional Ministers.

Public procurement

6. We welcome the work of the regional agencies and South West Councils to encourage and increase local procurement and support the efforts to make sure that best practice is spread throughout the region. We recommend that regional agencies and local authorities make further efforts to explain their contract requirements and examine how to build up the capacity of small business to be able to apply for contracts. (Paragraph 41)

Every small business in the UK now has free access to thousands of lower-value government contracts via the Government's website supply2.gov.uk. Over the past three years the Government has advertised thousands of public sector procurement opportunities worth up to £100,000. This makes the website ideally suited to small and medium-sized businesses.

Searching for lower-value contracts across the UK was previously only possible as part of a commercial subscription service, which cost up to £180 per year. The service is now free of charge, providing firms with better access to public sector contracts to help their businesses grow.

This is an important contribution to delivery of a key Government target: that by the end of 2010, all public sector contract opportunities should be accessible through a single online web portal. At regional level, the South West Regional Improvement and Efficiency Partnership (SW RIEP) and South West Councils have launched a SW procurement portal, which all local authorities are being encouraged to use. The portal is free, easy to use and provides local businesses with a single point of access to a range of public sector contract opportunities.

A South West Sustainable Procurement Network, which will provide information, training and support to South West public sector bodies, will also be developed. The Network will provide clear guidance on how to encourage and support local businesses to bid for public sector contracts, thereby building the capacity of local businesses to bid successfully while avoiding any legal pitfalls.

Green economy

7. We welcome the commissioning of the report on green jobs that the Regional Minister presented to the National Economic Council. (Paragraph 45)

The consultancy Arup was commissioned by the RETG to undertake a study (*Achieving a Green Economic Recovery*) to improve the region's understanding of key 'green' activities that are being, or could be, undertaken to deliver immediate economic stimuli.

The Arup Report has been important in developing the region's understanding of the opportunities for green-led recovery. The RETG has set up a sub-group (the Green Recovery Action Group), to ensure that this report is now built on and specific steps taken to realise some of the opportunities identified.

Of the initial list of 36 work areas identified by the study, 15 were seen as potentially providing the greatest economic impact on the region. Four work areas (domestic energy efficiency, business resource efficiency, marine energy technologies and new nuclear) were identified as high priorities that could be taken forward immediately by regional partners.

A further four priority areas were identified through phase two of the green recovery study. The additional work areas are:

- Community based renewables
- Environmental business sector support

- Sustainable procurement
- Low carbon vehicles.

The Green Recovery Action Group will also have a role in considering the regional position, and responding as necessary, to new Government initiatives aimed at delivering a low carbon, resource efficient economy.

8. We welcome SWRDA and the Task Group’s ambitions to bring about a sustainable low carbon economy in the South West. However, we remain to be convinced of progress in this direction. We expect to return to this subject in the near future. (Paragraph 48)

Since the Select Committee reported, there has been significant progress on low carbon economy issues. As the response to Recommendation 7 above explains, the RETG has established a Green Economic Recovery Action Group to take this agenda forward.

The South West was recently designated the UK’s first Low Carbon Economic Area for Marine Energy. This recognises, and will enable the region to build upon its existing strengths, including SWRDA-funded flagship projects such as WaveHub and Primare. SWRDA is also an active player in the Severn Tidal Power Feasibility study.

It will be vital to capitalise on these and other green economic opportunities. To help ensure that this happens, Environment iNet has been commissioned to provide support to the region’s environmental technologies businesses and in particular to research and development intensive SMEs and high-value services. The iNet will enhance connectivity across the sector, encouraging cross-fertilisation of ideas and innovation and sharing of best practice. It will also help to connect South West businesses with the national and international markets necessary to fuel and fund their growth.

Graduate unemployment

9. We welcome the partnership working between Jobcentre Plus and universities in the region to cater for the wider profile of people seeking employment opportunities during the downturn. (Paragraph 59)

The Government welcomes the Committee’s endorsement of the region’s approach to supporting a wider profile of job seekers. We will continue to seek opportunities to tailor provision to meet the needs of all clients.

Joint working arrangements have been established between universities in the region and Jobcentre Plus (JCP) to help cater for the significant numbers of redundant professionals and executives. This was the subject of an ECIF (Economic Challenge Investment Fund) bid to the Higher Education Funding Council for England (HEFCE) by a regional partnership comprising JCP, HERDA (the association of Higher Education Institutions (HEIs) in the South West), and HEI careers services from Bristol, Bath, Bath Spa and the University of the West of England. The bid was not successful; despite this, the partnership, agreed with the Department for Work and Pensions to trial a three-day course using Rapid Response Funding. The trial has now been completed. The partnership’s work helped to demonstrate how existing support and training resources could be adapted to the needs of

graduates and those from a professional and executive background. DWP officials are currently considering how best to take the support for graduates forward.

SWRDA is collaborating with the National Council for Graduate Entrepreneurship (NCGE) on the *Flying Start: Make IT Happen* programme of events, which are aimed at encouraging unemployed graduates in the region to become self-employed. SWRDA is also working with the NCGE to develop a University Enterprise Network which will promote business start-up to undergraduates studying for degrees in the creative industries.

The SWRDA also supports the [Gradsouthwest](#) website. On average the website advertises 1,200 graduate jobs at any one time, including those in the region on the national [Graduate Talent Pool](#) website.

Deferring redundancies and retaining skills

10. We see the Future Jobs Fund as an opportunity to supplement skills in the region. We welcome the work of the Government Office and Jobcentre Plus in co-ordinating bids for the fund. We would also support the inclusion of those, such as the trades unions, who may be able to help identify skills shortages in the region that could inform stronger bids. (Paragraph 66)

We are pleased to note the Committee's welcome for the Future Jobs Fund. GOSW has worked closely with Jobcentre Plus, the South West Regional Employment and Skills Partnership, SWRDA, the TUC and South West Councils to promote the Fund in the South West and to support local partners in developing their bids.

A joint event was held on 10 June 2009. The event was attended by local authorities, the TUC, social enterprise partners and Regen SW (an organisation which promotes green awareness). Colleagues from the Department for Work and Pensions also supported the event.

A follow-up workshop was held on 8 September 2009. This was attended by over 50 people representing a wide range of South West organisations and interests. The purpose of the workshop was to set out:

- the context of the Future Jobs Fund
- what makes a successful bid
- what further work is necessary.

The TUC were also present, and were invited to set out how they are supporting the development of the programme. The TUC are members of the Board that recommends bids to the Regional Minister. They have also been invited to be members of the Moderation Panel.

11. We note that retaining skilled workers is a high priority for the region and support the measures that many firms are taking to put off making redundancies. We welcome the joint working between management teams and trades unions to try and secure jobs. We recommend that the Task Group consider extending some initiatives across the

region, such as the initiative in Liskeard where the Citizens Advice Bureau approach employers to provide advice on the range of options that might be available before making redundancies. (Paragraph 68)

The Task Group recognises the importance of providing early interventions so that skilled workers are retained in the region and that businesses and individuals can access timely advice when they are facing potential redundancies. Through the RETG, SWRDA, with regional partners, has established eight Area Action Force Teams that cover the whole of the South West region to fulfil this need.

The Action Forces are currently working with 403 businesses and convene all the local public sector partners (including the Learning and Skills Council (LSC), Business Link and Jobcentre Plus) to provide a package of support that can include training.

Citizens Advice Bureau is involved in the Area Action Forces and is also represented on the Action Group dealing with business, skills and employment issues which feeds into the RETG.

Train to gain

12. We welcome the flexibilities introduced to Train to Gain to increase access, but are also aware that Train to Gain is under pressure due to demand. This situation needs to be monitored carefully and more resources made available as necessary. (Paragraph 72)

The Government is fully committed to Train to Gain. It has been a great success to date, helping 143,000 employers in England to train their staff and more than 1.2m people in England to improve their skills. That is why overall the budget will rise to £925m in 2009–10 and to over £1bn in 2010–11.

The Train to Gain budget has recently been revised in response to unprecedented levels of demand in all regions over the last few months. In the South West there is a slight increase in the budget for 2009–10. Allocations have been agreed with providers, who will need to manage their maximum contract values. It is likely that the coming year will, therefore, see fewer starts per month than we have experienced recently.

If the proposed changes to the structures and responsibilities of the new Skills Funding Agency and RDAs are implemented fully then the region will be able to ensure that demand is tailored to supply.

13. We welcome the demand for training from business. We note the value and popularity of Train to Gain, and we welcome the extra funding and flexibilities provided by the Government at the end of 2008 to increase the accessibility of the scheme. However, we note the concern of the Federation of Small Businesses that the financial support is paid to the employer once the training has been completed and that this might discourage the take up of training by small businesses. We recommend that the Regional Minister and partners investigate this and explore alternative ways of paying, for example by phasing payments. (Paragraph 74)

The issue has been raised previously by the Federation of Small Business (FSB) through the RETG. RETG has explored the issue with the South West Learning and Skills Council

(LSC) and provided a response which, although understanding of the issue, is unable to provide the immediate flexibility being sought.

The average amount paid in wage compensation is low (approximately £500) and therefore paying monthly would be prohibitively expensive in administrative terms. The relatively small sums involved are unlikely to have a dramatic effect on the cash flow of individuals businesses.

There is no evidence that the Contribution to Wage cost offer has had any effect on the take up of Train to Gain, given the significant growth we have seen and the fact that the overwhelming majority of learners and employers have not accessed the wage subsidy.

However, it has been recognised that some employers have found the scheme to be overly-bureaucratic. We understand that the LSC is reviewing the process with the intention of simplifying and speeding it up (although this may not necessarily include paying stages).

In addition, SWRDA has been doing a number of things to help businesses with their cash flow in the crisis. Examples include establishing a £10m Business Loan Fund and working with the banks to ensure that businesses can continue to access support. Businesses are also able to access Solutions for Business products that deal with access to finance and growth/venture capital.

Wage subsidy

14. A wage subsidy scheme requires resources beyond what the South West Regional Development Agency can provide. However, there was support within the region for such a scheme. We recommend that the Government review the impact and cost of ProAct in Wales, make public its views on the costs and benefits of introducing such a scheme, and of not introducing such a scheme. (Paragraph 78)

The Government has extensively examined the economic case for a general UK wage support scheme and concluded against the idea. This is because our past experience of operating wage subsidies schemes tells us that wage subsidies are temporary (unlike the lower tax rates permanently enjoyed in the UK), very costly, ineffective and unsustainable. Our analysis findings are also supported by Organisation for Economic Co-operation and Development (OECD) research.

We believe that the business help being provided is more effective in the longer term. It is also acknowledged that the crisis in our economy is, above all, a credit crisis. Our packages of credit support are designed to address this problem directly.

Furthermore, our system of tax credits already provides an automatic increase in incomes to families when wage income is reduced as a result of a reduced working week.

Where people who do find themselves on a shorter working week, then the best use of their free time is to train and upskill. Training in the UK is a devolved administration responsibility, and each country within the UK must provide training provisions which best meet their national business needs. It would therefore not be appropriate for the Government to comment on individual national schemes such as the ProAct scheme in Wales. In England we have the highly successful Train to Gain programme, which has had

its funding significantly increased to over £1b for 2010–11. Through Train to Gain, companies with fewer than 50 employees can also access a contribution to wage costs for their employees.

Housing

15. We welcome the efforts that the Action Group on Housing and Infrastructure has made with regard to identifying and unblocking housing schemes that could increase the availability of badly needed homes in the region, and also provide much needed help for the local construction industry. (Paragraph 87)

The Government is providing funds to unlock stalled house building sites that have been mothballed in the current economic climate. The KickStart programme provides a range of interventions including upfront investment for infrastructure and development costs complemented by support for affordable housing and Homebuy Direct. Twenty-five schemes in the South West have been shortlisted in KickStart Round 1, with the potential to deliver up to 2,121 homes supported by £65m of Government funding.

16. The problem of housing provision in the region necessitates joint working, involving those in both the private and public sector involved in construction and development, local authorities, the third sector and the mortgage lenders. We would urge the new Regional Minister to maintain his predecessor's attention to this area. (Paragraph 88)

The Government acknowledges that effective partnership working between the private, public and third sectors is vital to maximise the delivery of affordable housing and to provide assistance to homeowners during the economic downturn. Several hundred market homes for rent have been turned into new social homes for rent as a result of partnership working between local authorities, housing associations and developers supported by grant funding from the Homes and Communities Agency (HCA). The third sector, through organisations such as Shelter and Citizens Advice Bureau, is providing valuable and practical advice to local households who are experiencing difficulties in meeting their mortgage payments.

Mortgage Rescue Scheme

17. We note the ambition of the mortgage rescue scheme and the lack of take-up. We also note the publicity relating to the scheme may have increased the number of people approaching local authorities and advice centres for assistance. In this regard it may have inadvertently helped direct those at risk to a useful source of advice. We recommend that the Government further monitor the effectiveness of the scheme. It is too early to say if the scheme might be successful and recognise that demand is likely to increase. (Paragraph 93)

The Government is committed to offering help to homeowners through the mortgage rescue scheme. The Government will continue to monitor the effectiveness of the scheme to ensure that assistance is available to the most vulnerable households in the region.

The Government is currently undertaking an analysis of mortgage repossessions in the region focussing on the repossession hotspots of Barnstaple and Bristol. This research will include case studies of households that are subject to repossession proceedings looking at:

- the reasons leading up to repossession;
- the households understanding of the process;
- their awareness of advice and support;
- their eligibility for the mortgage rescue scheme; and
- lender behaviour and the awareness of protocols amongst lenders, advocates and district judges.

This research will assist the Government and regional partners in their understanding of the repossession process in the South West and will enable a more strategic targeting of resources to ensure that the most vulnerable households in the region are protected from losing their homes.

Debt

18. We welcome the work that local authorities and the third sector are doing to increase awareness and take up of benefits and tax-credits. We recommend that the Government Office work with local authorities, the third sector and other partners, using local area agreements where possible, to further encourage joint working and spread best practice. (Paragraph 101)

The evidence we have shows that local authorities and the third sector are continuing to work together to increase awareness and take-up of benefits, but progress is patchy across the region.

GOSW is working with SW Councils and local authorities directly to further encourage joint working. SW RIEP can assist in sharing best practice. GOSW took the opportunity to reinforce this and the wider message about managing the recession when it met South West chief executives and the Strategic Leaders' Board on 2 October 2009.

19. We welcome the extra hours funding that the Government has made available to the Citizens Advice Bureau, and note the evidence from Citizens Advice Bureau and AdviceUK relating to the demand on their services, their concern over the difficulty of securing funding for front line services, and that the additional hours funding expires in March 2010. We recommend that the Government continue to provide adequate funding for Citizens Advice Bureau. (Paragraph 102)

The Government supports this recommendation. We are aware that several local authorities have provided additional support to their local Citizens Advice Bureau (CAB), and other support agencies, to supplement additional Government funding.

The Regional Minister met recently with third sector regional representatives, including CAB, to discuss these and other issues, and GOSW is discussing with South West Forum how ongoing support to third sector partners might be monitored. The third sector is

concerned that funding might dry up just as the social impacts of the recession really hit. It is well aware that local authorities themselves have suffered loss of income and an increasing demand for their services.

20. We note that the repercussions of the downturn on jobs, housing and family finances may not be fully apparent yet. We recognise that it is preferable for those at risk of getting into financial difficulty to gain advice relating to benefits and financial management sooner rather than wait until a crisis develops. We recommend that the Regional Minister works to bring together with the voluntary sector, local authorities and the SWRDA to ensure consistent and joined up sources of advice relating to debt and financial management. (Paragraph 103)

The Regional Minister's work on these issues through the RETG is outlined in the response to Recommendation 25.

South West Forum has been invited to join the RETG to assist in joining up with SWRDA and local authorities (see response to Recommendation 21 below). The Regional Minister will continue to work with local authorities and the voluntary sector to ensure debt and financial advice joins up locally, and meets local needs.

21. We also note that the South West Economic Regional Task Group does not include any representative from the third sector in its core membership. We recommend the Regional Minister consider including such a representative on the Task Group. (Paragraph 104)

The Regional Minister has invited Steve Woollett, Chief Executive of South West Forum, to join the RETG. Mr Woollett attended his first meeting in September. South West Forum aims to champion the voluntary and community sector at regional level and to ensure that the voluntary and community sectors are genuinely engaged in developing and influencing policy.

The role of the RDA

22. In spite of the difficulties in the economy and their resources, we welcome the RDA's commitment to continue its support for business through the recession, and its emphasis on making sure the focus of Business Link is on the needs of business in the region, and in particular that of small and medium enterprises. (Paragraph 111)

SWRDA's revised Corporate Plan has a strong emphasis on improving business productivity and preparing for a low carbon economy. The Agency has been updating and developing its business 'offer' over the past two to three years, and this now includes:

- Brokering relationships between businesses themselves and between businesses and HE, sector bodies and public sector organisations, amongst others.
- Information and advice through Business Link.
- A range of support services covering starting up, growth, networking, developing people, environment and efficiency, exploiting new ideas, innovation, overseas trade, finance, grants and business premises. (These areas of support sit within the Solutions for Business portfolio.)

- Access to market intelligence.
- Advice on planning and infrastructure and corporate social responsibility; including how this can raise a company's profile.
- Major capital investments that benefit businesses (e.g. Watershed, Composites Centre).
- Promotional support (e.g. South West England campaign).
- Working with Whitehall on policy development.

23. We understand that all RDAs have had their budgets cut, and that funds from RDA budgets may go to fund other regeneration schemes. We think that wherever the RDA is in the country, it should be given adequate funding to fulfil the role that Government has given them. We recommend that the SWRDA does not have its budget cut further. It should be able to take short-term and long-term strategic decisions based on an agreed and stable budget. We recommend that the SWRDA single pot budget should not be reduced for the next two years. We recommend that the Government look again at the formula for allocating budgets to the RDAs. (Paragraph 115)

The Government has issued RDAs with indicative budgets for 2010–11 to inform their planning for that year. However, the Government cannot give firm commitments in relation to RDAs' future budgets. The funding that RDAs receive enables them to deliver important investment in programmes and projects focused on economic development. They are key to the delivery of Government policies in these areas. We expect key decisions about RDA funding, including regional allocations, to be made in the context of the next Spending Review, and following consultation with RDAs and Government Departments.

The role of the Regional Minister

24. We agree with our witnesses in welcoming having a Regional Minister. However, we remain to be convinced as to what the precise role of the Minister is. We note that the Regional Minister's role has been given certain responsibilities by the creation of the South West Economic Task Group, but we presume that the lifetime of the Task Group is finite. We recommend that the Government give clear guidance as to what the precise role of the Regional Minister will be in the future. (Paragraph 117)

The role of Regional Ministers was set out in the Governance of Britain report in July 2007 and this continues to provide the basis for the work of all Regional Ministers. Regional Ministers undertake three functions and act as:

- Regional leaders, working with elected councillors, officials and colleagues to co-ordinate effective action to deal with challenges facing the region. Regional Ministers use their Regional Economic Forum to facilitate this leadership.
- Government champions, representing the Government to residents of their region, regional partners and the region's media.
- Regional champions working with colleagues within Whitehall, bi-laterally and collectively through the Council of Regional Ministers and the Regional Economic

Council to champion the region with ministerial colleagues; including promoting their region's successes.

South West Regional Economic Task Group

25. The establishment of the Regional Economic Task Group is a welcome initiative and early indications are that it has been effective in some key areas—particularly in improving communication between government and the region and in pushing for progress on capital projects. However, there are concerns that it has focussed attention primarily on the concerns of business, to the exclusion of other issues such as the third sector and personal finance. The Regional Minister should work to address these concerns. (Paragraph 122)

The Government welcomes the Committee's endorsement of the effectiveness of the RETG. The Task Group's work to date has focused on tackling the initial economic impacts of the recession: supporting businesses in difficulty; helping individuals suffering redundancy or at risk of redundancy; unblocking infrastructure projects. As the Committee notes elsewhere in its report, the RETG has also been leading work on green economic recovery.

The RETG is also working on a range of other recession and recovery related issues. This work is informed by the recognition that some of the social and economic impacts of the recession on individuals and communities in the South West will take longer to turn around than the economy itself. Some examples:

- The Action Group which supports the RETG on business, people and skills issues is taking forward work on financial inclusion, financial skills and volunteering, in partnership with the third sector. The Group has commissioned a report from the Citizens Advice Bureau and is exploring ways in which work on this agenda could be taken forward, including making linkages to related Solutions for Business work.
- Task Group member organisations have been working with local partners to support the development of Future Jobs Fund bids.
- The Housing and Infrastructure Action Group is looking at impacts on individuals at risk, because of the downturn, of losing their home. It has commissioned a research project into mortgage repossession issues in the region which will inform work on improved outcomes for vulnerable householders. The Group is also bringing together a range of lenders, Registered Social Landlords (RSLs), local authorities and third sector advice agencies to discuss the availability of mortgage finance and issues around lender behaviour and repossession practices. (See response to Recommendation 17 above for more detail.)
- The Action Group on Public Services is working closely with the South West RIEP to build the capacity of the public sector to support economic recovery.

Regional Economic Council and Council of Regional Ministers

26. Representing the views of the region to central government is a key part of the role of regional ministers. It is important that regional ministers should be seen to be actively lobbying government on their region's behalf and that their efforts should be open to scrutiny. We further recommend that the Regional Minister explains how he intends to report back to those outside the Task Group as to his representations to Whitehall on behalf of the region, and the outcomes. (Paragraph 126)

A key role of the Regional Minister is to promote the needs of the region in Whitehall to ensure that national policy and its implementation meets the needs of the people in the South West.

For example, the Regional Minister has worked with the Transport Minister to push for further changes to the Department for Transport's transport appraisal process to speed up delivery of key infrastructure required to support growth, leading to increased momentum in delivering key projects across the region.

The Regional Minister has a programme of regional activity, including visits, meetings and communications which ensure that his role and its impact are communicated across the region. This is further enhanced by the Government Office's communications activity, which also communicates the work of the Regional Minister to key regional stakeholders.

The impact of the Regional Minister's role is scrutinised through the media, through the RETG, the Grand Committee and also directly at public meetings, such as the 'Building Britain's Future' consultation events this summer.