

MEETING OF THE CABINET – 14 DECEMBER 2005

REPORT OF THE DIRECTOR OF URBAN ENVIRONMENT

DUDLEY AND THE CITY REGION

Purpose of Report

1. The purpose of this Report is to inform the Cabinet of recent developments concerning the proposed City Region, and the wider City Regions context.

Background

What is a City Region?

2. Eight potential 'City Regions' have been identified for England. These comprise: regions based on Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield. A City Region for the West Midlands would be focused on the whole of the West Midlands Metropolitan area, with Birmingham at its 'core', but also including Dudley, Coventry, Sandwell, Solihull, Walsall, and Wolverhampton.
3. However, 'our' City Region would not formally include the West Midlands' shire counties. It will be noted that the Birmingham, or West Midlands, City Region is the second largest urban area in the UK, in terms of its population, and the ninth largest in the European Union.

Why City Regions?

4. The UK's largest cities are regarded as critical economic assets and drivers of regional and national competitiveness. However, the view of Government is that these cities are not currently fulfilling their inherent potential. For example, economic growth is often stronger *outside* city areas, and many cities have witnessed a decline in population in recent decades.
5. This means that the UK is uncomfortably – and unsustainably - dependent upon London and the South East as a powerhouse of competitiveness and economic development. This contrasts with the situation in other advanced countries, where the major regional cities have significantly stronger economies, and higher international profiles. They act as motors of growth for their regions, and their national

economies are therefore less reliant on the contribution of the capital city.

6. Many continental City Regions therefore have much higher GSP per head than even the best performing English regions. Stuttgart, for example, has GDP per head of 135% of the European average, with Milan at 132% and Antwerp at 137%. This compares with the West Midlands (93%), Manchester (93%), and West Yorkshire (92%).
7. Government therefore sees the UK's City Regions as being motors of national progress, but with the ability to add more cylinders to their performance. The intention is that City Regions, with a more focused, coherent and 'joined-up' approach to planning, economic strategy and delivery of services, will help unlock each Region's unexploited potential
8. In summary, the UK's momentum towards City Regions is based on three strategic considerations:
 - UK growth is currently unbalanced, being based unsustainably on London and the South East;
 - This London based-growth has led to 'over-heating' in the South East
 - The UK's major cities have an as yet unrealised potential to raise (particularly) their economic performance
9. In a speech to the Local Government Association Annual Conference on 8 July 2005, 'Renewing our Democracy', David Miliband, Minister for the Regions and Local Government, emphasised the contribution cities could make:

"There is an opportunity in the way some of the great cities and towns are developing a new role and, within the context of their region, extending their role. I welcome their ambition. I want them to be motors of national progress. They should be asking hard questions of themselves and us about how they can take their economic and social development to a new level. What is right for one need not be done for all: our centre-local relationship needs to recognise differences in local circumstance."
10. A consistent message from Government is that City Regions should be ambitious in their plans; not restricting themselves to 'tinkering at the edges', and that a major opportunity has been provided to review and re-think their approach to future development.

City Region Summit – 16 September

11. On 16 September 2005, West Midlands Metropolitan Council Leaders met David Miliband, at an event hosted by Birmingham City Council but delivered as a 'City Region Summit'. The event was organised with Government Office for the West Midlands (GOWM) and the Office of

the Deputy Prime Minister (ODPM) and involved, in addition to the seven Metropolitan Councils, representatives from the business community, higher education, the Learning & Skills Council, Advantage West Midlands, the voluntary sector and young people.

12. The 'City Summit' provided an opportunity to engage with local leaders, to establish their priorities for the future, and discuss what needs to happen in order to deliver the City Region 'vision'.

The key proposals put to the Minister included:

- The creation of a Metropolitan Area Agreement (MAA) that would cover transport, skills, housing, regeneration and social cohesion within the area covered by the seven Metropolitan Councils.
- Use of the Local Government Act 1986 powers for the existing Joint Committee for the seven Metropolitan Councils to 'hold' the MAA.
- The formation of a City Region Executive Board, comprising the Leaders of the partner authorities, with the authority to take decisions on behalf of the City Region.
- The over-arching operational context for the MAA would be the existing regionally agreed strategies (e.g. Regional Economic Strategy)
- Organisations committing to the MAA would recognise the need to alter their current governance arrangements to integrate within the new democratically accountable MAA structure.
- The necessity of co-ordinating and prioritising Government policy to recognise the new City Region approach.

Leaders made it clear to the Minister that an elected City Region Mayor was *not* part of their City Region proposals.

13. Since the Summit, the governance proposals have been refined:

- The City Region Executive Board will be responsible for providing coherent direction and co-ordination of strategic policies concerning transport, spatial planning, economic development, skills, housing, cultural development and major facilities within the City Region.
- The City Region Executive Board will be supported by a City Region Programme Board, comprising the Chief Executives of the partner authorities, and other key stakeholders such as Advantage West Midlands and the Learning & Skills Council.
- Stakeholders and sub-regional partnerships (including Centro, Police, Health, Universities, business and community stakeholders) will be brought together to form a City Region Forum: this will

represent relevant interests, and advise the Executive Board. Similarly, arrangements will be made to ensure that the interests and views of young people are recognised and taken into account.

- In addition, a permanent Director with dedicated support staff would assume day-to-day operational responsibility for City Region activities, working with a range of officer networks representing all authorities.

The City Region Development Plan

14. In order to take forward the proposals for a City Region, and achieve Government support for West Midlands' proposals, a 'City Region Development Plan' (CRDP) is required by January 2006. The Plan will set out the 'growth strategy story' which the City Region is seeking to achieve, and how it plans to attain these objectives in 5, 10, 15 and 20 years.

15. Four main purposes have been identified for the West Midlands CRDP:
- To identify what is needed to accelerate the rate of economic growth of the City Region, and to reduce social and economic exclusion;
 - To promote the contribution that the City Region can make to the Sustainable Communities Plan by taking pressure off the over-heated South East;
 - To show how existing levels of Government investment can be used in different ways to achieve faster growth – and how Government can assist through flexible policies and removing administrative barriers;
 - To demonstrate why additional Government investment is required in order to attract additional private investment.

In summary, the Plan will set out investment priorities in terms of the economy, regeneration, the structure of the urban environment, skills, housing, transport, sport and culture.

16. The CRDP will emphasise the City Region's different approach, and how this will result in added value and improved performance. The Plan will also indicate how, in turn, Government itself should respond to and facilitate these changes, for example by aligning funding streams behind agreed strategic priorities. The key to the CRDP's success will be in articulating the City Region's ability to deliver an ambitious strategy, in a cohesive manner.
17. The City Region Development Plan will not replace but rather draw upon – and sometimes challenge - existing strategies and plans, such as the Regional Economic Strategy and Regional Spatial Strategy.

Progress towards the City Region Development Plan

18. In taking forward the City Region agenda and contributing to/developing the City Region Development Plan, seven 'workstreams' have been created, in the areas of economic development, skills and the labour market, worklessness, transportation, housing market reconstruction, sport and culture, and governance. These workstreams report to the City Region Steering Group, which contains representatives from the seven metropolitan authorities.
19. Local authority officers, Advantage West Midlands, and the Black Country Consortium, are developing the key content for the Plan, in terms of establishing the major priorities for each of the above areas. Major discussion points relate to raising Gross Value Added, (GVA) increasing population growth, (as a driver of economic growth) and housing growth. These reflect some of the key concerns of the Black Country Study. The City Region Steering Group has been charged with providing a first draft of the City Region Development Plan, for discussion by Chief Executives, by the end of November.
20. Progress towards development of the Plan has not been without its challenges. This is due to a range of factors: the ambition of what is being attempted, legitimately differing views on the appropriate strategic direction, the need to identify a unifying vision and a distinctively West Midlands approach, and the constrained time scales involved.
21. The 'workstream' meetings have been discontinued in order to concentrate on the production of the draft CRDP itself. However, without the bedrock of detailed analysis and (proposed) innovative solutions in key areas such as skills, worklessness, transport and governance that the workstreams were progressing, it may prove difficult at the present time to produce a document that is genuinely informed, distinctive and offering tested solutions. The draft CRDP should, however, be able to articulate a vision, a suggested direction of travel, and radical proposals for governance and for funding priority initiatives. Perhaps the key point to make is that the process is underway, relationships are strengthening, and commitment maintained: not merely as a result of the political imperative, but by a realisation of the long-term benefits to be secured from a designated and effective City Region.
22. It is intended to (jointly) present the (fully developed) City Region proposals to the Sustainable Communities Summit at the International Convention Centre on 13-16 February 2006.

Finance

23. If Dudley becomes part of a West Midlands based City Region, it should also gain access to additional sources of funding, particularly for economic development and regeneration purposes. It is not anticipated, however, that central Government itself will make substantial new funds available for City Regions.

24. No additional resources are required in terms of developing the City Region proposals, or are anticipated as being necessary as a consequence of a successful City Region application.

Law

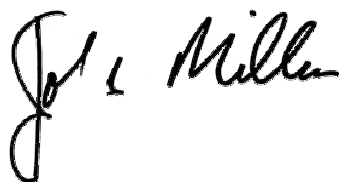
25. If this proposal were to proceed it may be possible to utilise existing legislation such as the Local Government Act 1986, which would enable joint committees of the West Midlands Local Authorities to be formed. However, if any additional powers were to be required this may require new primary legislation.

Equality Impact

26. There are no specific implications for a particular minority ethnic group or other categories of residents.
27. However, City Regions are intended to lead to a positive impact on worklessness, skills and regeneration, and overall improvements in economic activity. The communities and groups within Dudley that are currently experiencing disadvantage should therefore benefit from the City Region proposals.

Recommendation

28. That the Cabinet notes the Report, and approves Dudley's continued involvement and contribution to the City Region proposals and City Region Development Plan.



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