



House of Commons
West Midlands Regional
Committee

**Making the Voice of
the West Midlands
heard: the Work of the
Committee, and the
future for the Region**

Third Report of Session 2009–10

Report, together with formal minutes

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The West Midlands Regional Committee

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

Current membership

Richard Burden MP (*Labour, Birmingham Northfield*) (Chairman)

Mr Adrian Bailey MP (*Labour, West Bromwich West*)

Mrs Janet Dean MP (*Labour, Burton*)

Mr James Plaskitt MP (*Labour, Warwick & Leamington*)

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Powers

The West Midlands Committee is one of the Regional Committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152F. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

http://www.parliament.uk/parliamentary_committees/wm.cfm

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Contents

| Report | <i>Page</i> |
|---|-------------|
| 1 Preface | 3 |
| 2 The Work of the Committee | 4 |
| Conclusions | 5 |
| 3 The future for the Region | 7 |
| The Region as administrative area | 7 |
| Meeting in Aston: <i>Making the Voice of the West Midlands heard</i> | 7 |
| Economic development | 8 |
| Regional governance and related issues | 9 |
| Thoughts for the future | 10 |
| Conclusions and recommendations | 12 |
| Formal Minutes | 14 |
| List of written evidence | 15 |
| List of Reports from the Committee during the current Parliament | 16 |

1 Preface

1. The West Midlands Regional Select Committee was appointed in March last year. Over the last twelve months we have undertaken three main inquiries and held two ‘one-off’ events as we have attempted to analyse the current economic and social realities facing people and businesses in the region.

2. As we conclude our first year in existence, and as the general election draws closer, we wanted to look back at the work we have done, reflect on what more needs to be done to establish regional select committees on a permanent basis and consider how the regional tier of government might be developed in the future.

2 The Work of the Committee

3. The West Midlands Regional Committee was appointed on 3 March 2009, one of 8 Committees established to perform a scrutiny function for each of the English administrative regions outside London (a ninth committee, for London, was established in December). As we noted in our first report, the Modernisation Committee of the House of Commons, when recommending the formation of Regional Committees, said that “there is clear evidence of an accountability gap at regional level”, and that although RDAs and other bodies were accountable to Ministers, “many of their activities in the regions are not subject to regular, robust scrutiny”.¹

4. The Committees’ formal remit is to examine regional strategies and the work of regional bodies. Within that, what the West Midlands Committee has sought to do is address relevant issues and concerns, not conduct a more formal or abstract audit of institutions and their functions. Our first inquiry looked at how businesses in the region were affected by the downturn (including problems caused by lack of availability of credit) and the help that was available to them. Our second, complementary, inquiry looked at how people in the region had been affected, and what help was available to them concerning jobs, housing, debt and other issues. Our third and final inquiry for this parliament relates to the Regional Spatial Strategy and its transformation into a single spatial and economic strategy, looking at long-term plans for housing, for other development, and the way the process works.

5. One of the key bodies that falls within our remit is Advantage West Midlands, the regional development agency. We took oral evidence from AWM in both of our first two inquiries, and then again in December 2009 to examine a series of issues arising from its annual report. We followed up a number of points from that meeting in correspondence, which we publish with this report.

6. The final strand of work that we have followed over the year is the extent to which there is a regional tier of government and administration, how well the institutions within that tier operate, and how things might be done better in the future. As part of that we held a meeting with a number of interested individuals and representatives of organisations in February this year, and we will discuss the outcome of that in more detail later in this report.

7. Regional Committees have a different remit from the long-established departmental select committees. The latter’s role is clearly to hold departments to account on their policies, the way in which they implement those policies and the use to which they put public money. All of those things apply to us as well, but as a geographically-based committee we have a broader duty to represent the interests of our region back to Whitehall and Westminster.

1 Select Committee on Modernisation of the House of Commons, *Regional Accountability*, Third Report, Session 2007–08, HC 282, 2 July 2008, Summary.

8. We noted in our report on the way businesses have been affected by the downturn that there is an ambiguity in the relationship between Regional Ministers, the region they are minister for and the Government as a whole. As we said:

“the Minister represents the West Midlands region in the Government, but he also represents the Government in the West Midlands. Where the perceived interests of the region go against Government policy on a given issue, it is clearly difficult for the Minister to support change publicly because collective responsibility demands that he represents the Government's view.”²

We, fortunately, do not face that same dichotomy and **one of the main purposes that we see for the committee is to act as a channel directing the concerns of people in the Region to the regional institutions, to Whitehall and to Westminster.**

9. One of the challenges that we have faced is making people aware of our inquiries and enabling them to contribute. Our first inquiry generated 35 memoranda, our second 10 and our third 20. This a reasonable response, and we are grateful to all of those who have contributed, but in order to be able to genuinely represent the region as a whole we need to have a greater reach. Most of those who did reply were organisations of some significant size; government agencies, local authority bodies and larger NGOs such as Citizens’ Advice and the National Housing Federation. Our contact with the third sector, particularly with voluntary and community organisations, has been very limited, and this is something that we need to address.

Conclusions

10. The House of Commons set up Regional Committees for the remainder of this Parliament only, so if they are to continue beyond the coming general election the new House of Commons will have to vote to reinstate them. Our view is clear. **The last year has demonstrated to us the need for Westminster to look at regional issues in a more coherent way. We note the interest our inquiries have generated in the region, and the positive comments we have received from our witnesses. We therefore strongly recommend that the Committee does continue to exist in the next Parliament.**

11. Improvements are undoubtedly needed, however. The first and most obvious improvement would be the involvement of the main political parties other than the Labour Party. It is not for us to comment on the reasons for the Conservatives’ and Liberal Democrats’ decisions not to participate so far, but we believe that we have demonstrated that there is significant work to be done and that the people of the region would benefit from participation across the political spectrum. We are in no doubt, for example, that having an independent member on the Committee has improved our work.

12. When the House considers the future of Regional Committees, one issue that should be examined is the basis of representation on the Committees, for example whether it should reflect the composition of MPs in the region rather than the composition of the House as a whole.

2 West Midlands Regional Committee, *The impact of the current economic situation on businesses in the West Midlands Region*, First Report, Session 2008–09, HC 409–i (2009–10), paragraph 119.

13. Our second point relates to the resources available to the Committee. **As the Regional Committees were established on a temporary basis, and as it was anticipated, on the basis of the Modernisation Committee's proposals, that that they would meet no more than half a dozen times a year each, all nine committees are administered by a small central staff team. In the event, the Committees have met a great deal more than that—we will have met formally on fifteen occasions, six of those being in the region, with two other informal meetings, and have produced four reports. We could have done more if the resources had been available. If this Committee is reconstituted in the next Parliament, staffing will need to be provided to cover a higher level of committee activity.**

3 The future for the Region

The Region as administrative area

14. The idea of operating government on a regional basis is relatively new, and such government as exists is fairly amorphous. The Government Offices of the Regions were created under the previous administration, and Regional Development Agencies introduced by this Government. The Government Offices represent government in the region rather than being government *of* the region. The RDAs do have a clear regional role and have a degree of capacity to set their own agenda. Other agencies also have a regional presence, but the extent to which they have regional autonomy is limited and does not in most cases extend to matters of policy. Local government is just that, local, and while local authorities have done a great deal to try to establish effective regional networks, the authorities themselves remain firmly based in their administrative areas.

15. One of the issues that we have examined over the last year is to what extent the Region as a unit makes sense. We have met in various locations around the Region—Birmingham, Leamington, Stoke-on-Trent, West Bromwich and Worcester, and one issue that has been raised often is the way in which views from areas below the regional level are taken into account. We have heard about the significance of sub-regions but we have also heard people’s concerns that views from the local level should not be overlooked, either at the sub-regional or regional level. As we were told, for example, at our recent meeting in Worcester on planning for the future, “regional planning has to happen ... because without it, you can’t get the infrastructure and achieve your long-term goals. But it must take account of the parochial requirements of the districts as well.”³ The move from the Regional Assembly to what some have described to us as the less inclusive Leaders’ Board and Joint Strategy and Investment Board has caused some people concern that a narrower range of views than previously are being taken into account. We have also heard people’s concerns that, as London and the South East is a magnet for economic investment and growth which can skew the pattern for the rest of the country, so Birmingham, and the central West Midlands conurbation, can distort the economy for other parts of the region.

Meeting in Aston: *Making the Voice of the West Midlands heard*

16. We decided that it was important, before the general election, to at least begin the discussion with people in the region about the nature and scope of regional government and how it might develop in the future. To that end, we set up a meeting in February at Aston University so that some of those with an interest in these matters could tell us how things are working at present and how they would like to see things develop in the future. Amongst those invited were representatives of regional bodies, local authorities, business groups and unions. We were particularly keen to encourage representatives of local voluntary and community groups to attend, in order to gain as broad a picture as possible of how people would like to see the structures in the region evolve. A number of people

3 Oral evidence taken before the Committee, 1 March 2010, *Planning for the Future: Housing and Economic Development in the West Midlands*, HC 421-i, Q 5 (Mr David Hughes, Malvern Hills Council)

from that sector did attend and we are grateful to Regional Action West Midlands for all they did to help.

17. The Chairman of the Committee introduced the event, and discussed some of the issues that we outlined in the previous chapter of this report. Professor Graham Pearce of Aston University then provided a commentary of the way in which regional governance had developed over recent times. In his conclusions, he said that it could be argued that the reach and depth of governance in the regions and the voice of the regions had been advanced under the present Government, but that the balance of funding had not changed, Whitehall's extensive regional administration was not regionally accountable and regional leadership was shared between multiple bodies. Whoever formed the Government after the general election would inherit a fragmented and complex system of sub-national government which few citizens understood, and there would also be severe financial limits.

18. We then invited contributions from those present, and we attach a summary of what was said. We are very grateful to those who participated, and the comments made did provide some thoughtful insights into the question of how an effective regional level of governance might be achieved, as well as thoughts on issues that would have to be addressed to help the region prosper.

Economic development

19. One of the issues raised was unemployment. We were told that the West Midlands has the highest level of unemployment of any region in the country. That problem needs to be acknowledged and the region, however it is defined, needs to look for every possible means to tackle the situation, for example using such money as is available to leverage further investment.

20. **The extension of the High Speed Rail network to the Midlands is something which many in the region support, and we are pleased that since our meeting in Aston the Government has announced its approval for the project and set out its detailed plans.**⁴ However, one of the issues that was raised with us was the need to ensure that investments of this kind did provide their full value to the region. It was argued that there was a risk that High Speed Rail could lead to more of the national economic and resource pool being sucked to London and the Southeast rather than driving development in other regions. Therefore across the Midland and Northern regions there needs to be a great deal of thought about what else needs to be put in place alongside the physical infrastructure to enable those regions to benefit properly from HSR. The same would be true of other substantial projects. This underlines the need for there to be coherent mechanisms in place to allow these kinds of issues to be discussed, and to help decisions to be implemented effectively, across the region.

⁴ Department for Transport, *High Speed Rail*, Cm 7827, 11 March 2010. The Committee discussed some aspects of High Speed Rail with AWM in December 2009; see Oral evidence taken before the Committee, 14 December 2009, *Advantage West Midlands Annual Report 2008–09*, HC 175-i (2009-10), Q 44

Regional governance and related issues

21. A number of people spoke about the regional governance structures themselves. These were amongst the points raised:

- There are too many bodies with overlapping remits. This hinders collaboration at the regional level, and also makes it difficult for those on the outside, such as businesses, to work with them. It also leads to a waste of resources.
- The Leaders' Board has a crucial role in ensuring that local authorities work together co-operatively. Given the Board's importance, the Regional Committee needs to subject it to comprehensive scrutiny on matters such as policy, funding and governance.
- Funding coming to the region from Central Government needs to be less constrained: too often it is too tightly controlled with too many strings attached and with no room for local flexibility. Central Government departments needed to be more flexible and co-operative on funding issues, rather than thinking solely along the lines of their own remits.
- There was a need to look outside England, to the devolved administrations, to see what authorities in those areas can do that those in the West Midlands cannot.
- Whatever happened to regional structures in the West Midlands and across England after the election, the EU would still distribute its funding on a regional basis, so regions would continue to have real significance.
- The new structures being introduced to take over from the Regional Assembly—the Leaders' Board and the Joint Strategy and Investment Board—do not yet provide a voice for the community and voluntary sector. Third sector organisations have had to spend too much time arguing for their inclusion in policy making bodies, rather than demonstrating their worth by their contribution to tasks.
- Third Sector bodies are not just financial partners but also strategic partners, and are vital for delivery of services. The region needs to take more risks and show greater willingness to include such bodies.
- There needs to be much better information for the public, not least from local authorities, to enable them to understand what is happening in their areas. People may not understand the decision-making processes, but they do care about decisions which affect their lives. There needs to be more imagination shown in finding ways to reach out to people and engage them.

22. Finally, there was a broad agreement on the importance of maintaining effective mechanisms for strategic decision making, communication and implementation at regional level. As one contributor said, the West Midlands as a region shared many aspects of life, such as travel to work and travel to study patterns. To lose the regional dimension and focus on local issues would be a real loss, and it needs to be maintained. It does not make economic sense to move to deciding things at a local level only.

23. This chimes with what we were told when we took evidence from Advantage West Midlands in December last year. We asked Sir Roy McNulty, Chairman of AWM, about the suggestion that it would be possible to do away with the RDA and leave its functions to local authorities in conjunction with business, the third sector and so forth. He told us:

... we believe that there is a set of important functions that need to be carried out at a level between national and local.

“You can look at the two extremes of that. At a national level, I have not met anyone who adheres to the former view that the man in Whitehall always knows best. The man in Whitehall may be very wise, but he cannot understand all the angles on everything as they relate to conditions on the ground. At the other extreme, the thought that you can divide up all the functions that this RDA does and hand them over to 33 local authorities within this region and automatically get the level of understanding and co-ordination which is necessary is probably a bit far-fetched.

I think that if you go in the direction of localism, on some subjects you need a degree of co-ordination, which would amount to something that looks remarkably like an RDA, because you cannot deal with transport planning, for example, in 33 separate pockets within the region. Issues such as innovation are very closely linked to the capabilities that exist within our universities, but not all the 33 local authorities have a university. You need to knit that together at a regional level. The same applies to skills and to some of the enterprise innovations, and the same applies to efforts to deal with very complicated subjects such as economic inclusion and exclusion and those sorts of things. Similarly, not all the 33 local authorities have the capabilities to undertake major regeneration schemes. It is true that a big city such as Birmingham obviously has that sort of capability, but the situation is much different in the rural shires.

“We are open to change and to different configuration, but I believe that almost all the functions that are carried out by this RDA need to be carried out by somebody at a level between local authorities and national authorities. I spend a lot of time talking to people on this subject, and if I had to say where the centre of gravity of the views is, I would say that it is probably around the proposition that you need something that knits things together at a regional or sub-regional level and makes sense of what otherwise is a very incoherent picture.⁵

24. We agree with this view. **AWM has established its worth, and while, as with any organisation, there may be things that we believe it should arrange differently, the positive impact that it has had in the region during the current economic downturn, for example, is clear.**

Thoughts for the future

25. We found the meeting in Aston extremely useful. A broad range of individuals and organisations took part, and some very thoughtful views were expressed. While we would

5 Oral evidence taken before the Committee, 14 December 2009, *Advantage West Midlands Annual Report 2008–09*, HC 175-i (2009-10), Q 63

not claim that the discussion was exhaustive, the consensus around the need for some intermediate layer of government between the local and national levels was striking. **Political views on the worth of the apparatus of regional government vary, and if the government changes at the election then the future of RDAs may be in doubt. The view of many outside the political sphere who have had dealings with AWM, however, is that Regional Development Agencies have an important role to play and that the functions that they perform would have to be performed by someone, so we hope that the needs of continuity and stability will prevail.**

26. The Leaders' Board and the Joint Strategy and Investment Board both have the potential to help make a regional tier of government and administration more effective. However, it is clear that the JSIB needs to be as inclusive as possible in order to make sure that the widest possible range of views are incorporated in policy development and implementation. We comment further on this issue in our report on *Planning for the Future*.

27. It is clear also that, in general, the people of the region are not well enough informed about what is being done on their behalf, and on how they can comment on and influence these important decisions. If this Committee is revived in the next Parliament, that is one of the things that we urge our successors to concentrate on, but it is an issue that all official organisations need to recognise and act upon. **There needs to be a much greater effort on the part of public institutions to engage people from outside in the debates and decisions which affect them, whether at local, sub-regional or regional level. If the West Midlands is to punch its weight more effectively on the national stage, it is vital that institutions of local government, or at regional or sub-regional levels, have the confidence of the public. That can only happen when people feel that those institutions relate to their needs.**

28. The issues that we have touched upon in the second part of this report are ones that will be the subject of debate for some time to come. We hope that the report will help to stimulate that debate. We would welcome people's responses to what we have to say, but with the general election imminent and with no guarantee that the Committee will be re-established the next Parliament, we want to encourage people to give their views to an organisation which will continue into the future. **We recommend that the Leaders' Board sets up a forum for public discussion of how institutions can engage more effectively with the public and how that engagement can be used to help the region to become more responsive to the needs of the people who live here.**

Conclusions and recommendations

1. One of the main purposes that we see for the committee is to act as a channel directing the concerns of people in the Region to the regional institutions, to Whitehall and to Westminster. (Paragraph 8)
2. The last year has demonstrated to us the need for Westminster to look at regional issues in a more coherent way. We note the interest our inquiries have generated in the region, and the positive comments we have received from our witnesses. We therefore strongly recommend that the Committee does continue to exist in the next Parliament. (Paragraph 10)
3. As the Regional Committees were established on a temporary basis, and as it was anticipated, on the basis of the Modernisation Committee's proposals, that that they would meet no more than half a dozen times a year each, all nine committees are administered by a small central staff team. In the event, the Committees have met a great deal more than that—we will have met formally on fifteen occasions, six of those being in the region, with two other informal meetings, and have produced four reports. We could have done more if the resources had been available. If this Committee is reconstituted in the next Parliament, staffing will need to be provided to cover a higher level of committee activity. (Paragraph 13)
4. The extension of the High Speed Rail network to the Midlands is something which many in the region support, and we are pleased that since our meeting in Aston the Government has announced its approval for the project and set out its detailed plans. (Paragraph 20)
5. AWM has established its worth, and while, as with any organisation, there may be things that we believe it should arrange differently, the positive impact that it has had in the region during the current economic downturn, for example, is clear. (Paragraph 24)
6. Political views on the worth of the apparatus of regional government vary, and if the government changes at the election then the future of RDAs may be in doubt. The view of many outside the political sphere who have had dealings with AWM, however, is that Regional Development Agencies have an important role to play and that the functions that they perform would have to be performed by someone, so we hope that the needs of continuity and stability will prevail. (Paragraph 25)
7. There needs to be a much greater effort on the part of public institutions to engage people from outside in the debates and decisions which affect them, whether at local, sub-regional or regional level. If the West Midlands is to punch its weight more effectively on the national stage, it is vital that institutions of local government, or at regional or sub-regional levels, have the confidence of the public. That can only happen when people feel that those institutions relate to their needs. (Paragraph 27)

8. We recommend that the Leaders' Board sets up a forum for public discussion of how institutions can engage more effectively with the public and how that engagement can be used to help the region to become more responsive to the needs of the people who live here. (Paragraph 28)

Formal Minutes

Monday 29 March 2010

Members present:

Mr Richard Burden, in the Chair

Mr Adrian Bailey
Mrs Janet Dean

Mr James Plaskitt
Dr Richard Taylor

Draft Report (*Making the Voice of the West Midlands heard: the Work of the Committee, and the future for the Region*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 28 read and agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Annex agreed to.

Papers were appended to the Report.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned to a date and time to be fixed by the Chair.]

List of written evidence

| | | |
|---|---|------|
| 1 | Annex: Note of the meeting held by the Committee on 22 February 2010 | Ev 1 |
| 2 | Letter from the Committee Chair to the Minister for the West Midlands | Ev 4 |
| 3 | Letter from the Minister for the West Midlands to the Committee Chair | Ev 5 |
| 4 | Letter from the Committee Chair to the Chief Executive, Advantage West Midlands | Ev 6 |
| 5 | Letter from the Chief Executive, Advantage West Midlands to the Committee Chair | Ev 7 |

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2009–10

| | | |
|---------------|--|--------|
| First Report | The effect of the economic downturn on the people in the West Midlands | HC 258 |
| Second Report | Planning for the Future: Housing and Economic Development in the West Midlands | HC 421 |

Session 2008–09

| | | |
|----------------------|---|--------------|
| First Report | The impact of the current economic and financial situation on businesses in the West Midlands region | HC 409 I–II) |
| First Special Report | The impact of the current economic and financial situation on businesses in the West Midlands Region: Government response | HC 61 |

Written evidence

Note of the meeting held by the Committee on 22 February 2010

MAKING THE VOICE OF THE WEST MIDLANDS HEARD

Venue: Lakeside Conference Centre, Aston University

ALAN WENBAN-SMITH, CONSULTANT IN URBAN REGIONAL POLICY

The region needed to help itself. Local agencies had pulled together under the Thatcher Government, when the region had been treated with “malign neglect”. Much of the collaboration had been sub-regional. A large number of new agencies had been created since then by the centre which may have hampered more locally-based collaboration.

High Speed rail (HSR) was a good example of the kind of issue the region needed to address. The debate had been all about HSR to Heathrow, but the real issue was how to avoid HSR sucking more of the national economy and resource pool to the South East and London. This required regions to consider what needs to be in place alongside the physical infrastructure to benefit from HSR. Such joined-up action is better done locally than from the centre. There was a need to think across Midland and Northern regions so that they could act as a counterbalance to the pull to the SE.

There was also the example of the NHS. There were regional bodies seeking to introduce innovation into the NHS by developing ideas from NHS practitioners into products. Cuts in resources inevitably mean that National bodies would be advantaged at the expense of regional ones. Much innovation is “bottom-up” and “bottom up” initiatives would suffer most.

PHIL DAVIS, WEST MIDLANDS CONSTITUTIONAL CONVENTION

The West Midlands had a good history of partnership working, including the first free-standing regional local government association. In terms of national-local relations, there had been progress in the last 10 to 15 years, in that the Government was more willing to consult those in the region than had been the case previously and had created structures to do so—most notably the Regional Assembly. However, the number of agencies now involved and the lack of an accountable regional tier, currently got in the way of dialogue and collaborative working.

The Regional Assembly had been an effective partnership which at its close had local cross sector support and cross-party backing. The Joint Strategy and Investment Board, which was replacing it, had potential problems in working with community and voluntary sector organisations. It appeared rather more technocratic and less representative. To be empowered, the region needed an elected body, despite the history of previous failure—elsewhere—on that score.

There was also a need to address the lack of local authority fiscal autonomy; for example, only 10% of Birmingham’s income was funded by the City’s council tax. Fundamental policy decisions impacting on the region were being taken by individuals who were not accountable to local citizens. There was a need to learn from European models by looking at devolved elected bodies in similar-sized countries.

ANDREW COULSON, BIRMINGHAM UNIVERSITY

Select Committees sometimes needed to be fearless and brave—some organisations and individuals need to be held to account in public.

The Government Offices were key to more effective administration in the regions, because they could co-ordinate the activities of all government departments. If they were restructured, with RDAs as their executive arm and an elected assembly as the scrutiny arm, they could be even more effective. But meanwhile they needed to be held to account by the regional select committees.

The Leaders’ Boards are the key institutions under the new arrangements, and the select committee needed to inquire into the fundamental issues of funding and other resourcing, its agenda and governance, etc. It was important that the Leaders’ Board developed the work of the Regional Assembly and did not start from scratch.

RDAs were not entrepreneurial enough, and hadn’t been given the lead on sustainability. Some progress had been made by Sustainability West Midlands, but the sustainability agenda had not really become central to the economic strategy of the region yet.

The question also needed to be asked as to what Europe was doing to help the region’s problems. The West Midlands had the highest level of unemployment regionally in the country, and the region had to look for every means to address the problem thorough leveraging funds and prioritising the region.

SHARON PALMER, REGIONAL ACTION WEST MIDLANDS

The role of the social, economic and environmental partners was key, but they were excluded from the new structures. They were not just financial partners, but strategic, and vital for delivery of regional priorities. The diversity and size of the sector can make it difficult to grasp but this is not insurmountable. How much of a risk were institutions in the region willing to take in order to include the SEEPs in their organisations and in their plans?

When time allowed, a select committee hearing on the role of the third sector could also be really valuable.

GEORGE MORRAN, LOCALISE WEST MIDLANDS AND FORMER DIRECTOR OF THE WEST MIDLANDS REGIONAL FORUM OF LOCAL AUTHORITIES

There had been a long history in the West Midlands of regional working going back to the 1950s. At that time Birmingham and the Black Country had been expanding rapidly. Local authorities became tired of planning applications for extra homes being decided by Ministers and civil servants in Whitehall when they had been turned down by planning authorities locally. The Local authorities, in response, developed ways of working co-operatively across the region to agree how the region should develop as a basis for determining local priorities.

The establishment of regional select committees was a small advance in the process of bringing Westminster/MPs into the discussions. Since 1997 regional working arrangements had been led by Whitehall without any significant consideration by Westminster.

Local people received virtually no information about what was happening in their areas, including from local authorities. They do not understand the decision-making structures but do care about the decisions that impact on them. This information deficit, and the distance of local politicians from the citizens they represent, needed to be addressed urgently.

The significant role Whitehall, rather than Ministers and MPs, plays in decision-making results in a gapping democratic deficit. Regional quangos should be known to the public.

The recent Justice Committee report on devolved government says that England is still locked in pre-devolution structures. There was a need to look outside England to learn lessons, including whether people believe that devolution is worthwhile. For example, what can people in Scotland do now in terms of region action that those in the West Midlands cannot?

GERALD KELLS, CPRE

He had served on the Regional Assembly, representing the whole environmental sector. In the assembly, his contribution had been accepted as the third sector had equal weight to local authorities and the business sector. The sector was able to add value to the regional assembly, in part, because it did not have to justify its position. The environment sector brought a truly regional perspective, which local authorities do not have, and a different perspective/set of priorities.

The initial stages of the sub-national review ignored the role of the third sector. Its contribution has since been recognised at both regional and national level. The Act states that stakeholders should be engaged in the new processes but not how, leaving the process of engagement to regional determination.

In the new institution, the Joint Strategy and Investment Board, he and his colleagues had had to spend a year justifying why the third sector, and particular the environment sector, should be included in policy decisions (through proposed policy making panels). This was not good use of the limited time and resources of the sector. It would have been much better if he and his colleagues had been able to get on with working with the Board so the sector could prove its worth that way. Communication from the Board to wider stakeholders has been limited, which means that interested parties do not know what is going on.

The environment sector has found sub-regional bodies are hardest to influence. They are *ad hoc* partnerships, which tend to be “closed door” and as such are further from the democratic process than regional bodies. If there is a greater role for sub-regional bodies in the future they need to be structured to include social and environmental representatives.

ROSE POULTER, WEST MIDLANDS LEADERS’ BOARD/SECONDED TO ADVANTAGE WEST MIDLANDS

Regional structures are in the process of transition. Efforts are being made to transfer good working practices from the Regional Assembly to the Leaders’ Board and JSIB.

In looking back at the work of the Assembly, it needed to be recognised that at the end it had been flabby and not properly focused. The new processes that are being put in place have learnt from the assembly and are focussed on what the region needs. There are good opportunities for engagement and partnership working; a whole range of institutions will be able to contribute to the development of the new single regional strategy.

Real leadership is needed in the region. This would be part of the role of the Leaders' Board and the JSIB, but MPs needed to speak and act as advocates for regional issues too.

DAVID BAILEY, COVENTRY UNIVERSITY

It was clear that there did need to be a level between national and local levels of government to deal with certain key issues. The regional sector is in real danger of being abolished and its role needs to be properly justified. In the absence of an elected regional assembly, regional select committees have a vital role to play, especially in examining the role of the third sector.

It was also clear that there needed to be greater acceptance of risk in regional investments and the use of public money if the regional economy was to expand. The region should support the industries it would like to see developed in the future, but needed to accept that some of these might fail. Lessons also needed to be learned from elsewhere; the devolved regions in Scotland and Wales, for example, which had more flexibility and clout to deliver solutions.

DEBORAH WALSH, RICS

The business sector does have a voice at regional level but it had to fight for its place on JSIB, whereas it had representation on the Regional Assembly as of right. Business sees its role as acting as a critical friend to Government.

Regional structures are needed because some things, such as transport, cannot be divorced down to a local level. The geographical boundaries for education, health and work vary and do not necessarily match administrative boundaries.

It is a fragile time for business, with the economy still escaping recession and the effects of the credit crunch still real. Too much change would be unsustainable in the present situation. Nor could business afford stagnation, which was a danger as the election drew nearer.

It was clear that whatever happened there would be funding cuts after the election, the question being where those cuts would fall. There are currently a plethora of bodies with overlapping responsibilities which are hard for external parties to wade through; there does need to be simplification. The region needed to make sure that it made the most of the funding that was available. One problem was that money distributed to regions was often too tightly controlled from central government, with lots of strings attached, leaving no room for local flexibility. Initiative after initiative has resulted in duplication due to a lack of "joined-upness"—not the most effective use of scarce resources.

Multi-area agreements and City regions may become more prominent if there is a change in Government. This could well leave gaps, especially for rural areas.

VAL GOULDEN, INDEPENDENT SOCIAL WORKER

We need to look at different ways of doing things because local people do not have a voice in decisions affecting them.

Outreach needed to be more imaginative, going direct to people in communities, not just through bodies and organisations. We could learn from the Scottish Parliament which made an effort to go to communities, and hold sessions that really interested people and which they wanted to get involved in. It is important to make Parliamentary outreach relevant to people. One simple change is in how rooms are set up: circular rooms encourage debate rather than speeches.

KATE BAKER, CONNECTED CONSULTANCY

Regionalisation makes a lot of sense. At the West Midlands regeneration convention there was lots of support for it.

A more imaginative approach was needed to engaging young people with public life. The diversity of regional communities are rarely represented at public events—rather it is the "same old voices" contributing. It is important for public bodies to take a risk on people and how they engage with them.

SAJID HASHMI, VOLUNTARY ACTION STOKE-ON-TRENT

All parts of the region needed to be included in programmes. There was a feeling in Stoke that it was excluded from the regional debate, as most attention in the region was focused on the main Birmingham conurbation. Stoke sometimes appeared to be the hole in the doughnut: it didn't fit with Birmingham and it didn't fit with Manchester.

Rules on funding needed to be addressed; the world didn't end on 31 March each year even though all publicly funded projects had to spend their money by then. Greater flexibility was needed to allow organisations to spend money sensibly.

CHRIS CREAN, WEST MIDLANDS FRIENDS OF THE EARTH

A more flexible Joint Strategy and Investment Board would be welcome. The third sector is fighting for a seat on the Board with no success. There is a role for a more rounded discussion (beyond local government and business) at the regional level. The region needs to learn lessons from the regional funding allocation process, which did not engage with “partners” outside the JSIB and as such was not an inclusive process.

There was currently a danger that two city regions could be created in the Region, one around Birmingham and the other centred Coventry. This could pull resources increasingly to the south and east of the region, and would increase the national tendency for resources to flow towards the south east. There was a danger that the Stoke-on-Trent, Telford and Black Country areas would lose out even more and the voice of rural communities would be lost.

In the talk of how regional policy might develop, it needed to be remembered that whatever happened after the election, the EU would still distribute its funding on a regional basis, so regions will continue to have a real significance.

JAMES WATKINS, BUSINESS VOICE WM

It was to be hoped that not too much would be learned from history. While the regional assembly had done some good things, it had been an assembly of people all from the same backgrounds; it did not fully represent the people of the region and their ethnic diversity.

More accountability is needed in how decisions are made at a regional level. For example, MPs should have been more involved in the RDA’s regeneration zone policy. Westminster should be at the heart of regional processes, and therefore the regional select committee is needed.

The West Midlands as a region shared many aspects of life, such as travel to work and travel to study patterns. To lose the regional dimension and focus on local issues would be a real loss, and it needed to be maintained. It does not make economic sense to move to deciding things at a local level only.

The region should be more ambitious in engaging with people.

Letter from the Committee Chair to the Minister for the West Midlands

The West Midlands Regional Committee took evidence from Advantage West Midlands on 14 December last year on its annual report and related matters. Since that meeting we have been reflecting on what was said and there are a number of issues that we think are relevant to RDAs generally which we wanted to draw to your attention.

The first issue, where improvements could benefit all RDAs, is on collaborative working in general, and on bringing inward investment to English Regions rather than the devolved territories, for example. AWM noted the joint working between it and the East Midlands Development Agency (*emda*) on promoting the British Midlands as an entity in Japan and the United States. We consider that more initiatives along these lines could be beneficial and urge AWM to explore the possibilities. We noted the comment from Sir Roy McNulty that RDAs get no credit for benefits of any course of action which are felt across the border in another RDA. We agreed with his point that incentives should be provided to encourage cross-border initiatives, and we shall be writing to Lord Mandelson about this issue. We would also welcome your support for this proposal.

We acknowledge that the purpose of AWM is to encourage economic growth in the region. It is increasingly difficult, however, for an organisation to have such a remit and not to take account of the environmental and social aspects of their actions. It would be extremely useful, and help to confirm the worth of the work AWM does, if it could develop ways of measuring the social and environmental benefits arising from its projects, as we discussed when looking at the Market Towns programme. Again, we would welcome your support for this proposal, one which could help to bring a significant extra dimension to the work AWM does.

We talked about the restrictions that are going to be placed on AWM’s budget in coming years, and ways in which the money that it does receive can be used most effectively. Effective collaborative working was one of the main methods that AWM suggested for being able to do that; for example, by improving the links between business and university.

RAWM, in its written evidence to the Committee, said that AWM had improved its understanding of, and working relationship with, the voluntary and community sectors, but that its support for those sectors was limited as was its recognition of the diverse impacts (again particularly social) that working closely with these bodies could bring. We consider that if AWM focused on improving its work with those from the voluntary and community sector it could bring significant benefits. We hope that you too can see that this would be an important development for AWM, as with the attempt to measure social and environmental impacts, and that you will encourage AWM to improve its links with the voluntary and community sectors.

Finally, Sir Roy McNulty made a powerful case at the end of the meeting for the need for RDAs to be performing something like their current role. He said that “we believe that there is a set of important functions that need to be carried out at a level between national and local [government].” We agree with this view. There is clearly a need for that kind of overview, but that does not mean that there is no room for change. The Committee hosted a meeting in Birmingham yesterday to look at some of the issues that affect the West Midlands regionally to find out what people think about the current position and how they would like to see things changed. We hope that issues raised at that meeting will help to point the way for future developments in AWM’s role and we shall contact you about that shortly.

23 February 2010

Letter from Minister for the West Midlands to the Committee Chair

Thank you for your letter of 23 February following the evidence given to the West Midlands Regional Select Committee inquiry into the work of Advantage West Midlands on 14 December 2009.

I should like to respond to each of your issues in turn.

CROSS RDA COLLABORATIVE WORKING, INWARD INVESTMENT AND INCENTIVES FOR CROSS RDA ACTIVITY

I am pleased to say that the government is encouraging greater collaboration between RDAs through its New Industry New Jobs Strategy, Partnerships for Growth framework and Going for Growth Our Future Prosperity paper. Whether the aim is attracting investment or designing strategic investments the emphasis now is to be one of collaboration rather than competition.

AWM already has some excellent examples of cross RDA working. With emda, for instance it:

- is developing the National Manufacturing Technology Centre (MTC) at Ansty in Warwickshire. (This is AWM’s largest cross-regional project. BIS has approved £40 million of capital funding from both RDAs with AWM providing £25 million);
- has successfully secured the location of the Energy Technology Institute in Loughborough University (on behalf of the Midlands Energy Consortium, including Birmingham and Nottingham Universities); and
- achieved the declaration of the Midlands as a Low Carbon Economic Area for advanced automotive engineering.

Additionally, AWM holds the Transport lead role on behalf of the RDA network and is leading on collaborative working across the RDA network for Digital Media.

The incentive point you raise is referred to below.

Measuring the social and environmental impact of AWM’s activities

BIS, the RDA’s sponsor Department is currently working on a project with the RDAs to review their current performance framework to give more “real-time” data that reflects the focus of RDA activity. The RDA network has nominated the South West Regional Development Agency (SWRDA) to lead on this work with BIS, and other government departments are being consulted, especially those who contribute to the “single pot” funding of RDAs, such as CLG. This work will also feed into wider BIS discussions with HMT on the Public Value Programme and Budget. A key aspect of this project is to create greater incentives and recognition for RDAs for cross-regional collaboration to achieve national priorities. BIS and SWRDA are to report to the RDA network on progress in the near future to discuss how to take the matters forward.

Pressure on AWM resources in future years increasing the need for effective collaborative working—improving links between business and universities

The Government recognises that to deliver its sustainable economic growth agenda all levels of government will need to work together and with key regional and local partners to have the greatest possible impact and make best use of the resources available. To underline this approach, in his speech at the launch of Going for Growth, Lord Mandelson asked the RDA Chairs in conjunction with the University Vice Chancellors to consider how the universities, supported by RDAs, can effectively drive economic growth and prosperity in the region. In response the South East of England RDA (SEEDA) has led a piece of work, drawing on the expertise of all RDAs, which sets out the critical and instrumental role that RDAs working with Universities have in stimulating economic growth. The recommendations from this work are with Lord Mandelson.

This activity links into a separate piece of work that AWM's Chair, Sir Roy McNulty, is leading for the RDA network to identify with business organisations their regional priorities for delivering the Going for Growth opportunities.

To encourage improved collaboration between HEIs and business in the West Midlands I have, through my West Midlands Economic Taskforce, commissioned the WMHEA in conjunction with business partners to identify new and innovative ways that HEIs might work with the business community to develop mutually beneficial relationships (including supporting graduates in finding employment in the region).

Need for AWM to focus on improving its work with the Voluntary and Community sectors

I am pleased to hear of RAWM's appreciation for the work of AWM. I know that AWM works closely with the third sector and indeed it is a requirement for RDA Boards to have a Voluntary and Community sector representative, which in the case of AWM is Jas Bains. The third sector is also represented on my West Midlands Economic Task Force.

RDAs, as you know, provide regional strategic leadership on economic issues. They will soon have joint responsibility for the integrated regional strategies, covering both economic and spatial issues, which will necessitate engagement with a variety of stakeholders including the voluntary and community sectors in the development of the strategy. RDAs deliver government policy and operational interventions based on the Regional Economic Strategies and their Corporate Plans. AWM's current Corporate Plan for 2009–11, was approved by Ministers in July 2009 and importantly provides the basis for how the Agency will be using its resources in supporting the region through its economic challenges and to prepare for its recovery. This also sets out in broad terms its plans for working with the third sector, which will continue to be an important partner in the delivery of the regional agenda.

Government considers that RDAs have a clear and compelling vision of what they can achieve in England over the next five years to aid the economic recovery. RDAs have achieved a great deal during the economic downturn, and are a vital part of the Government's strategy for delivering recovery and future prosperity.

15 March 2010

Letter from the Committee Chair to the Chief Executive, Advantage West Midlands

The Committee was grateful to AWM for hosting our evidence session on 14 December last year. Since that meeting we have been reflecting on what was said and there are a number of issues that we want to follow up with you.

We spent some time at our meeting trying to piece together the overall picture on AWM's expenditure. You said that the report and accounts was organised around a very standard Government accounting approach but that you were not sure how useful it is as regards management information (Q17). From our perspective, it is clear that a much more transparent overview of expenditure would be enormously helpful, building on the additional information that you provided to us after the meeting. A short, simple additional document containing the essential expenditure information that could be inserted in to the annual report would be extremely helpful, and we hope that you will be able to produce something along those lines for the next report. We intend to write to Lord Mandelson on this point, as it is clearly something that would be beneficial for all RDAs.

Another issue where improvements could benefit all RDAs is on collaborative working in general, and on bringing inward investment to English Regions rather than the devolved territories, for example. You noted the joint working between AWM and the East Midlands Development Agency (emda) on promoting the British Midlands as an entity in Japan and the United States. We consider that more initiatives along these lines could be beneficial and urge AWM to explore the possibilities. We noted the comment from Sir Roy McNulty that RDAs get no credit for benefits of any course of action which are felt across the border in another RDA. We agreed with his point that incentives should be provided to encourage cross-border initiatives, and we shall be writing to Lord Mandelson about that issue too.

We acknowledge that the purpose of AWM is to encourage economic growth in the region. It is increasingly difficult, however, for an organisation to have such a remit and not to take account of the environmental and social aspects of their actions. It would be extremely useful, and help to confirm the worth of the work AWM does, if it could develop ways of measuring the social and environmental benefits arising from its projects, as we discussed when looking at the Market Towns programme (Q48). This is an issue which we will also be raising with the Central RDA secretariat.

We talked about the restrictions that are going to be placed on your budget in coming years, and ways in which the money that you do receive can be used most effectively. Effective collaborative working was one of the main methods that you suggested for being able to do that; for example, by improving the links between business and university. RAWM, in its written evidence to the Committee, said that AWM had improved its understanding of and working relationship with the voluntary and community sectors, but that its support for those sectors was limited as was its recognition of the diverse impacts (again particularly social) that working closely with these bodies could bring. We consider that if AWM focused on improving

its work with those from the voluntary and community sector it could bring significant benefits. We would welcome your comments on how you aim to address this matter, and we look forward to seeing how matters progress over the coming year.

Finally, Sir Roy made a powerful case at the end of the meeting for the need for RDAs to be performing something like their current role. He said that “we believe that there is a set of important functions that need to be carried out at a level between national and local [government].” We agree with this view. There is clearly a need for that kind of overview, but that does not mean that there is no room for change. The Committee hosted a meeting in Birmingham yesterday to look at some of the issues that affect the West Midlands regionally to find out what people think about the current position and how they would like to see things changed. We hope that issues raised at that meeting will help to point the way for future developments in AWM’s role and we shall contact you about that shortly.

23 February 2010

Letter from the Chief Executive, Advantage West Midlands to the Committee Chair

Thank you for your letter dated 23 February regarding our session with the West Midlands Select Committee on 14 December. That, and previous sessions allowed us to inform the Committee of some of our activity as well as further engage with Members of Parliament. Overall, we welcome this scrutiny and look forward to similar engagement in the future.

I will, if I may, answer your queries as follows:

Firstly, regarding our accounts, we agree that these can be made simpler and more transparent. Along with other organisations in the public sector, RDAs have collectively adopted the new International Financial Reporting Standards (IFRS) commonly used in the private sector. This now requires us to produce a reconciliation between the Agency outturn as reported in our management account to the Statutory Accounts submitted to Parliament. The short, simple additional document you suggest will therefore be available as part of this year’s Annual Report and Accounts.

Secondly, in addition to working collaboratively with other RDAs, it is also worth reiterating that we also play key role in implementing collaborative activity within the West Midlands itself. The regeneration of Longbridge, Ansty and i54 are three examples of projects where we have brought together public and private sector bodies to work collaboratively and oversee activity across local authority and sub-regional boundaries. We believe that this activity simply would not have occurred had we not helped to facilitate it.

Thirdly, we are increasingly linking our activity to the social and environmental impact it has in the West Midlands. For instance, the Agency has a target for reducing CO₂ emissions by 500,000 tonnes between 2008–11 and is course to meet the 2009–10 target of 175,000 tonnes. We also use a carbon reduction tool to evaluate projects seeking AWM assistance to ensure they have a positive impact on the environment.

Similarly, whilst it is much harder for us to place a definitive value that our economic activities have in terms of their social impact, we do make are taking steps to capture some of this in terms of reduction in benefit claimants and crime. You will appreciate that a multiplicity of other factors will also play their part in these.

Finally, AWM takes its engagement with the voluntary and community sectors seriously. We provide support for three regional umbrella bodies—RAWM, Social Enterprise West Midlands and West Midlands European Network—and have a Board member (Jas Baines) acting as a “Champion” for the Third Sector and recently put in place a single equalities engagement group, consisting of VCS representatives from all strands of equality and diversity. Other projects we have supported include:

1. *Connections to Opportunities* where we have asked all 14 top tier LSPs to put together projects that utilise the expertise of the VCS in addressing the issues of those furthest from the labour market;
2. a joint project between Business in the Community and RAWM to broker volunteers into vulnerable VCS organisations;
3. the support to Citizens Advice Bureaux in Market Towns that we referred to in our evidence session; and

4. this month, the Economic Inclusion Panel, the body funded by AWM to bring together the Public and Third Sectors to identify and champion good practice in tackling worklessness, launched a Procurement Framework, a region wide strategy that places specific requirements on contractors to provide more training and job opportunities, as part of their contractual commitments. I have enclosed a summary guide.¹

We will continue to engage strategically with the sector via RAWM and to support projects that benefit the sector and which fit with the Agency's role.

23 March 2010

¹ Information provided, not printed.